SABC

2011

[Annual Report]

SABC

A Nation **[United]**

"If you talk to a man in a language he understands, that goes to his head. If you talk to him in his language, that goes to his heart."

- Nelson Mandela

Embracing the diversity of our nation, we strive towards reaching each and every heart.

[Contents]

This is the 74th Annual Report of the South African Broadcasting Corporation Limited, referred to as 'SABC', 'the Corporation' or 'the Company' (Registration Number: 2003/023915/06). It is tabled in Parliament in terms of the Broadcasting Act, No 4 of 1999, as amended, and the Public Finance Management Act, No 1 of 1999, as amended. This report details the activities of the SABC for the twelve months ended 31 March 2011.

[Vision]

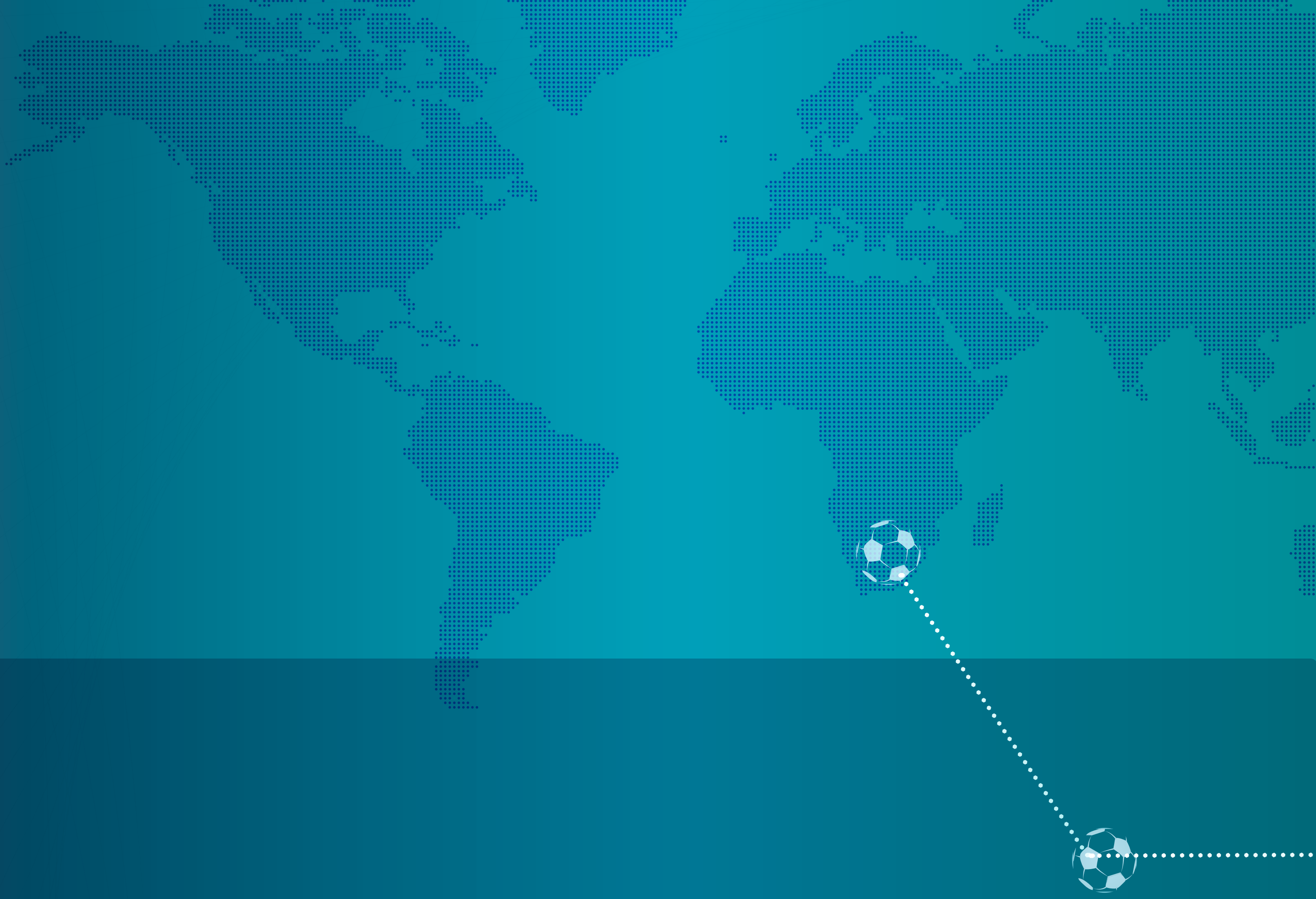
Broadcasting for Total Citizen Empowerment.

[Mission]

To be a people centred, content driven, technology enabled, strategically focused and financially sustainable public service broadcaster.

[Values]

Conversations and partnerships.
Restoration of human dignity.
Building a common future.



[Operating] Environment Overview


2
LEAVING THE COMPETITION BEHIND
SABC
Vuka Sizwe
OFFICIAL BROADCASTER
SOUTH AFRICA 2010
FIFA WORLD CUP
FEEL IT. It is here.
SABC

[Against] the Odds

The year 2010/11 marked a time when the SABC was facing challenges on many fronts. The country was still firmly in the grip of one of the worst economic recessions in history brought about by the global economic downturn. Advertising spend was at an all time low and audience share significantly down. Like many organisations, the SABC was in the middle of its austerity period, in an effort to curb spending.

In November 2009, the SABC was granted a Government Guarantee to the value of R1,473 billion. Of this, R1 billion was immediately accessible, with the balance (if required) being available upon certain minimum requirements being met by the end of the 4th quarter, one of these being the development of a Turnaround Strategy and Plan for the business. The SABC has not yet drawn down on the second tranche.

During this period, the SABC also had to broadcast the biggest sporting event ever hosted in this country, the 2010 FIFA World Cup™ in June 2010.

But, as our performance numbers indicate, the SABC remained focused amidst the 2010 FIFA World Cup™ bonanza that was about to take place, and, in spite of organisational challenges, we rose to the occasion, fully leveraging off the excitement of the World Cup and ensuring we kept our focus in driving the Turnaround.

Having reaped the 2010 FIFA World Cup™ dividend, the organisation continued to forge ahead with its plans beyond the World Cup as it continued with the turnaround process.

It is clear that despite the leadership challenges faced in the 3rd quarter of 2010/11 a significant amount was achieved during the year, as will be noted in the pages that follow. These achievements will be good leveraging points for the organisation as it charges forward into the year ahead.

The [Best] 2010 FIFA World Cup™ Ever!

FEEL IT... It is here!

It was six years in the making, and finally the year that served as a milestone year for all South Africans was upon us.

The SABC undertook one of the most important assignments it had ever embarked upon in its 74-year history: that of being the official broadcaster of the 2010 FIFA World Cup™. The stage was set for one of the biggest sporting spectacles in the world.

Throughout the tournament preparations, the SABC played a strategic role in supporting FIFA, the Local Organising Committee and its key partners in promoting the tournament and rallying the nation behind what was to be the first ever soccer World Cup on African soil.

During the 30-day tournament, the SABC broadcast all 64 games live across three television channels and 18 radio stations, in 11 official languages with simulcast on radio.

The SABC's first and biggest test would come on June 11, with the broadcast of the opening ceremony and the opening match between South Africa and Mexico. All the years of preparation had come to bear fruit. **The broadcast of the game broke the record for the highest viewership ever recorded for any global broadcast to that date**. And locally, the SABC broadcast surpassed the SABC's own target of 73% television audience-share - reaching a new South African record of 75.85% share of television viewers. The total SABC network average peaked at a whopping 82%.

This performance, which only focused on in-home viewing, was independently measured by international research company AGB Nielsen and excluded viewers at FIFA Fan Fests, Public Viewing Areas, and other places, which were also linked by the SABC.

This achievement affirmed the SABC's position as the leading public broadcaster on the African continent.

As part of the National Public Broadcaster's role of ensuring universal access to the 2010 FIFA World Cup™, particularly in the rural communities, the SABC partnered with Government, local municipalities and the Department of Arts and Culture in activating public viewing areas (PVAs) across South Africa's nine Provinces.

Also, the SABC was the only official broadcaster of the 2010 FIFA World Cup™ responsible for providing a signal to the ten Fan Fests in each host city.

The SABC Broadcast Centre in Sandton became the central hub of the broadcaster's activities, putting it in prime position for access to FIFA and other sports officials, dignitaries, and minutes away from the hotel hosting our national soccer team, Bafana Bafana. This strategic positioning provided unlimited opportunities for high-profile interviews and behind-the-scenes coverage, which served to enrich our overall broadcast offering.

For in-depth and insightful programming and game analysis, the SABC secured the best local, African and international sport presenters and analysts – keeping our audiences totally engaged throughout the build-up, through to the culmination of each match.

Complementing its current fleet of Outside Broadcast (OB) vans the SABC had invested in four High Definition OB vans - making up

[2010] World Cup Fast Facts

- The 2010 FIFA World Cup™ attracted 1.2 million new viewers to the Public Broadcaster.
- South African TV viewership increased by 21.6 % on average.
- 8 895 965 viewers watched the opening Ceremony on SABC 1 - 76 % audience share of all audiences in South Africa.
- Total SABC network average peaked at 82%.
- The growth of SABC TV increased by 45.4 % on average.
- 6 African, 13 International and 11 local presenters commentated side-by-side during the 2010 FIFA World Cup™.
- The 64 Games were accompanied by SABC Radio simulcasts in all 11 official languages.

a total fleet of 11 vans. Several of our OB vans were rented out to international broadcasters for the duration of the tournament, providing the SABC with additional sources of revenue.

The SABC's 2010 FIFA World Cup™ programming was complemented by programming that was aimed at enhancing the overall viewership of the tournament, with World Cup orientated shows like Good Morning Mzansi, a dynamic live-studio interactive World Cup lifestyle and current affairs magazine show; Good Evening Mzansi, an entertaining highlights show, summarising the games played on that day; and Soccer 411, a programme broadcast before each match, giving an exclusive forum for debate, commentary and opinion on the upcoming game.

Enhancing the offering were repeat matches: SABC 2 showed repeats of all matches flighted on SABC 1; and SABC 3 carried repeats of favourite matches -voted on by the viewers. SABC's radio platforms also played a critical role in providing access to the 2010 FIFA World Cup™, as all 64 live games were broadcast across all our 18 radio stations in simulcast, supported by live reports from the Fan Fests and SABC Public Viewing Areas. All radio stations also hosted a daily sports magazine show, providing regular updates.

SABC's 2010 FIFA World Cup™ broadcasts served as confirmation that, with the right amount of preparation, nothing is impossible. The SABC's viewership achievements during the opening match of the FIFA World Cup™ will undoubtedly serve as a benchmark against which the broadcaster will measure any future performance.

In total, the 2010 FIFA World Cup™ attracted 1.2 million new viewers to the national public broadcaster. The 2010 FIFA World Cup™ Final, despite not featuring Bafana Bafana, posted a 64.1% share, which translated into 6 012 602 million viewers (adults 16 years and older). As a national broadcaster, the SABC could not have asked for a better way to bring the curtain down on one of the most spectacular events to ever grace our shores.

[Feel It. It Is Here]

The SABC's marketing campaign for the 2010 FIFA World Cup™ was about much more than informing South Africans that the National Public Broadcaster had been selected as the official broadcaster of the host nation.

The campaign line "FEEL IT. It is here.", was intended to galvanise the support of a nation behind the country as it geared up to host the biggest sporting event in the world.

Through the 'FEEL IT. It is here' campaign, the SABC aimed to mobilise all South Africans to rally behind the 2010 FIFA World Cup™, and the national team, Bafana Bafana; to be patriotic, and fly the flag high, and sing the national anthem loudly and clearly. The campaign went viral, and soon became a catch-phrase that dominated every sphere of South African life during the tournament. From schools to government institutions, to civil society and faith organisations, the campaign no longer belonged to the SABC, but to all South Africans who began to 'feel' the power, the excitement, the pride of being the first African country to host a FIFA World Cup™.

[Turnaround] Strategy

This past year has seen the organisation initiating and implementing its turnaround initiatives, which comprise a wide range of initiatives aimed at improving the delivery of public value, operating more efficiently and preparing channels and stations for the digital age.

Overview

The SABC is operating in an environment where audience preferences are evolving, competition is increasing and the broadcasting industry continues to migrate towards a digital world. The SABC has identified the need to adapt, change and modernize and the Turnaround programme aims to consolidate and enhance the organisation's performance and reputation as the nation's public service broadcaster, and one that all of its stakeholders can be proud of.

Main Objectives

In the short term, the objective of the Turnaround is to improve cash-flow and the working capital position and to release the organisation from obligations associated with its commercial borrowings and associated government guarantee.

In the medium- to long-term, the objective is to streamline and modernise the organisation to be successful in the future digital environment. Key aspects of this programme include the following:

- putting **audiences** at the centre of the organisation – using improved audience insight to understand citizens' interests better and providing channels and programming that are informative, educational and entertaining, and which deliver unique public value by covering subjects and formats that may be neglected by purely commercial broadcasters;
- operating the SABC's TV and radio channels as a "**network**" – providing complementary programming and scheduling across channels to better reach and appeal to the full range of South African viewers, and creating a set of channel brands that are aligned to an authentic and overarching SABC brand and editorial stance;
- rebuilding **market share** in television through improved content planning, acquisition and scheduling and a relaunch of SABC 3;
- aligning radio output better to audience tastes and **increasing access** and improving signal through further transmitter network expansion;
- improving **core operations** including **content acquisition** and **scheduling** to increase efficiency and schedule stability;
- efficiently monetizing the SABC's audiences through more effective commercial engagement with advertisers and agencies;
- rightsizing the organisation, ensuring the SABC retains key skills, putting broadcasting at the centre of our business;
- delivering a streamlined and more effective organisation, business processes, governance controls, support functions, management and financial management processes to underpin the business – and ensuring improved business practice, greater value for money and reduced risk; and
- ensuring that the broadcaster is prepared for the arrival of digital multi-channel free-to-air television, expanding its channels to give greater coverage of news, sport and other thematic and audience-segmented channels, delivered in partnership with the SABC's terrestrial transmission partner Sentech.

With these aims in mind, the SABC has made progress within the current year in a number of significant areas, including delivering improved cashflow, designing more effective operating models across the organisation and putting in place shared service arrangements for a range of support functions. Looking ahead, the organisation is committed to making further progress and delivering further sustainable benefits for its stakeholders, citizens and employees.

The SABC continues as a going concern. The Turnaround programme has enabled the business to address both financial and business efficiency challenges, and we will continue to do so in the next year with our focus being on continuing to drive stabilisation as well as embedding changes and principles for sustainability.

[Digital] Terrestrial Television

The migration from analogue broadcasting to digital broadcasting is a global event: the International Telecommunications Union (ITU) has determined that 2015 is the year for completing migration from analogue to digital. This will see the television broadcast industry take a very different shape, with more broadcasters entering into the market, and citizens having an even greater variety of free and subscription channels to choose from.

In January 2011, the Minister of Communications announced that South Africa will achieve digital migration by the end of 2013 and that South Africa will adopt the DVB-T2 standard for Digital Terrestrial Television (DTT). The DVB-T2 standard is the second generation of the DVB-T standard originally adopted by South Africa - and piloted by South African broadcasters.

Digital Terrestrial Television is a system whereby TV signals may be received by an aerial and decoded via a set-top box for viewing on a TV set. The bandwidth required is much less than that of current analogue systems, which means that DTT supports more TV channels; offers improved reception and picture quality; provides new services such as high definition television and multi-media / interactive services; and will ultimately release valuable frequency spectrum for other uses after full migration from analogue to digital broadcasting.

It is envisaged that DTT will enable the SABC to increase the number of channels from the current three SABC Television channels to more then 10. These additional channels will provide an opportunity for the growth and transformation of the local content industry.

SABC Programming for DTT

The creation of a number of extra channels on the DTT bouquet will allow the SABC to offer a greater range of content in all official languages; increased regional representation; and to drive industry development in building capacity for new and existing producers, particularly in the regions. Considering the need to provide a large and diverse range of services, the SABC strategy is intended to deliver channels that meet the diverse audience needs of the country.

The most important differentiator for the SABC's DTT channel line-up is its emphasis on driving Public Value. Specific focus will be on increasing content delivery in areas such as children's programming, news, sport, regional content, youth, women and education, as well as more comprehensive services in all languages and to communities with disabilities.

Prototype SABC set-top box.

[Mandate] Duties and Public Value

Public Service Mandate

The SABC draws its mandate as the public broadcaster from a range of legal instruments. The founding mandate for the SABC was originally set out in the White Paper on Broadcasting (1998) - which the Department of Communications (DoC) has scheduled for updating in 2011.

Primary legislation includes:

- The Constitution of the Republic of South Africa, 1996;
- The Broadcasting Act, 1999 as amended;
- The Independent Communications Authority of South Africa (ICASA) Act, 2002 as amended;
- The Electronic Communications Act, 2006; and
- Various regulations determined by the regulator, the Independent Communications Authority of South Africa (ICASA).

The obligations arising from these statutes and policies are encapsulated in the licence conditions for the SABC's television channels and radio stations.

In executing its mandate, the SABC is also guided, among others, by: the Public Finance Management Act (PFMA), 1999 as amended; Companies Act, 1973 as amended; Shareholder Compact and Materiality Framework; and the King Report on Corporate Governance for South Africa as well as by various determinations by the Auditor General, Parliament and Treasury.

[Functions and Duties of the SABC]

The functions and duties of the South African Broadcasting Corporation (SABC), as determined by Parliament, are specified in the Broadcasting Act, No. 4 of 1999, as amended. The Act sets out the Charter with which the SABC has to comply. In terms of this Charter, the SABC, in pursuing its goals and exercising its powers, enjoys the freedom of expression and of journalistic, creative, and programming independence that is guaranteed by the Constitution of South Africa.

The SABC is governed by a Board of Directors, the non-executive members of which are nominated by the public, and appointed by the President, on the recommendation of the Parliamentary Portfolio Committee on Communications.

The fiduciary duties of the Board are stipulated in the Public Finance Management Act, No. 1 of 1999, as amended, read in conjunction with the applicable Treasury Regulations as well as the Companies Act, as amended. The appointment of the majority of non-executive directors adheres to the Protocol on Corporate Governance for the Public Sector and complies with provisions of good governance practices as recommended by the King III Report on Corporate Governance.

The Board of Directors is at the core of the SABC's system of corporate governance and remains ultimately accountable and responsible for the performance and affairs of the SABC. The Board is assisted in the execution of its mandate by a number of Board Committees constituted with specific focus areas, and with such power and authority as the Board deems appropriate.

The SAfm Flood Relief campaign aimed at raising awareness in support of flood victims.

[Responsibilities]

The responsibilities of the SABC in terms of its Public Service mandate are outlined in Section 10 of the Broadcasting Act of 1999 which states that the public stations and channels must :

- make services available to South Africans in all the official languages;
- reflect both the unity and diverse cultural and multilingual nature of South Africa and all its cultures and regions;
- strive to be of high quality in all the languages served;
- provide significant news and current affairs programming which meets the highest standards of journalism, as well as fair and unbiased coverage, impartiality, balance, and independence from government, commercial and other interests;
- include significant amounts of educational programming, both curriculum-based and informal educative topics from a wide range of social, political and economic issues, including, but not limited to, human rights, health, early childhood development, agriculture, culture, religion, justice and commerce and contributing to a shared South African consciousness and identity;
- enrich the cultural heritage of South Africa by providing support for traditional and contemporary artistic expression;
- strive to offer a broad range of services targeting, particularly, children, women, the youth and the disabled;
- include programmes made by the Corporation as well as those commissioned from the independent production sector; and
- include national sports programming as well as developmental and minority sports.

[Overview]

[Chairperson's] Statement

Dr Ben Ngubane

It is with pride that I reflect on the past year and congratulate every one of the SABC's employees and business partners on delivering a world class 2010 FIFA World Cup™ broadcast to all of our citizens. 64 live broadcasts reached all South Africans in every corner of our beautiful country in all 11 official languages.

The past three years have seen intense introspection by the SABC.

In light of the ongoing governance crisis and the global financial downturn, the SABC had to employ a rigorous Turnaround Strategy, aimed at transforming the organisation into a financially viable and successful public broadcaster. Following extensive challenges at the levels of the Board and Group Executive, which saw the resignation of four members of the new board as well as the GCEO, a revitalised strategy was approved by Parliament in November 2010.

The new strategy, which is currently in Phase 1 of 3, re-commits the public broadcaster to its public mandate and audience needs. The operating model and organisational structure are being designed to facilitate the competencies required for an evolving digital broadcasting organisation. The Corporation's forthcoming calendar and plan have also been approved by Parliament, with preliminary financials presented to the Portfolio Committee.

The following strategic goals have been attained:

- a vastly improved financial position;
- a Plan of Action to address the recommendations of the Auditor General's Report;
- the approval of the Turnaround Strategy and completion of Phase 1; and
- the Board's adoption of a set of Corporate Pillars that informs the SABC's Strategic Focus areas and operational plan.

I am also delighted to report great strides in our Governance and Risk Management Strategy and Procedures with marked gains in the following: the SABC has worked hard at fulfilling the requirements of the Auditor General's Report; Risk Policies have been developed, and are in the process of being approved and implemented; there is a high level of compliance with Government Guarantee requirements; the Corporate Plan and Performance Contracts for all executives complies with Government requirements; the development of Performance management framework and policies has commenced; the SABC Annual Report (FY09/10) was completed and submitted in time; the Corporate Plan (FY11-14) was completed according to Treasury specifications and submitted on time; a Shareholder Compact (FY10/11) was completed and submitted to the Department of Communications.

The imminent arrival of Digital Terrestrial Television (DTT) will allow for greater efficiency of bandwidth; more programming and channels; and therefore greater fulfillment of our mandate including: more programming in more languages to more diverse communities and increased local production. A commercial launch of DTT is planned for 2012.

Advertising revenue increased by a satisfying 19% year-on-year. With a slight reduction in audience figures over the past year, and licence revenues remaining flat, we are preparing to refresh our brand/s in preparation for the opportunities presented by digitisation and the expansion of the signal. To our loyal advertisers and all licence holders: we thank you for your ongoing support over the past year.

The passage of the year has seen our relationships with our primary stakeholders reinvigorated as our strategic intent has been clarified: we have kept our principals (Government; Parliament; and the Department of Communications) fully apprised of our strategic plans, and ensured equitable access and interaction for all political parties leading up to Local Government Elections. While our relationships with the Department of Communications, the Portfolio Committee, the regulator, ICASA, the BCCSA - as well as those with the Auditor General, Treasury and other Departments, including the Presidency - have not always been free of tension in the past year, with the assumption of duty of the new Minister and Director General in the Department of Communications, and the arrival of a new team in ICASA, we are confident that relationships have stabilised sufficiently to ensure an acceleration of delivery of digital broadcasting to the nation.

Commercial relationships and those with international content suppliers have stabilised. A new RFP (Procurement) Book is being finalised and will be fully funded. Commissioning processes have re-commenced and relationships with local content producers are improving. Our relationships with industry bodies and trade unions were also tested significantly during the austerity period. Only in recent months, as we have resolved contractual and payment issues, can we comfortably say that we look forward to an ongoing industry compact where once more valuable local programming, reflective of our nation, will start being commissioned again.

Consultations with the Ministry of Sport and Recreation, the Portfolio Committee on Sport, as well as engagement with sporting bodies on the development of a new sport strategy for

the SABC are ongoing. The intention of the Board is to carry a greater spectrum of sport in our platforms.

Our employees are key to a successful transformation. A dynamic, three-year employment strategy was approved by the SABC Board during the year under review. It is reflective of the diversity of our nation, and also looks to embed a performance culture within the organisation, aligned to the Government performance system, and linking individual outputs to that of the Corporation's strategic business objectives and imperatives. Enterprise and Divisional dashboards have been established. All Performance Contracts for the financial year to 2012 have been signed with all Group Executives, and will continue to cascade through the organisation as the year progresses.

Ongoing interaction has occurred with all labour groups from the commencement of the turnaround process, while communication channels have been kept interactive and dynamic. It is envisaged that as the organisation prepares for the new digital environment, a degree of up-skilling should occur. Down-sizing will occur through natural attrition.

And finally, our most important stakeholders: the people of South Africa, our audiences; we take our mandate very seriously as we know that we not only entertain and educate, but also enhance and influence and touch each and every one of those viewers and listeners, and ensure that, in their diversity, ultimately they are assured of their sense of belonging to this nation. The SABC still reaches over 20 million adults daily on all our 18 radio stations and three free-to-air television channels, with millions more to be catered for with the erection of 100 low-power transmitters per annum to 2014.

At this point, therefore, I can say with confidence, that, although it has been an extremely challenging year, the past fiscal has ended with a degree of stability, success and substantial opportunities for the organisation. As the Board welcomes four new members, recruitment is well under way for a Group CEO, and executives for Human Capital Services and Commercial Enterprises. A Head of Marketing has already been appointed.

So, as we look to a future that reaches even more diverse segments and cultures across our nation, we thank our principals, our employees, our stakeholders, our advertisers, and our listeners and viewers for their continued support. I take this opportunity to reassure them all that we are well on track to deliver a compelling broadcasting offering into the future, under the management of a stable, harmonious and financially successful SABC.

Dr B Ngubane
Chairman

Learn more about the SABC in 2010

[Group CEO's] Statement

> Phil Molefe

The 2010/11 financial year was filled with exciting opportunities and challenges. But through it all, the SABC never wavered in its mandate to deliver quality programming, in all official languages, to its audiences across the nation. More importantly, the SABC took centre-stage in bringing South Africans the historic 2010 FIFA World Cup™, held on African soil for the first time.

The 2010 FIFA World Cup™ provided the organisation with some of the most exciting programming challenges in its history, as billions of viewers kept their eyes focused on our country; and the SABC ensured that all of our citizens were served with a broadcast in their own language. Through it all, the SABC's positioning pay-off line: 'Feel It! It is here' called the country together to celebrate - for an entire month through the winter - as the colours of the flag-filled soccer stadia, fan parks, streets, trains, buses and entertainment centres throughout the country.

The 2010 FIFA World Cup™ was a broadcasting triumph for our dedicated personnel, who worked tirelessly to bring the first African World Cup to the airwaves and into the comfort of people's homes. And for that, the SABC management and nation at large is sincerely grateful.

Aside from SABC's regular programming, the year 2010 marked 150 years of the arrival of Indentured Indians in South Africa; and the ICC Cricket World Cup. By financial year-end, SABC was gearing up to once more cover the third Local Government Elections in May 2011.

During the same year, the SABC embarked on developing a Turnaround strategy which would see the organisation through three phases: namely; recovery, stability and sustainability.

Delivering on our Mandate

Being a public broadcaster, our mandate is to deliver programming and content that informs, educates and entertains. In line with this, the SABC continues to deliver news every hour and headlines every half-hour on our PSB radio platforms in all official languages; and six bulletins on television per day - ensuring that we provide news coverage that is accurate, fair and balanced at all times.

Local Content

The organisation continued with its regular local content programming, with several new and groundbreaking shows being commissioned and broadcast during the 2010/11 financial year. Some of these shows received record audience ratings. Our partnership with Johns Hopkins Health and Education in South Africa on the television series Intersexions produced the show which became the second most watched programme after our popular drama series, Generations. This is proof that with our creativity, healthy partnerships and sufficient funding, we can deliver quality educational programming that shakes the conscience of society and entertains at the same time. Unfortunately, our austerity programme meant that we could not commission as many programmes as we would have liked to.

Our support for local content extended to the music industry during the 2010 FIFA World Cup™, where we gave our visitors a true taste of African music so that 100% of music played on all our PBS stations came from South Africa and from across the continent.

Universal Access

We continued to work with the Regulator ICASA as well as the signal distributor Sentech, in expanding access to free-to-air television services to all our citizens. During the year, we installed 19 low-power transmitters as part of our project to erect 300 low-power transmitters by 2013/14. In the year under review, areas in the Free State, Limpopo and the Western Cape were prioritised for signal expansion.

Stakeholder and International Relations

A successful public broadcaster is underpinned by good relationships with its key stakeholders. During the year under review, the SABC continued to cement good relations with all key stakeholders in the creative industry, business community, suppliers, various social partners, and the public at large. We were able to reach multi-year agreements with our labour partners, which should allow for operational stability over the next few years.

The organisation also hosted the Commonwealth Broadcasting Association conference (CBA) under the theme of 'Broadcasting Scores'. The conference allowed the broadcasters to leverage on the opportunity presented by the 2010 FIFA World Cup™ in terms of broadcasting standards. The SABC also participated in the Public Broadcasters International Conference, which was used as a platform to share best approaches to remain relevant and realise growth in a digital age.

Delegations from China, Nigeria, Angola, and South Korea are among some that visited our operations and were interested in establishing partnerships with SABC around technology, content and skills development.

In July 2010, the SABC launched a flagship social reconstruction programme, Touching Lives, which has contributed immensely to the upliftment and restoration of human dignity to the people of South Africa.

Financial Overview

During the year under review, the organisation collected revenue of R5.2 billion, which was a 10% improvement on the 2009/10 figures. This achievement is attributed to classic Advertising Revenues, which ran against the global financial downturn, reporting a 19% year-on-year increase.

As the 2010/11 fiscal drew to a close, the organisation had begun to deliver on the first phase of the Turnaround Strategy: 'The stabilisation of the corporation as a going concern'.

Over the past year, we dedicated ourselves to our governance issues, to ensure that we remain compliant on all regulatory and governance matters.

The Year Ahead

In the 2011/12 financial year, as the organisation will mark 75 years of broadcasting, we will focus on consolidating the gains from the first phase of the Turnaround Strategy. Special attention will be given to re-building and re-aligning the operating business model, maintaining financial stability and to the appointment of key personnel to drive the implementation of the Corporate strategy, which remains a priority.

We have started the new financial year with a successful coverage of the local government elections. Our focus will be on the launch of the 24-hour News Channel and the rollout of the Digital Terrestrial Television (DTT) project. In support of these and other priorities, we will also embark on an aggressive corporate brand repositioning campaign to enhance the integrity of the SABC brand.

The Auditors' Report has pointed out various deficiencies in our internal controls, non-compliance with the PFMA, and pre-determined objectives. Our key focus in the coming year will be on putting in place adequate internal controls, systems to ensure and monitor compliance with the PFMA, enhancing revenue and improving the quality of our content.

We also undertake to set clear performance targets to ensure proper monitoring of performance and increased accountability.

The coming year should begin to see the emergence of a stronger organisation, with a stronger liquidity position, and an optimised operational structure, as we enter the second phase of our Turnaround strategy.

I would like to take this opportunity to thank our staff members who went beyond the call of duty to ensure that we were able to deliver on the best World Cup broadcast ever, while dealing with the pressures of organisational turnaround.

To fellow Group Executive members, Board and shareholder I also express my sincere gratitude for the unwavering support during the turnaround process

I would like to express my gratitude to fellow South Africans for the confidence displayed in the Public Broadcaster.

Phil Molefe
Group CEO (Acting)

Learn more about the SABC in 2010 ›

[Chief Financial Officer's] Report

> Lerato Nage

The current fiscal has been an eventful one and was underpinned by the 2010 FIFA World Cup™ which was delivered successfully. Significant revenues were generated during this event although not to the levels expected.

Advertising revenue has increased impressively year-on-year, with the SABC achieving its targets in both television and radio revenues. In line with the Turnaround Strategy, the enterprise has managed to regain its lost share of the television revenue market (as per MIT March 2011) achieving 52.5% delivery from a position of 51.6% in the previous fiscal.

Challenges do remain, however, in growing sponsorship revenues as the market has changed significantly for SABC and its competitors. Television (TV) Licence Revenue collection remains a challenge and the SABC has also not obtained an increase in TV Licence tariffs for the past two fiscal periods.

The allowance for doubtful debts is currently R180 million, indicating challenges which the SABC has had in collecting some of its overdue debts. It is also of great concern that a significant portion of the overdue debt relates to government entities.

Employee compensation and benefit costs have been contained in the current year, having decreased by 3%. The liability for the post-retirement medical aid is currently estimated at R553 million. An R80 million charge to other comprehensive income was recognised in the current year mainly as a result of market changes in the real discount rate (reduction in real bond yields). Further disclosure is contained in Note 23 of the Annual Financial Statements.

Amortisation of Programme, Film and Sports Rights has increased by 1% from 2010. Challenges have been encountered with maintenance of accurate listings of local content which have led to the audit qualification. This is a result of system challenges since the implementation of SAP in 2007/08. The current stock listings are maintained outside the SAP system. These are currently being addressed as part of the Turnaround Strategy and will be resolved by the end of the 2011 calendar year.

Impairment losses in Programme, Film and Sports Rights amounting to R80 million have been recognised in the current year as excess stock purchased in previous years was not broadcast. A provision for impairment in Programme, Film and Sports Rights of R58 million is included in the Statement of Financial Position and estimates current stock which will not be broadcast in the year ahead.

Apart from the costs mentioned above, the SABC continues to aggressively contain costs as austerity measures implemented in 2009 continue to be enforced and are now delivering positive results. The Turnaround strategy currently taking place is also already beginning to deliver positive results. The full benefits will be realised in the next fiscal, when we begin to see the reduction in Debtor's Days and the benefit of implementing aggressive asset and liability management.

The business will now enter a cycle over the next three years where critical capital expenditures will need to take place for the migration of the SABC into the digital world. The move to digital broadcasting will put extreme strain on the SABC's financial capacity. The SABC also needs to invest significantly in programming as well as to repay its long term borrowings in the three years ahead.

Income Statement

	2011	2010	Variance	
	R'million	R'million	R'million	%
Total Revenue and Other Income	5 293	4 791	502	10%
Expenses	(4 967)	(4 948)	(19)	0.4%
Profit/(Loss) before net Financing Costs, Income Tax, Depreciation of PPE, Amortisation of Computer Software & Impairment of Trade and Other Receivables.	**326**	**(157)**	**483**	**(308%)**
Depreciation of PPE , Amortisation of Computer Software & Impairment of Trade and Other Receivables	(360)	(257)	(103)	40%
Net Financing Loss	(85)	(77)	(8)	10%
Income Tax	(10)	(1)	(9)	900%
Loss for the year	**(129)**	**(492)**	**363**	**(74%)**
Other Comprehensive (Loss)/Income	(85)	6	(91)	(1 517%)
Total Comprehensive loss for the year	**(214)**	**(486)**	**272**	**(56%)**

Profit before Net Financing Income, Income Tax, Depreciation of Property Plant and Equipment (PPE), Amortisation of Computer Software and Impairment was R326 million. This was a 308% improvement from the prior year where the organisation had made a R157 million Loss before Net Financing Costs, Income Tax, Depreciation of PPE, Amortisation of Computer Software and Impairment.

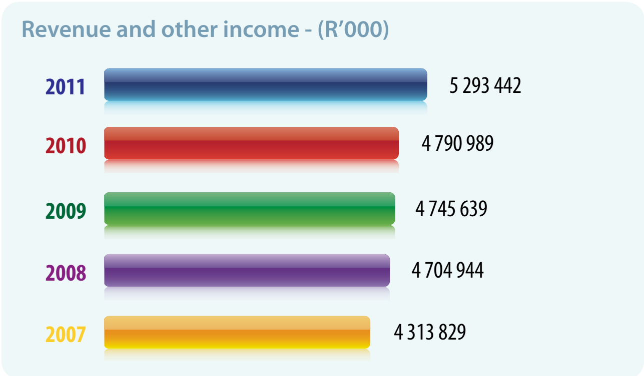
The Total Comprehensive Loss for the year ended 31 March 2011 was R214 million, an improvement of R272 million from year to year. The improvement was driven largely by improved revenues (10%), and the benefits of costs containment as Expenses remained relatively constant at 0.4%.

Expenses were R4.97 billion, R19 million (0.4%) higher than the previous year (R4.95 billion).

Depreciation of PPE and Amortisation of Computer Software and Impairment of Trade Receivables was R360 million, R103 million higher than prior year (R257 million).

Net Financing Loss was R85 million, R8 million (10%) higher than prior year. This is mainly driven by the finance costs relating to the Nedbank R1 billion loan and the outside broadcast vans acquired through finance leases.

Revenue



There has been impressive Revenue growth from 2009/10 to 2010/11. This was mainly as a result of **Advertising Revenues which had a 19% increase** year-on-year. The period between 2007/08 and 2009/10 was a difficult one as Revenue was relatively flat for that period with with growth of only 1%. This was largely due to challenges in the Commercial Enterprises division as well as significant disruption to scheduling, which led to the entity struggling to maintain its credibility with clients.The organisation has turned the corner in this regard and revenues are anticipated to continue growing in the next 36 months.

Revenue and Other Income	2011	Movement	2010
	R'million	%	R'million
Advertising	3 505	19%	2 945
Trade exchanges	65	35%	48
Business enterprise and facilities revenue	40	(15%)	47
Sponsorships	484	9%	445
Licence	872	-	868
Other Revenue	119	49%	80
Government Grant	145	(53%)	306
Other Income	63	21%	52
Per Group Annual Financial Statements	5 293	10%	4 791

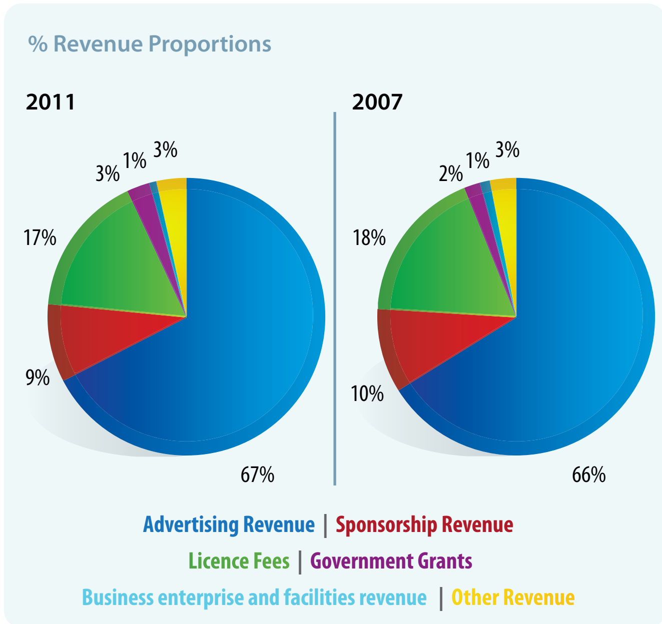
Revenue and Other Income for the fiscal (R5.3 billion) was 10% higher than 2010 figures (R4.8 billion).

Despite challenges, which still persist in the Commercial Enterprises Division, TV and Radio Advertising Revenue for the year has shown impressive growth (19%). Sponsorship Revenues, Trade Exchanges as well as Other Revenues also grew from year to year although the growth in Sponsorship Revenues was lower than anticipated as the market perceived SABC Sponsorships as being expensive. Sponsorship Revenues still managed to grow by 9% from R445 million to R484 million.

TV Licence Revenue remained flat year-on-year as a tariff increase was not granted in this period.

Trade Exchange Revenue grew from R48 million to R65 million. Business Enterprise and Facilities Revenue decreased by R7 million year-on-year.

Other Revenue increased by 49% and Government Grant Revenue declined by 53%. The decrease is attributable to a once-off grant received in 2010 of R200 million.



The SABC is heavily reliant on commercial revenues, which make up 76% of the total revenue for 2011; this trend has not changed over the past 5 years. Advertising Revenues make up 67% of the Total Revenue and Sponsorship Revenues make up 9% of the revenues. Licence fees make up only 17% of the revenue for the SABC. The SABC therefore has to achieve its public broadcasting mandate on a mainly commercial revenue base, which fluctuates year-on-year.

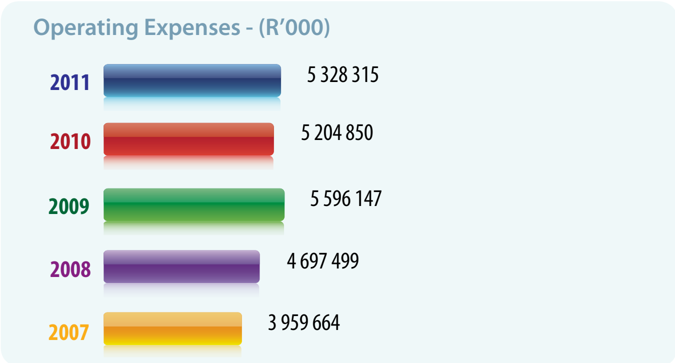
Comparatively this trend has remained constant from 2007 when Advertising Revenues made up 66% of the revenues and Sponsorship made up 10% of the revenues. TV Licence Revenues have also remained fairly constant making up 18% of the revenue in 2007 and a similar 17% in 2011. The other revenue types have remained consistent, making up 6% of the revenue in 2007 and in 2011.

Revenue Challenges

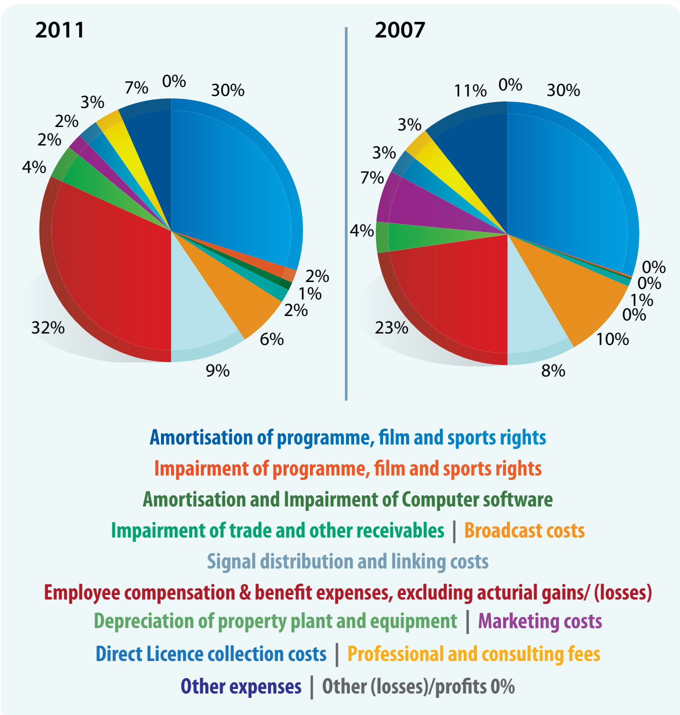
Numerous challenges persisted in the Sales environment in the current fiscal, these included:

- negative publicity in the media relating to SABC;
- previous deals which offered large discounts created the expectation with advertisers that they would receive the same discounts in the future;
- advertising "credits" or "saving accounts" that major advertisers have. These are now being used in favour of actual cash being spent;
- revised ARA regulations which placed further restrictions on alcohol advertising during morning drive time shows on Radio;
- the shortage of staff in certain departments e.g. Sport Sponsorships and Digital Media sales; and
- delays in finalisation of the debt collection contracts.

Expenses



Operating Expenses have grown by 2% year-on-year and still remained below the levels seen in 2009. The austerity measures implemented in 2009 have proven to be sustainable as evidenced by the flat growth trajectory of the expenses in the past 2 years. Employee Benefits and Compensation remains the largest single cost in the organisation.



The SABC's two largest expenses are Employee Compensation and Benefit expenses as well as Amortisation of Programme, Film and Sports Rights.

The relative proportion of Employee Compensation and Benefit expenses has grown from 23% in 2007 to 32% in 2011.

Amortisation and impairments of Programme, Film and Sports Rights have remained steady at 30% between 2007 and 2011.

Other Expenses comprise personnel costs and operational expenses. In 2007, Other Expenses made up 11% of overall costs and this has now decreased to 7%, which is testament to the austerity measures implemented in 2008.

Marketing Costs in 2011 only make up 2% of Total Costs compared to 7% in 2007, however the SABC will be spending significantly more on its brand over the coming three years.

Broadcast costs have also decreased in relative terms from 10% in 2007 to 6% in 2011.

Expenses	2011 R'000	Movement %	2010 R'000
Amortisation of programme, film and sports rights	1 597 178	1%	1 579 962
Impairment of programme, film and sports rights	79 987	13%	70 484
Amortisation of computer software	53 441	(9%)	59 040
Impairment of trade and other receivables	88 037	2 194%	3 838
Broadcast cost	338 173	35%	250 054
Signal distribution and linking costs	495 070	4%	474 966
Employee compensation and benefit expense	1 705 338	(3%)	1753 718
Depreciation of property, plant and equipment	218 967	13%	194 379
Marketing costs	108 709	20%	90 375
Direct licence collection costs	126 677	(17%)	152 524
Professional and consulting fees	167 121	21%	138 218
Other expenses	348 337	(21%)	439 601
Other losses/(gains)	1 280	155%	(2 309)
Per Group Annual Financial Statements	**5 328 315**	**2%**	**5 204 850**

Expenses for the fiscal (R5.3 billion) were 2% higher than previous year's figures (R5.2 billion).

Amortisation of Programme, Film and Sports Rights has increased by 1% from 2010. Challenges have been encountered with maintenance of accurate listings of local content which have led to the audit qualification. These are currently being addressed as part of the Turnaround strategy and will be resolved by the end of the 2011 calendar year.

Impairment of Programme, Film and Sports Rights is R80 million, which relates to content purchased, which has not been broadcast or will not be broadcast prior to the licence periods expiring. Refer to Note 11 of the Annual Financial Statements for further details.

Impairment of Trade and Other Receivables has increased from R3 million in 2010 to R88 million in 2011, indicating challenges experienced in the Sales environment in collecting overdue debts. Of concern is the large quantity of impaired trade and other receivables from government entities (refer to Note 38 of the Annual Financial Statements). The organisation is beginning to restore its credibility in the market as it addresses its own internal processes and inefficiencies, evidenced by the decrease in the credit note provision from R139 million in the previous year to R90 million in the current year. There are also numerous turnaround initiatives aimed at addressing these challenges in the sales environment.

Employee Compensation and Benefit expenses have remained relatively constant in the current year.

Other Expenses and Direct Licence Collection Costs have decreased impressively in the current year, indicating the success the entity has had in containing costs.

Financing costs/Income	2011	2010
	R'000	R'000
Finance income	42 771	90 486
Finance expenses	(127 308)	(168 419)
Net financing loss	(84 537)	(77 933)

R91.4 million was incurred and paid in the current year towards the R1 billion loan obtained with the government guarantee.

R24.7 million was incurred towards the various Finance leases, mostly for the four outside broadcast vehicles.

Financial Position

Long Term Debt

The SABC obtained a Government Guarantee in 2009/10 which was utilised in obtaining a Long Term Loan from Nedbank in order to alleviate the cash flow shortages experienced in 2009. The capital repayments of this loan will commence in 2011/12 with R111 million due to be repaid.

Working Capital

	2007	2008	2009	2010	2011
Current Ratio	R'000	R'000	R'000	R'000	R'000
Current Assets	2 140 751	2 446 743	2 352 948	2 386 990	2 754 343
Current Liabilities	855 438	1 106 031	2 183 125	1 332 522	1 687 306
Ratio	2.50	2.21	1.08	1.79	1.63
Quick Ratio (acid-test)					
Quick assets = (Current assets - inventories - Prog/Film & Sport Rights - Prepayments)					
Quick Assets	1 545 544	1 565 296	1 111 629	1 263 409	1 701 899
Current Liabilities	855 438	1 106 031	2 183 125	1 332 522	1 687 306
Quick Working Capital	690 106	459 265	(1 071 496)	(69 113)	14 593
Quick Ratio	1.81	1.42	0.51	0.95	1.01

The Quick Ratio above indicates that the SABC is able to cover its current liabilities. There has been a gradual improvement from 2008/09, when the organisation had experienced difficulties, to 2010/11. There is currently R109 million in Cash and R591 million in Held to Maturity Investments.

The current Ratio also shows this improvement although the current Ratio includes Programme, Film and Sports Rights.

Post Retirement Medical Aid

The SABC settled the ongoing dispute and agreed to pay R45 million in arrear contributions. To date R42 million has been paid to the plaintiffs. This was achieved in agreement with the plaintiffs with respect to those individuals who have been located. Refer to Note 23 of the Financial Statements for the detailed note disclosure.

Pension Fund Surplus Revaluation

The SABC has the rights to participate in the pension fund surplus distribution. The actuarial valuation increased by R247 million based on the latest valuation. Your attention is drawn to Note 7 for the full impact of the revaluation and the contribution holiday currently enjoyed by the SABC.

Cash Flow Statement

	2011	Movement	2010	Change
	R'000	R'000	R'000	%
Net cash inflows/(outflows) from operating activities	491	706	(215)	(328)
Net cash flows from investing activities	(624)	(4)	(620)	1
Net cash flows from financing activities	128	(1 225)	1 353	(91)
Cash and Cash equivalents at end of the year	109	(6)	115	(5)

The net cash inflow/(outflow) from operating activities improved significantly in the year under review. This remains the key operational measure for financial health. This measure has returned to a positive cash flow in the 2010/11 financial year, as targeted previously. The cost reductions were focused on the cash operating cost of the SABC.

Going Concern

The SABC continues to affirm its status as a going concern. In the current year, the organisation generated cash from its operations. The organisation currently has adequate cash which may bode well as the entity will need to begin repaying its long term debt as well as be able to manage the working capital effectively. Refer to the Directors' Report for further detail.

Conclusion

The 2011-2014 period will present great opportunities as well as significant risk for the organisation as the broadcasting landscape moves into the digital sphere. The next 36 months will see the organisation embarking on massive capital expenditure programmes, driven largely by the Digital Terrestrial Television roll-out. Funding requests to both the shareholder and National Treasury have been made for this purpose. If granted, the SABC will continue to function within its liquidity parameters.

As part of the turnaround initiatives and strategy, working capital management has been identified as an area that needs special attention. The SABC has begun the process of drawing up a framework for an aggressive working capital management programme to improve the cash cycle.

The SABC will also begin discussions with key stakeholders, including National Treasury, for initiatives to unlock value in the current debt portfolio. Given the continued financial improvement from the 2008/09 fiscal, the SABC intends to seek better terms from financial intermediaries. The organisation will request the support of both the Shareholder and National Treasury in this regard.

In the forthcoming 36 months, the organisation will need to continue to exercise caution in spending as well as to continue to implement revenue enhancement initiatives.

Lerato Nage
CFO (Acting)

Performance against predetermined objectives | 2010 - 2011

Target 2010/11	Actual Results	Reasons for Deviation
HUMAN CAPITAL SERVICES		
Area: *Learning and Development:*		
• 100% Skills Audit Completed by March 2010	The business case for the Academy was completed but implementation delayed due to the restructuring process.	New structure and job profiles to be completed before audit process starts.
• SABC Learning Academy Concept Approved by June 2010	The four qualifications and various skills programmes were identified. These included: Journalism, Broadcast Engineering, and Radio and TV operations. Internships and Learnerships are being implemented. These started in February	The concept will be revisited and re-packaged to include the new SABC Operating Model and new HCS operating model.
• Ensure 80% achievement of the SABC Skills Plan by 30 June 2010	64% of the Work Skills Plan was achieved by March 2011. 3218 employees trained .	A number of training interventions were put on hold due to the 2010 World Cup and budget constraints.
• 80% of GE posts with a minimum one successor identified by December 2010 through the implementation of Leadership Pipeline	A draft Succession Policy completed. Leadership Pipeline implementation postponed due to Restructuring.	Policy will be submitted to the mandating authority for approval. There are a number of GE posts which are filled in an acting capacity.
• 80% of Succession candidates with development plans by June 2010	Two Leadership Development programmes launched with GIBS.	This will be resolved when the structure is being populated.
Area: *Remuneration and Benefits:*		
• Establish the framework for the definition and classification of General Managers specialist by June 2010	Submitted for Board approval, meeting postponed.	This matter will be pursued further in conjunction with the Turnaround Strategy, new structures, new role profiles, skills assessments, etc.
• Implementation of specialist dispensation for GM level Specialists by December 2010	Will form part of the Turnaround plan when structures are being populated.	Decision taken not to renew. GM and higher contracts, this matter being linked to the Turnaround Plan.
Area: *Leave Benefits Management:*		
By 31 March 2011 reduce by 70% the number of statutory leave days in comparison with 01 April 2010 numbers	Leave liability strategy has been implemented as approved. Initial leave liability figures indicate a reduction of close to R18 million. This is only in terms of the balance sheet, but as per the target of 70% statutory, this has been achieved. The statutory leave balance was reduced by more than 100%. i.e. leave not taken by the expiry of the leave cycle is forfeited. This is system driven.	
Area: *Fringe Benefit Management:*		
Review the vehicle fringe benefits with a view of implementing a flat rate that will reduce the risks (Fraud and uncapped costs) to the SABC by 100% by September 2010	Board approved the flat rate for fuel, maintenance and vehicle-related running costs and the removal of fleet cards as a benefit. Same has been communicated and implemented.	

Target 2010/11	Actual Results	Reasons for Deviation
HUMAN CAPITAL SERVICES continued		
Area: *Employee Wellness:*		
• Conclude the appointment of preferred service provider and measurement parameters by June 2010 to continuously monitor and improve the health and wellness of employees	OCSA was appointed on a 3 year contract in September 2010 as the preferred service provider.	
• Increase voluntary counselling and testing of HIV/AIDS by 10% every quarter	VCT target (10%) achieved during 2010/11 fiscal; 1221 (33%) staff participated in the testing process. 2000 Education booklets distributed (target 1000) and 4000 condoms (target 2500) distributed as part of various initiatives. Measurements will be jointly developed although the generic ones are in the contract.	
Area: *Employee Relations:*		
• Conclude recognition agreements with all three labour Unions by end April 2010 in order to regularise the interactions with Unions	Recognition Agreements in place; (MWASA Confirmed in 2009) CWU concluded in September 2010 – for signing in the new fiscal BEMAWU concluded in March 2011.	The availability of parties impacted on successful conclusion of this matter amidst tough negotiation process since December 2009.
• Negotiate a finalised new disciplinary code by August 2010 to speed up and simplify resolution of disciplinary cases within SABC	Draft disciplinary code finalised and submitted to the SMF and MMF for their input.	Matter forms part of the review of all HCS-related policies within the Turnaround project. Labour to be engaged thereafter.
• Negotiate and finalise new grievance procedure by October 2010 to speed up and simplify resolution of grievances within the SABC	Grievance procedure as per the current process was reviewed and seen as still valid. Further changes not required. Changes to Section G9 of the DAF made and submitted for required approval.	Unions and Management will engage with a view to reaching a collective agreement on the grievance procedure.
Area: *Organisational Development:*		
• Complete Workforce Planning by September 2010	Concept document was developed and distributed to Exco.	Project has been incorporated into the Turnaround Project under the Talent Management Sub-project.
• Review current Performance Management in line with Leadership Pipeline strategies by July 2010	A revised Performance Management Framework has been designed and is in the process of being deployed.	Talent Management Framework is in the process of being developed as part of the Turnaround strategy. This will inter alia deal with all aspects of the Talent Management and Performance as a whole value chain.
• Revised Employment Equity strategy and targets to be approved by Board by 30 June 2010	Approved and implemented: Divisional and Regional sessions took place to evaluate their EE micro plans. EE Annual report was submitted to Department of Labour.	

Target 2010/11	Actual Results	Reasons for Deviation
MANDATE		
Area: *Mandate*		
• Deliver on all mandate requirements in terms of ICASA Licence conditions, SABC Charter and Broadcasting Act	Slight under delivery in language other than English, and some genres, mostly in prime time.	Slight under delivery on TV regarding language other than English (marginalised) in prime time due to impact of 2010 FIFA World Cup™. However exemption was granted by ICASA.
• Improve Universal Access through installation of low power transmitters to reach 5 million South Africans without access to SABC radio and TV - 91% Reach for SABC1 - 92.5% Reach for SABC2 - 81.2% Reach for SABC3	Achieved.	
• Improve Universal Access through installation of low power transmitters to reach 5 million South Africans without access to SABC radio and TV: - 91% reach for PBS Radio - 57.2% reach for PCS Radio	Not achieved as a PBS / PCS target split.	Radio Access from low power cannot be achieved against total population and cannot be split by PBS / PCS. Radio access is achieved from language speakers and location. Access achieved: • Ikwekwezi FM- 81.5% • Lesedi FM- 76.8% • Ligwalagwala FM- 68.3% • Motsweding FM- 86.7% • Munghana Lonene FM- 83% • Phalaphala FM- 78.1% • RSG- 89.2% • SAFM- 95.6% • Thobela FM- 83.3% • Ukhozi FM- 87% • Umhlobo Wenene FM- 77% population as is the case for television. • Radio 2000- 71.7% Total Population • Lotus FM- 85.6% All Asians.
AUDIENCE SERVICES		
Area: *Operational efficiencies*		
• Improve and sustain performance of Divisional Contact Centres and interaction points. Performance levels of Contact Centres: - Inbound calls: 80% - Correspondence: 25 days	Service levels for Divisional Contact Centres are as follows: • Average for FY2010/11: 87% • Correspondence turnaround time: 23 days	ASD has implemented a new facility enabling retailers to verify the validity of a TV licence, even outside of normal business hours, by a self-service function on the SABC's IVR system. This has led to a ±75% reduction in the volume of validation calls and an improvement in service levels. Owing to the improved service levels, the focus was on improving the correspondence turnaround time.
• Improve quality of divisional licence holder interactions. - Service level: 75% - Implementation of quality step changes	Quality service levels: • Year to date: 77% • Quality step changes were developed, aimed at optimising revenue generation, improving customer service delivery and first-time query resolution, increasing productivity and positively impacting on the image of the SABC and ASD. The strategy was implemented from April '10.	

Target 2010/11	Actual Results	Reasons for Deviation
AUDIENCE SERVICES continued		
Area: *Financial sustainability*		
• Achieve R1 billion cash collection target	For the period under review, the Division has collected R989.6m in cash which is R12.1m (1.2%) below budget. Year-on-year growth is R6.4m (0.7%).	The Division's under-performance is attributable mainly to a decrease in debt collection revenue. The decline in debt collection cash revenue commenced in May 2010 when the debt collection services were put out on tender. At the time, the contracts for the Division's existing six debt collection agencies were extended for three months only, which made it difficult for said DCA's to invest in the debt book and implement long-term revenue strategies.
• Collection cost ratio: 19%	Collection cost ratio year-to-date: 14.7%	
• Opex ratio: 10%	Operating expenditure ratio year-to-date: 7.5%	
• Intensified debt collection on segmented debtors books, rehabilitation strategy and legal action resulting in R322m gain.	Debt collection cash revenue collected for the fiscal was R256m against a target of R322.5m. This is R67m (20.8%) below target and -22% growth compared to the previous fiscal.	

Area	Target 2010/11	Actual Results	Reasons for Deviation
NEWS AND CURRENT AFFAIRS			
• Cover events and programmes of national importance.	March 2011	Achieved	
• Provide credible news and current affairs. - Public Value research - Media Monitoring	March 2011	Achieved. The division commissioned IPSOS Markinor and Media Tenor respectively to conduct the research and monitoring.	
• Set the News Agenda (Developmental perspective and social cohesion)	March 2011	Achieved	
• Present-user generated content on: - Special slot programmes - Citizen blogs on sabcnews.com	March 2011	Ongoing	A new design of the sabcnews.com website is currently being implemented to make it more interactive. Radio News has already rolled out its facebook and twitter sites for audience interactivity.
• Take the lead in determining perception of South Africa as 2010 FIFA World Cup™ host by carrying special news programming	June 2010	Achieved	
Area: *Review business Model*			
• Achieve wage bill efficiencies by reducing wage bill from 70% to 60% of operating costs.	March 2011	The target was partially achieved.	News is still labour intensive production and no retrenchments have taken place.
• Use international partnerships to mitigate reduced international presence.	March 2011	Achieved	
• Re-align structure against strategic outputs and aligned to workflows	March 2011	Achieved	

Area	Target 2010/11	Actual Results	Reasons for Deviation
RADIO			
Mandate			
• Perform an auditorium music research project	Music PCS Radio 25% Local Music	Achieved Radio played 100% local music during the 2010 FIFA World Cup™.	
• Ensure proper music selection, scheduling & rotation are in line with strategy and mandate • Rebuilding of music Clocks	PBS Radio 40% local 22% Lotus	Ave. PCS Delivery: 27% Ave. PBS Delivery: 78%. NB: On over performance by radio (i.e above 40%) on music, please note that 40% is the minimum requirement in terms of the regulations Lotus FM – 25%.	
Content Genres			
    • News • Current Affairs • IKB • Children • Drama • Education	Ave Weekly Target • 60 minutes • 60 minutes • 180 minutes • 60 minutes • 150 minutes • 300 minutes	Achieved IKB is inclusive of listener engagement and on-air delivery. Average weekly delivered • 81.23 • 91.55 • 1617 • 365.53 • 208 • 380	
Maintain and grow audience radio share			
• Conduct qualitative research to determine audience needs	Deliver fiscal average 66% Audience Share as the Radio Network	Achieved 65.4% for the final quarter 66.2% as average for the fiscal	
• Repositioning of 6 underperforming radio platforms	PBS Radio to grow fiscal average audience share from 55.6% to 58%	Not Achieved 55.8% for the final quarter 56.9% as average for the fiscal	Highly competitive radio environment. Marketing initiatives to support brands curtailed due to cost saving to achieve profitability. Continued growth of Community Radio.
• Activate an aggressive marketing campaign aimed at attracting new markets	PCS Radio to grow total audience share to 14% of LSM 7-10	Achieved LSM 7-10 Share of 16%	
Improve Universal Access			
• Installation of lower power transmitters to reach South Africans	PBS Radio 91% PCS Radio 57%	Not achieved as a PBS / PCS target split.	Radio Access from low power cannot be achieved against total population and cannot be split by PBS / PCS. Radio access is achieved from language speakers and location. Access achieved: • Ikwekwezi FM- 81.5% • Lesedi FM- 76.8% • Ligwalagwala FM- 68.3% • Motsweding FM- 86.7% • Munghana Lonene FM- 83% • Phalaphala FM- 78.1% • RSG- 89.2% • SAFM- 95.6% • Thobela FM- 83.3% • Ukhozi FM- 87% • Umhlobo Wenene FM- 77% population as is the case for TV. • Radio 2000- 71.7% Total Population • Lotus FM- 85.6% All Asians.

Area	Target 2010/11	Actual Results	Reasons for Deviation
RADIO continued			
Delivery of Revenue			
• Support commercial enterprises revenue efforts	R1,094bn	R1,064bn	Classical Revenues were 2% down and Sponsorship Revenue was not achieved due to low demand during the FIFA World Cup.
• Management of Costs to budget through prioritisation of project	R523m	R494m	Due to savings realised on Broadcast costs, Trade Exchanges, Employee costs owing to vacant posts, Marketing and other costs.
• Achieve Profitability	R570,5m	R571,2m	

Target 2010/11	Actual Results	Reasons for Deviation
CORPORATE AFFAIRS		
Area: *Stakeholder relationship management*		
• Policy to be in place in June 2010	Policy drafted but not approved by Board.	The Policy was approved by Cluster and Group and submitted to Board for approval.
• March 2010 MOU with GCIS (Government communications) on 10% of their adspend at SABC.	Not achieved	Discussions took place with GCIS but the MOU was not signed due to leadership changes at GCIS and subsequently changes in SABC leadership.
• Host successful CBA Conference by April 2010	Achieved	
• March 2010 sign three MOUs with international partners	MOUs with the Namibian Broadcasting Corporation, SABA Network of Young TV Producers were drafted for GCEO's signature but were never signed.	The division drafted the MOUs for Group CEO's signature but these were never signed by the GCEO and Acting Group CEO.
• Sign off by Board on top 10 stakeholders by April 2010	Not achieved	Board engagement plan submitted to the Board during the month of July. Changes in Board affected the implementation of the plan.
Area: *Reputation/ image management*		
• Integrate and consolidate PR and communication efforts on brand building by June 2010	Ad hoc communications took place.	The Consolidated PR Plan was approved by Cluster and presented to the Acting Group CEO. Due to structural difficulties the plan could not be implemented. However, ad-hoc communication activities took place. The issue is to be addressed through the new operating model as part of the Turnaround strategy.
Area: *Internal communication and mobilisation*		
• Inform and create staff awareness on SABC Vision and Corporate Strategy by May 2010	Achieved through implementation of the Turnaround strategy (ongoing) Internal communication is an ongoing process. Austerity measures meant that communication was limited to mostly electronic communications and the redifussion - not the usual printed intercom and face-to-face interactions (events).	

Target 2010/11	Actual Results	Reasons for Deviation
CORPORATE AFFAIRS continued		
Area: *Internal communication and mobilisation continues*		
• Evaluate effectiveness of communication tools by Sept 2010	An electronic survey was conducted to evaluate the effectiveness of communication tools used at the SABC.	Due to austerity measures, a research company could not be engaged to conduct focus group interviews as internal market intelligence division did not have the capacity to conduct research. It was agreed that the research be incorporated into the company-wide research on SABC Editorial Policy review.
Area: *Internal communication and mobilisation*		
• Develop and create exciting staff events around priority areas	Achieved. However due to austerity measures events were carried out on a small scale and mostly through sponsorships. Events celebrating days of national importance such as Womens' Day, World Aids Day, 2010 Soccer World Cup countdown events as well as Football Friday activations were carried out to mobilise staff to support the World Cup.	
Area: *Risk Management Framework*		
• Board approved risk management framework, June 2010.	SABC's Risk Management Framework was approved by Board in 2008 and management has reviewed and enhanced the framework in line with King III and other International Risk Management Standards. Group Exco and Risk Committee of Board have recommended the reviewed framework and other risk management instruments to Board for approval. The Board at year-end, had yet to approve the framework.	
Area: *Strategy*		
• Turnaround Strategy June 2010	Delivery November 2010.	Challenges within Management and Governance structures within organisation delayed delivery.
Area: *Regions, Increase cash resources*		
• Collect all Rentals within 30 days of invoice and agree payment terms with debtors older than two month, by May 2010.	Collection of rental invoices within 30 days of invoice has been achieved by allocating vacated premises to staff who pay via salary deductions. Repayment agreements with internal staff are in place and external clients have been outsourced to the external legal firm for tracing.	
• Dispose of all investment property by 31 March 2011	Not achieved.	Disposal of investment property was deferred to the Turnaround strategic plan.
Area: *Corporate Communications*		
• Board approved SABC wide communications plan implementation and success review by 31 March 2011	Stakeholder relationship plan has been approved by Group and is in implementation.	

Target 2010/11	Actual Results	Reasons for Deviation
CORPORATE AFFAIRS continued		
Area: ***Procurement, Supply Chain Management Policy***		
Board approved Supply Chain Management Policy, with sanctions for non-compliance by June 2010.	Not Achieved	As part of the SABC strategy, procurement operating model had to be redesigned, which took up to June 2011. Then the process of revising Procurement Policy started after the Operating Model was finalised so as to be aligned. The process is still going on; Deloitte was assigned to drive the process with Procurement and the process will be finalised by August 2011.
Area: ***Logistics, centralise transport provision across the SABC.***		
Save 10% of budget in after-hours transport at year-end 31 March 2011	Not Achieved	Debis contract to supply vehicles expired; as a result we had a shortage of vehicles, and we did not get approval to employ 10 drivers required to implement the plan.

Area	Target 2010/11	Actual Results	Reasons for Deviation
SALES			
Attract and develop requisite skills			
• Enhance skills base - improved performance to meet revenue target.	Performance against the Skills Plan - 80%	Achieved 85% by end March. Implementation Plan for new fiscal is complete.	
• Recruit and select requisite skills: Appoint GM TV Sales, GM Finance, and Marketing Services with support staff.	All key vacancies	Partly achieved. Appointments included GM: Finance, GM: HR, National Sales Manager: Sport Sales, and Media Strategists for both television and radio. Interviews for Television and Radio Sales GM's were held in February , and for GM: Operations in March.	Appropriate skills for some of the positions are very scarce. First round interviews did not yield suitable candidates. Implementation of the new Sales Operating Model was delayed.
Meet Fiscal 2010/11 Revenue Targets			
• Achieve the revenue target of R4.039 billion	Television - R2.94 billion	Achieved - R2.95 billion. Year-on-year growth of 18%.	Overall performance marred by missed target for the 2010 FIFA World Cup™, as well as by the late scheduling of major sports events.
	Radio - R1.06 billion	Not achieved – R1.03 billion. Year-on-year growth of 12%.	A prolonged decrease in government ad spend followed the GCIS/Mercury Media issue. This improved only from November.
	Merchandising - R25m	Not achieved – R16.93m.	Decline in revenue from CDS/DVDs and branded events resulting from changed market conditions.
	Mobile - R11.5million	Achieved – R18.66m.	
	Websites - R6 million	Not achieved - R2.48m.	Staff and skills shortages for much of the fiscal.
	Rap Studios - R6 million	Not achieved – R2.48m.	Reduced level of activity by internal users. Costs were for freelance artists to staff the facility .
• Meet 2010 FIFA World Cup™ Sponsorship Target of R220m	Generate sponsorship revenue of R220m	Not achieved – only R129m against budget target.	The under-performance of R91m was in spite of the SABC having taken the lion's share of media ad spend on the event. Clients considered that SABC packages were expensive and/or not appropriate for them.

Area	Target 2010/11	Actual Results	Reasons for Deviation
SALES continued			
Meet Fiscal 2010/11 Revenue Targets			
• Maintain the cost of sales ratio of 5.5%.	Based on revenue budget - Cost of Sales R219m	Achieved. Year to date Cost of Sales – 4.8%	Savings in other cost areas but reduced by overspend on Employee costs.
Sales and Trading Strategy			
• Regain revenue market share Television - 54%	Television target - 54%	Not Achieved -Television Share was 52.5%.	Negatively impacted by decline in audience shares, especially SABC3.
• Radio - 45%	Radio Target - 45%	Not Achieved. Radio share was 40.2%.	Under-performance due mainly to decline in government sales for most of the fiscal.
• Digital Media market revenue share capture of 2%	Digital Media revenue share of 2%.	Not Achieved.	Staff and skills shortages.
Trade Marketing -Improve trade relations			
Improve Sales Collateral Strategy and evaluation through quarterly industry audit - 80% satisfactory score.	50% satisfactory score at each assessment.	Not assessed.	Assessment not yet done. Industry Audit once the Division has stabilised.
Manage debtors' book			
• Reduce Debtors' Days to 60 days from 80 days.	Debtors' Days at 60 by the end of fiscal.	Not achieved. Debtors' Days marginally reduced to 78 days.	High overdue debt - mainly Agency Advertisers and Government. Ineffective Standard Operating Procedures (SOP's) for ad booking process.
• Manage Credit Notes - 30 days after invoice	Resolve any debtor's dispute within 30 days of receipt	Slight improvement in turnaround time for processing credit notes.	Internal processes need further improvement. An adequate provision was raised at year-end to deal with outstanding credit notes. Inadequate inter-departmental communication has been addressed.
• Reduce government debt by 75%.	Government Debtors' Book was R60.27m at end March 2010.	The Government book at the end of March 2011 was R69m. R60m of it was collected. On the theoretical basis of 75% this was 86%. There were order number issues for the balance.	Numerous invoices not supported by Government order numbers.
SPORT			
Platform Management			
• All content acquired in line with the approved strategy of the channels	100%	Achieved. All acquisitions in the current fiscal are based on the platforms' Needs Analysis.	
• Deliver 2010 FIFA World Cup™	11 July 2010	Achieved. • 56 matches delivered on SABC 1 • SABC 2 delivered 8 matches • 75% audience share achieved during the opening ceremony • Radio – all language stations broadcast all 64 matches live in a language of the station • SABC 3 delivered World Cup integrated content, lifestyle related content and repeats of matches.	
Review Operating business model of sport:			
• Sport Investment strategy with associated funding model & • Approved strategy that eliminates losses and inefficiencies in sport	30 December 2010	Not achieved.	This project is subject to the finalisation of the work of the Turnaround team.

Area	Target 2010/11	Actual Results	Reasons for Deviation
TECHNOLOGY			
Coverage of World Cup			
• Achieve a SLA rating in excess of 90% for TV Outside Broadcasts	11-Jun to 11-Jul-10	Rating of 9.5 out of 10 achieved for two services, and rating of 7 out of 10 for one service	Two targets met and one target not met. The target that was not met was 'Provision of staff' and this was due to Sport feeling that the EVS and Jimmy Jib operators were not up to standard.
• Achieve a SLA rating in excess of 90% for Radio Broadcast Facilities	11-Jun to 11-Jul-10	Target achieved Radio signed off that RBF met the target	
• Achieve in excess of 99.9% service availability for playout of TV channels	11-Jun to 11-Jul-10	Target achieved 99.997%	
• Achieve in excess of 99.9% service availability for playout of radio stations	11-Jun to 11-Jul-10	Target achieved 99.969%	
• No major service impacting faults at 10 FIFA Fan Fests	11-Jun to 11-Jul-10	Target achieved No major faults	
Consolidate IT islands			
• Single consolidated business unit in place	30-Sep-10	Target was partially achieved. SAP CCC, TV Licences, Landmark product resource and News IT report to BIT and letters sent to employees.	The proposals for resourcing the future IT organisation have not been submitted for approval as BIT employment costs were running over budget. Included in 2011/12 budget request.
• Achieve at least 10% savings on IT's professional and consultant management budget	31-Mar-11	Target not achieved. R0.56m (1.9%) overspend - spend of R30.34m against a full year budget of R29.78m (Period 14 figures)	Additional resource was brought on in the year to manage the development of the new online site at sabc.co.za. This was not originally budgeted for.
Consolidate signal distribution and linking costs.			
• Achieve savings of 5% on consolidated budget	31-Mar-11	Target not achieved. R2.91m (1%) underspend – spend of R495.07m against year-to-date budget of R497.98m	Extent of underspend impacted by review of Sentech tariffs (which increased costs by R2m), inclusion of low power TX costs in Technology as opposed to in-Group Services. SABC is still awaiting approval from ICASA for switch-off of Metro FM at Meyerton MW (which would net R2m a year).
Operational performance.			
• Service availability of the playout of 3 TV channels to be in excess of 99.9%	31-Mar-11	Target achieved 99.990%	
• Service availability of the playout of 18 radio stations to be in excess of 99.9%	31-Mar-11	Target achieved 99.989%	
• Service uptime of sabc.co.za to be in excess of 99.9%	31-Mar-11	Target not achieved. 95.708%.	Experienced a number of server failures during the year in the different web environments.
• Service uptime of sabcmobile.co.za to be in excess of 99.9%	31-Mar-11	Target not achieved. 98.483%.	The mobile site is hosted by a third party which experienced a number of server outages.

Target 2010/11	Actual Results	Reasons for Deviation
TV & CONTENT SERVICES		
Review Business Models		
Review and approval of Content Enterprises Business Model: • SABC Sport Investment Strategy with associated funding model • New divisional long term strategy approved • Revised and approved divisional strategy that eliminate losses and inefficiencies in Sport • Review and approval of Business Development business model	The Content Enterprises Business model was reviewed. The revised model was submitted. The work has been used during the creation of the new operating model for Television. The long term strategies could not be compiled and approved due to changes in the operating environment. This will take place as part of the Turnaround efforts.	The Turnaround projects dealing with the Operating Model and Organisational design for the future TV business is still in process.
Intellectual Property Management		
Implement SABC IP Framework Policy: • Implementation of SABC IP Framework Policy • Media Rights regime implemented • Rights register in place	Draft document completed and under legal review. Reworked by Legal. Rights management implemented in SAP CRM. International content is in the process of completing the conversion onto CRM.	Business review still in place.
Area: *Financial*		
Increase revenue on alternative revenue streams by R20m:		
• Offer content on new media platforms • Exploit content and rights outside of SABC	Not achieved. The unit achieved R30m against a budget of R 50m. The year-on-year sales dropped by R 3m.	Downturn in the economy, revised sales strategy was not completed.
• Reduce cost of content budget by R100m	Not achieved. The Group amortisation line over by R75m.	The expenses included provision for impairment of R5m which was not part of the budget. Before taking the provision into consideration a saving of R54m was achieved. Channels opened up specific slot for international content and incurred +/- R 34m in FY 2011; adding this back ,the actual savings amount to R88m.
• Reduce cost of rights by R50m against all rights acquired	Savings of R41m was achieved.	Cricket rights were secured at R28m after securing the Zimbabwe tour for R5m. Limited new rights were acquired by Sport in the year to meet the objective.
Area: *Audience*		
• All Adult Share Prime Time - SABC 1 34% - SABC 2 19%	• SABC 1 35% • SABC 2 18%	Increased competition and reduced investment on local content.
• LSM 7-10 Share Prime Time - SABC 3 16%	• SABC 3 12.5%	SABC 3 – increased competition from broadcasters; lack of investment in new content; poor scheduling strategies.

Target 2010/11	Actual Results	Reasons for Deviation
TV & CONTENT SERVICES continued		
Area: *Mandate*		
• Deliver on all mandate requirements in terms of ICASA licence conditions, SABC Charter and Broadcasting Act	Achieved except shortfalls in the following ICASA licence conditions: • SABC 1 - Marginalised Languages • SABC 2 - Local Children, Marginalised Languages • SABC 3 - Genre Minimum Hours for Current Affairs, - SA Drama and Documentary	2010 FIFA World Cup™ ICC Cricket World Cup Poor Record Keeping Under capacity in local industry to deliver marginalised languages. Exemptions obtained from ICASA.
• Reach (Universal Access) - SABC 1 91% - SABC 2 92.5% - SABC 3 81.2%	Achieved	
Area: *Financials*		
Revenues - PBS TV: R2.206bn	PBS TV: R2.232bn	
Costs - PBS TV: R1.110bn	PBS TV: R1.011bn	Under Spend/Savings on Broadcast Cost, Signal Distribution Cost.
Operating Profit: - PBS TV: R1.096bn	PBS TV: R1.221bn	
Revenues - PCS TV: R774M	PCS TV: R746M	Under-achievement on Classic and Sponsorship Revenue.
Costs - PCS TV: R415M	PCS TV: R408M	Under Spend/Savings on Broadcast Cost, Signal Distribution Cost.
Operating Profit - PCS TV: R359M	PCS TV: R338M	Under-achievement on Revenue.

Report on [Mandate Performance]

SABC radio and television services remain the most listened to, watched, and most favoured and trusted, in the country, and have not only continued to generally meet, and exceed, language and local content mandates, but continue to broadcast award-winning programming that is entertaining, informative, relevant and compelling, and reflects the unity and diversity of South Africa and the world around us.

[SABC] Radio

SABC Radio continued to dominate the broadcasting market across South Africa. A constant visitor in homes; a companion in cars; an educator; an information and news source at work, and a daily companion, the 15 PBS stations, and the three commercial SABC radio stations reached across all communities, languages and demographics - the most culturally unifying institution in the country.

PBS Radio is expected to deliver unbiased and impartial news and current affairs programmes; significant amounts of educational programming - both curriculum-based and informal educative topics including a wide range of social, political and economic topics. These include, but are not limited to, human rights, health, early childhood development, agriculture, culture, religion, justice and commerce - contributing to a shared South African consciousness and identity.

The Public Commercial Service radio stations have to comply with the values of the public broadcasting service in the provision of programmes and service. Aside from the African language stations, which broadcast throughout the day in their official languages, SABC Radio covers minority cultures and language groups:

PBS stations:

- XK FM broadcasts equally in İXintali and Khwedam;
- Lotus broadcasts mainly in English with daily broadcasts in Urdu, Tamil, Gujirathi and Hindi.
- SAFM broadcasts in English;
- R2000 broadcasts primarily in English;
- Tru FM broadcasts equally in isiXhosa and English; and
- RSG broadcasts in Afrikaans.

PCS stations:

Metro FM, 5FM and Good Hope FM broadcast, as prescribed, in English.

Programme Highlights

Sport Unified the Nation

2010 was a very important year for the people of South Africa due to the 2010 FIFA World Cup™. The build-up to the kick-off on 11 June 2010 started in earnest at the beginning of April with the count-down. Themes for the 2010 FIFA World Cup™ included the following:

- promoting Nation Building;
- promoting Patriotism;
- combating Racism;
- combating Xenophobia;
- promoting the Conversation of South African and African Heritage; and
- promoting the FIFA Development Programme.

Across SABC Radio, the stations delivered 21 115 hours of World Cup related programming and 2 080 hours of live coverage of the game.

For the period 1 May 2010 to 30 September 2010, PBS Radio played an average of 85% South African music, 9% African continental music and 6% international music.

As always, sport continued to be a major offering on SABC Radio – and a unifying force for the people of South Africa. This included traditional coverage of developmental sport, domestic and international games of cricket, football, rugby as well as reports, results and updates from a wide range of other local, national and international sports.

[2010] Radio Fast Facts

Across SABC Radio, the stations delivered 21 115 hours of World Cup-related programming and 2 080 hours of live coverage of the games.

Ukhozi FM DJ's in studio.

Shortly after the momentous 2010 FIFA World Cup™, SABC Radio returned to Orlando Stadium to broadcast live from Soweto directly into the homes of all South Africans the Super 14 Rugby final between the Blue Bulls and the Stormers. The event gripped the nation, as it was the very first time that a Rugby Final was played in the home of soccer supporters.

October 2010 provided SABC Radio with the opportunity to broadcast live coverage of the Commonwealth Games in India.

News and Current Affairs, National Events and Information Programming

SABC Radio was also pivotal in promoting the International Nelson Mandela Day in July 2010 – which heralded an individual 67 minute community contribution from each citizen to honour Mandela and unite our great country. We also broadcast live on all public service radio stations the Nelson Mandela Public Lecture.

Once more, SABC Radio was present at all events of national importance: the State of the Nation Address, the Opening of Parliament, the Budget Speech and the opening of Provincial Assemblies were broadcast across all SABC radio stations, allowing for different language coverage and production approaches.

The build-up to the 2011 Local Government Elections was a key event. SABC radio played a very significant role in the promotion and entrenchment of democracy by broadcasting voter education programmes for new voters from December 2010. In partnership with News and Current Affairs, SABC Radio covered townhall debates for communities which, in keeping with our mandate and ICASA's 2011 Local Government Election requirement, allowed political parties equitable air-time.

Other significant commemorations through the year included the 50th Anniversary of the Sharpeville massacre and the 20 years since the release of Nelson Mandela, both of which were covered in talk-shows and documentary programmes, allowing our citizens to engage on these and other significant events that affected their daily lives.

In addition, in support of citizenship, education and community, SABC Radio covered the following:

- in partnership with the Department of Education, we broadcast the School's Catch-up programmes to assist Matric students;
- SABC Radio commemorated, in partnership with South African Police Services, the lives of the policemen and policewomen who died in the line of duty;
- the network observed and supported with extensive and varied programming the 16 Days of Activism Against Abuse of Women and Children; and
- SABC Radio broadcast It Begins with You, a campaign in support of the World AIDS Day;

In December 2010, SABC Radio broadcast essential warning information from the South Africa Weather Services during the time of crisis when some parts of the country were threatened with floods.

Off air, and in keeping with their regional focus, SABC radio stations contributed extensively to community initiatives across the nation.

[Educational programing on SABC Radio]

In the past fiscal, the following educational projects and partnerships were developed and broadcast on SABC Radio:

- **Partnership with South African Institute of Chartered Accountants (SAICA): an eight part radio series where black learners in particular were exposed to, and encouraged to study towards a career in Chartered Accounting, with a view to increasing the numbers of Black Chartered Accountants in the country. Learners were exposed to important information ranging from institutions of higher learning offering accounting, application procedures and deadlines. They also stood a chance to win bursaries.**
- **Partnership with the South African Social Services Agency (SASSA): a five-part radio talk show on our Youth ke yona slots on 14 PBS radio stations.The aim of this initiative was to create awareness about the institution and what it stands for; to invite people to attend the face-to-face events (outside broadcasts); and to provide people with an opportunity to engage with the institution. The project addressed child support grants, grants misuse, grant reviews, pay-point challenges, services to the frail and sick as well as disability grant assessment processes.**
- **Schools catch-up programme: besides the normal Matric Support programme run by SABC Education towards the end of each year, this was an extended initiative by PBS radio management, managed and co-ordinated by SABC Education in partnership with provincial Department of Basic Education. It was aimed at assisting learners to make up for time lost during the extended school holidays during the 2010 FIFA World Cup™ and classes missed during the teachers' pay strike. The project was run on all PBS radio platforms. Educational experts were invited to radio studios to give live lessons and offer expert advice. Learners were also given an opportunity to call in and get instant advice from the experts during the live shows. While announcing the 2010 Matric results the Minister of Basic Education, Mrs. Angie Motshekga, acknowledged the contribution of this project towards the increase in the national pass rate of matriculants from 60.7% in 2009 to 67.8% in the year 2010. Through one of the competitions run during this campaign, 46 learners also stood a chance to win a fully paid scholarship inclusive of tuition, accommodation and meals with National Electronic Media Institute of South Africa (NEMISA) to the total value of R1,5m wherein they could choose to specialise in either Radio production, TV production or Animation and Graphics offered by NEMISA.**
- **Be Financially Smart Project: this was a 39-part radio magazine series in partnership with FNB on 10 PBS radio stations namely Ukhozi FM, Umhlobo Wenene FM, Munghana Lonene FM, Thobela FM, Phalaphala FM, Lesedi FM, Motsweding FM, Ligwalagwala FM, Ikwekwezi FM and RSG. The aim of the series was to enlighten the listeners regarding the following aspects of financial literacy: borrowing/spending, banking, transacting, insurance. FNB experts provided advice in studio on various financial issues. This series ran a listeners' competition carrying a cash prize of R1,500 per station per month. Listeners were expected to answer all the weekly questions correctly before they could be entered into the monthly draw for the cash prize.**

[SABC] Television

2010 has been an extraordinary year for SABC TV, with the 2010 FIFA World Cup™ dominating our output in the first two quarters. Audiences responded well to the SABC's coverage of the 2010 FIFA World Cup™, with some Bafana Bafana games delivering in excess of 70% audience share. A transversal approach to scheduling paved the way for a network-centred approach to programming.

While the Corporation had been operating within stringent austerity measures, resulting in a hold on commissioning of fresh content, June saw the issue of new commissioning briefs – the first since 2008. Despite internal challenges and an increasingly competitive environment, marked by the growth of satellite television locally, audience and revenue performance were minimally down year-on-year.

National Events

Aside from the extensive coverage of the 2010 FIFA World Cup™ which dominated the calendar, Freedom Day, Youth Day, Women's Day, Opening of Parliament and the State of the Nation Address are just some of the key national events carried live, principally on SABC 2, and produced by SABC News.

150 years' anniversary of the arrival of the Indian indentured labourers in South Africa was marked and celebrated across November and December 2010 through documentary and magazine content, on Eastern Mosaic and a live crossing to the Presidential event in Durban.

Innovation in Programming

Continuing the tradition of integrated broadcasting, SABC Television extended programmes onto the internet and mobile platforms. Social media, mobile and the internet are potentially lucrative environments in which to interact with audiences and to create revenue opportunities. Hectic Nine-9, a daily live youth show on SABC 2, was listed as the third largest local media brand on facebook. SABC 1's investment in developing the channel's mobi site and website, as well as its constant presence in popular social media platforms such as twitter and facebook, continues to ensure the brand's relevance in a changing media and entertainment landscape.

Recognition from our Peers

Once more our channels shone: SABC 1 collected the most awards at the 2010 SAFTA's and the popular drama Home Affairs received an Emmy Awards nomination for the second year running, affirming the channel's proposition as Mzansi's Official Story Teller. The Sunday Times Generation X annual survey awarded YoTV the coolest local children's brand. SABC 2 walked away with four awards for promotional programmes at the Promax Awards and has performed well on the revenue front, meeting and exceeding all targets across the fiscal.

SABC 3 also won gold at Promax.

Simba Mhere winner of Top Billing's presenter search in 2010.

[The 2010 FIFA World Cup™]

The 2010 FIFA World Cup™ featured on local screens from as early as 2008, as SABC 1 kept viewers in touch with progress around the building of stadia, new roads, the Gautrain, and infrastructure - on Countdown 2010. Countdown 2010 showcased commercial and job creation opportunities, and assessed the impact the 2010 FIFA World Cup™ would have on the country's sustainable development objectives.

As time progressed, viewers of SABC 2 were taught about the national Flag and the Anthem, and encouraged to be proudly 2010 as they supported Bafana Bafana to do the nation proud.

Children's programmes showed viewers how to make vuvuzelas and makarapas, taught the diski dance, and created new war cries for Bafana Bafana.

Magazine and talk shows explored issues as diverse as soccer-related literature, arts, culture, food and fashion – and even the darker side, such as human trafficking .

And even faith services kicked in: In Fame from Faith, this critically acclaimed six-part series took a global look at the phenomenon of soccer and explored to what extent it has become a religion for its millions of supporters, as well as featuring the role of faith in the lives of some of its most famous players.

And also not forgotten were the celebs, strutting their stuff across Top Billing and The A List – from WAGS to celebrities, our TV screens were a-buzz.

Presenting alternative viewing for those not caught up with World Cup fever, A Country Imagined, hosted by Johnny Clegg, provided an opportunity to showcase South Africa to foreign visitors as he took an epic journey around the country, experiencing the vast tapestry of South Africa's landscapes through the eyes of our artists, writers, poets and musicians.

And even our drama programmes were focused on our national strategic objectives and engendering national pride and identity through programming such as 7de Laan and Motswako which promoted racial tolerance and tolerance of people from other countries by raising awareness on xenophobia and racism.

Above all, our screens lit up with patriotic zeal as all South Africans united to watch, listen, celebrate with SABC and : "Feel it. It is here!"

The critically acclaimed six-part series Fame from Faith.

SABC 1 soccer line-up teaser.

SABC 1

SABC 1 is the largest television channel in South Africa, drawing one third of all adult audiences – 22 million viewers per week.

SABC 1 broadcasts in English and Nguni languages, including isiZulu, isiXhosa, Siswati and isiNdebele. SABC 1 positions itself as "Mzansi's Official Storyteller", Mzansi Fo Sho, focusing on dramas and documentaries.

SABC 1 enjoyed its greatest market share in 2010/2011 within LSM 5-8 and in the 16-24 age range.

SABC 1 Programmes include

- Yo-TV and Takalani Sesame – Children's;
- Matrics Uploaded – Education [lessons in 7 core subjects];
- Generations, Sokhulu and Partners, Zone 14 and Ntsika– Drama;
- Selimathunzi, JikaMajika and Jam Alley – Variety;
- Mzansi Insider – Magazine;
- Laduma – Sport; and
- Gospel Gold and Spirit Sundae - Religion.

2010 Highlights

- As the official broadcaster of the 2010 FIFA World Cup™, SABC 1 broadcast 56 out of 64 live matches and a variety of supporting content. Audience-share averaged 47.6% in prime time and 33% in performance period.
- Local dramas maintained their leadership position, with Generations consistently topping the polls.
- A comprehensive local election plan was put in place introducing new titles such as: Walala Wasala, Election Debate Show and One Day Leader.
- Intersexions, proved to be the second most popular drama series after Generations.

The cast from local drama Muvhango.

SABC 2

As the Channel for the Nation, SABC 2 offers a mixed menu with a broad range of popular content. The channel broadcasts in seven languages; Sesotho, Sepedi, Setswana, Afrikaans, TshiVenda, XiTsonga and English. SABC 2 is the host channel for national events and the daily morning actuality show, Morning Live. SABC 2 achieved an All Adults share of 18.3% in prime time and 17.1% overall and reached an average of 19 million viewers per week.

SABC 2 viewers represent a broad cross-section of the population, with two distinct market segments, LSM5-8 (Nation Builders) and LSM7-10 (Established and Rooted citizens). SABC 2 is skewed towards female viewers with an age profile over 30.

SABC 2 Programmes include

- 7de Laan and Muvhango – Drama;
- Morning Live, Ratanang and Fokus - Current Affairs;
- Motswako – Women's Talk;
- ThabangThabong – Children;
- Rivoningo – Education;
- Afro Café – Music;
- Eastern Mosaic – Culture; and
- Gospel Time and Issues of Faith - Religion.

2010 Highlights

- SABC 2 hosted 8 of the 64 World Cup games live as well as repeat matches;
- Siyaya 2010 provided background content to South Africa's preparation for the 2010 FIFA World Cup™;
- Have You Heard From Jo'Burg - a series that charted the international fight against Apartheid;
- A Country Imagined, hosted by Johnny Clegg, was a Blue Chip series that showcased our cultural heritage and landscapes through Art, Music, Poetry and Literature;
- Skwizas, Die Uwe Pottie Potgieter and Rasdien - local Sitcoms;
- Speak Out 2 (with new presenters) - consumer magazine;
- SA's Got Talent – showcasing the broad spectrum of South African talent; and
- Jam Sandwich – collaborative music series featuring top SA bands in new and unique pairings.

The cast from local drama series Isidingo.

SABC 3

SABC 3 is a free-to-air Public Commercial Service, with daily audiences averaging 9 million, offering a mixed menu of quality content that includes News and Current Affairs, Drama, Documentary, Entertainment and Children. While meeting certain ICASA quotas, the channel's key role is to drive a substantial income for the Corporation through its Lifestyle and Entertainment programming.

Audiences

SABC 3 targets audiences in the upper LSM 7 – 10 market, with a focus on female viewers over 30. SABC 3 reached just short of 14% of the target market and slightly less of all adult audiences. Prime-time audiences are 12.5% in the upper LSMs and 10.2% of all audiences.

SABC 3 Programmes

The contracts of the following long-term programming pillars of the channel were renewed in 2010/11:

- 3Talk;
- Isidingo;
- Top Billing; and
- Oprah Winfrey Show.

Friday evenings were reworked to appeal to younger audiences with the following programmes being introduced:

- TV to the Power of 5;
- Run's House;
- Cribs; and
- The Hills.

In order to contain costs, a number of revenue-driving Advertiser Funded Programmes (AFP) were introduced:

- Expresso;
- Life's Journey/ The Green Line;
- Hooked on Travel;
- Northern Cape Race;
- C.I.G.A.R.E.;
- Life's Journey; and
- No Reservations.

2010 Highlights

2010 FIFA World Cup™

- SABC 3's role was to provide alternative entertainment that was intended to assist the Corporation to retain viewers within the network during the World Cup.
- Themes relevant to the 2010 FIFA World Cup™ were embedded into existing local programmes, such as Top Billing, 3Talk with Noeleen, Isidingo, Interface and Special Assignment. The channel commissioned the "A" List which specifically looked at the lifestyle of wives and girlfriends (WAG's) of football stars and dignitaries who descended upon South Africa. The channel's role was to cover all the exciting lifestyle and entertainment aspects of the beautiful game.
- The channel also broadcast repeat matches. Viewers were given an opportunity to vote for their favourite match of the day which was repeated the following day on SABC 3.

Special Projects Highlights: 2011 ICC Cricket World Cup

- SABC 3 was the sole free-to-air broadcaster of live ICC Cricket World Cup matches.
- Apart from the live games, the channel embedded themes relevant to the World Cup into existing local programmes:
  - Top Billing: regular inserts;
  - 3Talk: special dedicated series of episodes during the World Cup;
  - Expresso: regular general coverage inserts and cricket education inserts;
  - Special Assignment (cricket related episodes);
  - Interface (cricket related episodes);
- The channel also broadcast documentary series relating to cricket. Specifically:
  - 6-part 1-hour cricket documentary series (locally produced); and
  - Legends of cricket: 25-episode cricket documentary series from ESPN.

The cricket advertising campaign Feel the heat.

[News] and Current Affairs

At the core of public service broadcasting is the provision of news and current affairs programmes. In this regard, SABC News enjoys freedom of expression and journalistic, creative and programming independence as enshrined in the Constitution. The Division is the content provider for all news and current affairs programmes carried by the SABC's Radio, Television and Digital Media platforms.

SABC bilboard featuring the Morning Live presenters.

The pillars of the Division's operating model are Television News; Radio News, and Digital Media, each of which is responsible for the editorial content carried on the SABC's television, radio and digital media services respectively.

The news-gathering function is located at both national and regional level and there is generally a clear demarcation between radio and television. There are, however, exceptions to this, with certain specialist desks located in Johannesburg (sport, international, politics) that provide news-gathering services to both radio and television.

The Division also has international bureaus in Zimbabwe, Kenya, the US and the United Kingdom. Some of the key outputs of the News and Current Affairs division are:

- 1,255 Radio News bulletins in 13 languages on 18 radio stations every week;
- 32 daily Radio Current Affairs shows;
- 6 Television News bulletins broadcast on a daily basis and 10 Television Current Affairs shows on SABC 1, SABC 2 and SABC 3 every week.

Audience Share

Prime time evening Nguni bulletins broadcast on SABC 1 continue to be the most watched news bulletins in the country; the year under review, however, delivered mixed results for most of our news programmes.

- SABC 1: The isiXhosa bulletin, normally on lower support levels than the isiZulu news, increased its Audience Rating (AR) marginally month-on-month and outperformed its rating of a year ago. The isiZulu news experienced precisely the opposite results, while the SiSwati/isiNdebele news sustained its audience compared to the previous year.
- SABC 2: News on SABC 2 remained in positive terrain. The Afrikaans news ratings were marginally up both month-on-month and compared to levels obtained a year ago. The SeSotho news sustained its month-on-month audience, while the TshiVenda/XiTsonga news continued to increase its ratings year-on-year.
- SABC 3: The SABC 3 evening bulletins remained under pressure month-on-month and year-on-year, while the lunch-time bulletins News @ 1 and Africa News improved ratings.

The SABC's current affairs bouquet delivered mixed performance for the year, with programmes such as Asikhulume, Leihlo la Sechaba, Ngula Yavutivi and Zwa Maramani improving their ratings above levels achieved a year ago whilst others, such as Cutting Edge, Fokus and Special Assignment, continued to drop audience ratings.

Despite these challenges, the TV News Content Analysis January 2011 report found that SABC News is becoming increasingly influential in setting the media agenda; whereas it ranked 31st during 2008 and 23rd during 2009, it ranked 10th on the Most Quoted Media Ranking during 2010. **The IPOSOS Markinor Research in 2010 confirmed that the majority (79%) of the public feel that the SABC is living up to its commitments as laid out in the public mandate.** In the same study, SABC TV took top position in getting people informed. Eighty-one per cent of respondents agreed or strongly agreed that watching news and current affairs programmes on SABC TV allowed them to be better informed. SABC Radio took second position with a score of 77%.

The division also delivered a range of programming for the corporation's digital media platforms, including the Mobile 082 152 news service and the web-based sabcnews.com service.

sabcnews.com is in the process of rolling out a new look website that will enable us to compete with our global peers.

Highlights

The major highlight during the 2010/11 financial year was the successful coverage of the 2010 FIFA World Cup™ in South Africa. The Division also broadcast all national events in line with the Corporation's mandate to inform, educate and entertain.

The following are some of the key national events successfully broadcast during the year under review:

- Commonwealth Broadcasting Association Conference;
- Freedom Day and National Orders;
- Youth Day;
- 2010 FIFA World Cup™ Wrap;
- President Thanks the Nation: 2010 FIFA World Cup™;
- Heritage Day;
- Human Rights Day;
- Matric Results;
- Day of Reconciliation;
- President's New Year's message;
- State of the Nation Address; and
- Nelson Mandela Foundation Annual Lecture;

SABC News also introduced a social reconstruction initiative called Touching Lives. Journalists treat Touching Lives as a mechanism to bring to the attention of the listening public the hardships experienced by the poorest of the poor in the most remote areas of the country. The programme is broadly in support of the five key national priorities, namely:

- Education;
- Health;
- Crime;
- Poverty alleviation; and
- Rural Development

[Touching Lives]

Since its inception on 18 July 2010, Touching Lives has been instrumental in mobilising the public and private sector to contribute in the following initiatives:

- **Building of a hostel for the disabled children in Thembalethu, Khayelitsha, Western Cape.**
- **Building of a house in Cape Town for a disabled man in Khayelitsha, Western Cape.**
- **Installation of a security system for the home of the disabled children in Bloemfontein, Free State.**
- **Bursary funds for a student from a historically disadvantaged background (student currently registered for a Bachelor of Commerce at the University of Cape Town, Western Cape).**
- **The reconstruction of a village in Transkei, Eastern Cape – after an 85 year old woman was murdered for suspicion of witchcraft leaving, behind six grandchildren, Touching Lives mobilised the public to provide support to the bereaved family; it encouraged Provincial government of the Eastern Cape and the business sector to step in to build secure homes for all the villagers in the area.**
- **Sports funding for children from historically disadvantaged backgrounds to participate in minority sports e.g. golf.**
- **Construction of houses across the country - urban and rural areas.**
- **Fund-raising for children suffering from various diseases to undergo surgery.**

CASE STUDIES

2011 Local Government Election Programming on SABC Television

[Special Education Programming for the 2011 Local Government Elections]

Walala Wasala, a youth programme which was broadcast on SABC 1, focused on civic rights and duties, encouraging active participation in democratic processes. With the 2011 Local Government Elections as the catalyst, the show went onto the streets, and into offices of municipal governance where co-presenters Mo and Miranda Mokhele engaged different local municipalities, and their representatives on service delivery challenges. Themes of the series include, identity, freedom of speech, xenophobia, education, training, public transport and social media as well as accountability and delivery.

The Right to Win focused on civic and voter education and constitutional rights in a game-show format: Six contestants were challenged with various questions, giving a winner the opportunity to win R 10 000 in cash every week. The programme was a joint initiative between SABC Education and the Independent Electoral Commission.

X for Democracy is a website that was created in time for the 2011 Local Government Elections. It provided young citizens with all the information they needed to know about voting and their democratic rights.

ID UR SELF is a vibrant website urging teenagers to register for their identity documents. It was created in collaboration with the IEC and Department of Home Affairs.

Preparations for the 2011 Local Government Elections

In the build-up to the 2011 Local Government Elections of 18 May 2011, the SABC served as a perfect platform for debate, information and advice.

While News and Current Affairs geared up to provide integrated Elections special programmes, SABC Education brought the concepts of democracy and voter rights to the fore in a range of formats, game shows, magazine programmes, and teen programmes such as : The Right to Win-The importance of voter education, Khululeka Siyavota and the Election Debates shown on SABC 1 entertainingly and engagingly explored the notions of democratic rights and responsibilities under our enlightened Constitution.

These were supplemented on SABC web and facebook platforms, with websites dedicated to explaining the voting process to new voters and encouraging ID registration.

In its role as the public broadcaster, SABC Television carried the following political advertising:

- SABC 1 dedicated 185 spots at R2,3 million to the Election Campaign;
- SABC 2 dedicated 115 spots to the value of R1,4 million; and
- SABC 3 dedicated 148 spots at R2,3 million.

Morning Live once more, provided for outside broadcasts in the regions for the weeks leading up to the Local Government Elections for 2011. SABC 2 also made plans to clear its prime time schedule for Election Day, to cover result updates, analyses and final announcements.

[SABC] Sport

During the course of 2010/2011, SABC Sport not only delivered the most talked-about fixtures of the year across all our platforms – including the two World Cups (soccer and cricket); the 2010 Commonwealth Games; the inbound Indian Cricket tour – but also continued to deliver highly popular regular programming packages – including live sport, magazine programmes, documentaries and highlights packages.

2010 Highlights

SOCCER

2010 FIFA World Cup™

Exactly a year before its 75th birthday, 8.8 million people tuned into SABC 1 to witness history in the making. SABC Sport broadcast the event out of its world-class state-of-the-art broadcast centre, specially built for the event at the Sandton Convention Centre.

The SABC brought the 2010 FIFA World Cup™ to homes across the country on 3 TV Channels and 18 Radio Stations and in all 11 official languages.

Adding to the spirit, the SABC beamed the 2010 FIFA World Cup™ to Public Viewing Areas (PVA's), taverns, restaurants and workplaces across the nation to ensure that even those without regular access to conventional TV were a part of it.

For pre- and post-match analyses, SABC Sport commissioned the best in the business: the line-up boasted the likes of the legendary Brazilian World Cup winning Coach Liuz Felipe Scolari, England's first ever black football national team captain Paul Ince, Africa's brightest football star and the first African to win the FIFA Player of the year award George Weah, Jay Jay Okocha, Dwight York. They were joined by South Africa's very own football greats, Clive Barker, Gordon Igesund and Steve Khompela.

SABC Sport feels both honoured and humbled to have played such a key role in the broadcast, and incredibly proud of the achievements of our staff in delivering a flawless broadcast to all our citizens.

Premier Soccer League

Over and above the extensive coverage of the 2010 FIFA World Cup™, SABC Sport stayed close to its soccer lovers, with full coverage of the 2009-2010 Premier Soccer League season. The season, as always, provided a myriad emotions to viewers across the country, from ecstasy for the successful, to torment for those whose teams failed to deliver silverware.

Due to the 2010 FIFA World Cup™ timetable, the PSL season was more intense than usual, with football matches being played back-to-back. This exerted immense pressure on the SABC Sport production team with the manpower being stretched beyond the norm. But the team stepped up to the challenge often criss-crossing the country chasing match fixtures. This was further intensified by an increased Bafana Bafana match schedule as they prepared for the World Cup.

Building support for our boys and driving patriotism, SABC beamed every single preparation game as the team drew closer and closer to the opening match against Mexico.

CRICKET

Indian Tour to South Africa

Commemorating the 150 years anniversary of the arrival of the Indian community, SABC Sport marked this notable occasion with the broadcast of the 2010-2011 inbound tour of India to South Africa. SABC broadcast every game played between the Proteas and India. The tour produced some great audience performances on SABC 3, further enhancing national pride and patriotism.

Cricket World Cup

SABC Sport covered the national team's performance at the ICC Cricket World Cup. Ranked number 2 in the world, all eyes were on the Proteas to finally deliver on their potential and win the World Cup. As the nation's public broadcaster, SABC was expected to take the nation on this journey with our boys. SABC Sport delivered the action of every ball - from the start of the 2011 Cricket World Cup to the final ball that saw India lift the trophy. The full ball-by-ball radio commentary, was carried out on SABC Radio. 32 matches were delivered on SABC 3 with a spillover to SABC 2. 49 games were delivered on Radio 2000 along with a bumper-package of highlights and commentary on both Radio and TV.

The 2010 FIFA World Cup™ opening ceremony.

The official commentators Abedi Pele, Owen Da Gama and Liuz Scolari with anchor Tshepo Mabona on the 2010 FIFA World Cup™ set.

Commonwealth Games India 2010

SABC Sport has broadcast the Commonwealth Games since 1992. Although the Commonwealth Games are not known for their vast viewership and notable financial success, the Games are still a critical sporting event on the global stage, commanding the second biggest participation figures after the Olympics. It was paramount that SABC Sport broadcast this event in support of our national athletes. SABC Sport's broadcasts focused on a large variety of events, from the Opening Ceremony to the Closing Ceremony – highlighting South African medals and achievements. The Commonwealth Games themselves failed to produce any notable action highlights, with little or no world records broken, but they did provide great preparation for the London 2012 Olympics, for our broadcast teams and for our athletes. We look forward to the challenges of 2012.

Delivering on our Mandate: National Sport, Developmental and Minority Sport

The SABC is mandated to broadcast all sports of national interest, Developmental Sport and Minority Sport. National Sport draws the most audiences, but is also a highly contested area with the SABC bidding against competitor broadcasters for highly prized and expensive rights.

National Sport

Radio

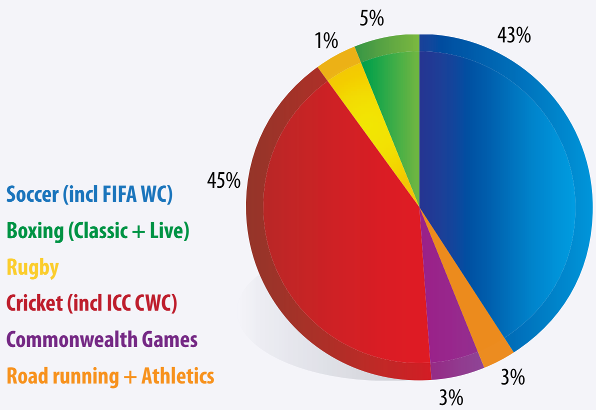
Over the past year, 91% of SABC Radio Sports content was devoted to National Sport; 6% to Developmental Sport and 3% to Minority Interest Sport.

Television

The 2010 FIFA World Cup™ and the ICC Cricket World Cup consumed the vast majority of National broadcast time during 2010/11 – with Soccer consuming 43% and Cricket exceeding this at 45% of total airtime. Boxing (5%), Athletics (3%), the Commonwealth Games (3%) and Rugby (1%) made up the remaining National Sports share.

National Sport	Hours on air	% of coverage
Cricket	36 384 hours	45%
Soccer	34 945 hours	43%
Boxing	3 792 hours	5%
Athletics and Road running	2 122 hours	3%
Commonwealth Games	2 424 hours	3%
Rugby	1 152 hours	1%

National Interest



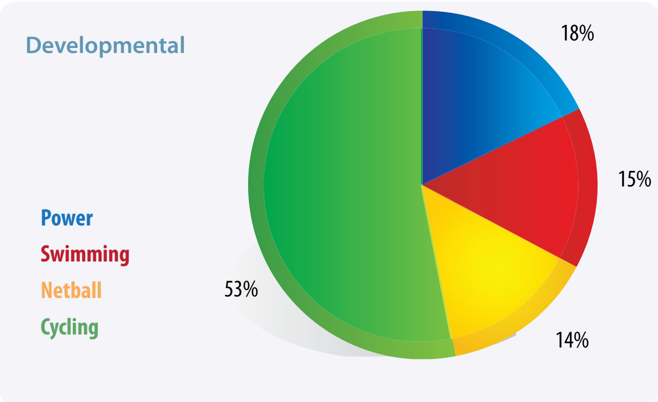
Development Sport

In 2010/11, SABC Sport continued to meet its mandate on Development and Minority Sports, in live broadcast, magazine formats and sports highlights.

Development Sports

Basketball, Gymnastics, Cycling, Volleyball, Hockey, Powersport and Watersport are categorised as Development Sports.

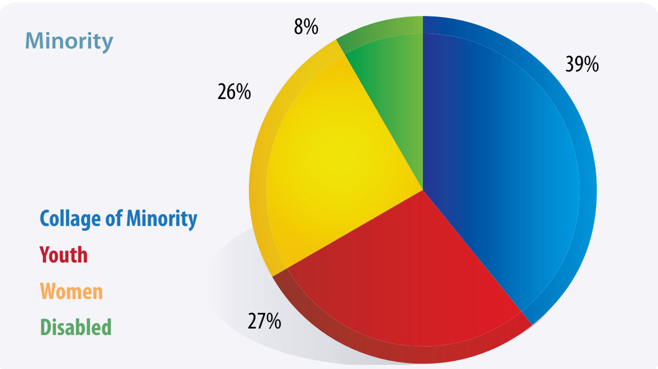
Development Sport	Hours on air	% of coverage
Cycling	1 100 hours	53%
Powersport	380 hours	18%
Swimming	308 hours	15%
Netball	300 hours	14%



Minority Sport

Minority Sport incorporates sport specific to women, youth and people with disabilities. SABC Sport catalogued the following in the past financial year:

Development Sport	Hours on air	% of coverage
Minority General	1 776 hours	39%
Youth	1248 hours	27%
Women	1200 hours	26%
Disabled	360 hours	8%



[2010 FIFA World Cup™]

SABC's Key Objectives for the 2010 FIFA World Cup™ were to:

- broadcast a world-class production;
- using local, International and African on-air talent to deliver SABC's competitive advantage and ultimate viewing and listening experience for our TV/Radio audiences;
- reinforce our integrity as a broadcaster of choice; and
- maintain audience share.

64 matches in 11 official languages across all SABC Channels

- SABC 1 delivered 56 matches live, as well as world cup integrated content - magazine and documentary programming;
- SABC 2 delivered eight matches live and World Cup integrated content from a support position;
- SABC 3 delivered World Cup integrated content, lifestyle related content and repeats of matches; and
- radio – all language stations as well as Radio 2000 as the main driver delivered all 64 matches live in the language of the station.

The centrepiece of the SABC's 2010 FIFA World Cup™ delivery was a set housed at the Sandton Convention Centre. The set allowed for:

- a live studio audience, interactivity and entertainment provided a Sportainment effect, (seating for a live audience of ±140 people); and
- within the main set, other sets were created for the live broadcast of Soccer 411 (Pre-match, half-time and post match coverage), The Review show and Tjovitjo.

Technical Specs for coverage of all matches

- 18 Camera HD OB unit;
- two Jimmy Jibs;
- one steadi Camera;
- overhead shot; and
- beauty shots from stadia and Sandton.

[ICC Cricket World Cup]

Television and Radio Coverage

Television

32 matches (66 percent of games) were delivered live by satellite to MCR and IBC. SABC Sport was also responsible for packaging promos and 32 programme Highlights.

Radio

Radio 2000 covered 49 matches - syndicated with British Broadcasting Corporation. 17 matches were produced by British Broadcasting Corporation, and 29 matches were produced by Radio 2000, the SABC's team. The 9 African Language stations focused on the South African team matches and top 5 ranked cricket teams.

Milestones

Key high-profile coaches, personalities and former players - Herscelle Gibbs, Charl Langeveld, Ray Jennings and Kass Naidoo – provided lively and informed commentary.

[SABC] Education

Section 10. (1) of the Broadcasting Act stipulates that the Corporation must: "include significant amounts of educational programming, both curriculum based and informal educative topics from a wide range of Social, Political and Economic issues, including but not limited to, Human Rights, Health, Early Childhood Development, Agriculture, Culture, Religion, Justice and Commerce and contribution to a shared South African consciousness and identity".

Scenes from the educational drama series Intersexions.

Established in 1996, SABC Education is responsible for commissioning educational programmes that are both curriculum and non-curriculum based, in all official languages, on a wide range of topics.

SABC Education partners with a number of Government Departments, local entities and donor organisations to provide curriculum and informal education for a broad range of audiences.

SABC Education is currently divided into the following units:

- Formal Unit – curriculum-based content;
- Youth and Tweens – Youth focused empowerment, skills-based content;
- Public and Social Development – General Public content and call-to-action campaigns;
- Out-reach Unit – extends content to non-conventional platforms, e.g. training in communities, forming clubs, print etc; and
- Marketing Unit – markets and promotes programmes.

Television programmes are broadcast on SABC 1 and SABC 2 at hours appropriate to target audiences. In addition, SABC Education extends to multiple platforms: videos and printed materials are made available on the web; facebook and the internet host Q&As; chatrooms, blogs and twitter provide platforms for audience interaction; certain stand-alone websites provide information on democratic and civil society issues – such as voter and ID registration – targeted at eligible voters and teen audiences.

Meeting our Mandate

Both SABC 1 and SABC 2 have similar licence conditions: each to deliver 10 hours per week of educational programming; 60% of the educational programming must include local productions; scheduling must occur when the target audience is available. Currently, performance on each channel exceeds the set targets.

Education programmes

SABC Education provides multi-media education across a range of platforms: television, internet, and social media – as well as live outreach campaigns. Individual websites exist for most programmes, allowing learners and audiences to download video programmes, learner notes, teacher notes, and interact with online questions. Twitter and facebook provide platforms for social interaction as well as resolution of issues e.g. some facebook pages also host professionals to answer queries.

Formal Educational Programming:

Matrics Uploaded - A live game show that provides curriculum support for Grade 12 syllabus. The series is aligned to the National Curriculum and provides a full course of multi-media lessons across 6 core subjects: Mathematics, Mathematical Literacy, English FAL, Physical Sciences, Life Sciences and Accounting. Matrics Uploaded airs on SABC 1 every weekday between 14:00 and 15:00, with repeats from 17:00 to 18:00. Supported by a range of multi-media, it describes itself as learners' "Study Buddy". The show is supported with a website, You Tube, facebook. The website includes video lessons, print study guides, Q&As, teachers' materials.

Wise Up - A quiz show for the intermediate phase aimed at equipping learners from previously disadvantaged communities to deal with numeracy, literacy and life skills – based on the National Curriculum In playing the games, learners compete against each other and in the process improve:

- basic computer skills;
- eye co-ordination;
- word recognition skills;
- vocabulary range;
- general knowledge; and
- spelling abilities.

This show is fresh, high tech and most definitely FUN for both young and old! What's Up? SABC Education Outreach distributed Wise Up programmes on CDs to the 9 pilot communities and 90 pilot schools spread across all nine provinces in South Africa.

Rivoningo - A magazine series that seeks to support the development of learner skills in areas such as literacy and numeracy, in the Foundation Phase, both in and out the classroom/learning centre. The show is hosted by a female presenter (Jabi) and two robot characters (Lelo and Keke) and broadcast on SABC 2.

Open Varsity - A magazine series that seeks to educate and supplement university students' specific course content, providing additional study material in line with the needs of the course in the degree of their choice. The programme focuses at different degrees as per faculties e.g. Business, Law, Medicine, and Accounting, and the programme seeks to educate students in the same course content as in the lecture halls.

[INTERSEXIONS]

By its fourth episode in December 2010, SABC Education's Intersexions reached 4 072 000 viewers, had 10 491 facebook friends, and 1141 followers on twitter. Intersexions is a hard-hitting, innovative drama series that has 25 separate but interlinked episodes. Intersexions examines issues about love, sex and relationships and how they can have heart-breaking and physically devastating consequences.

Intersexions is an episodic educational drama series that shows how our lives intersect and criss-cross with others' in ways we don't even know about. As soon as we become sexually active, we are immediately locked into a human web with complete strangers.

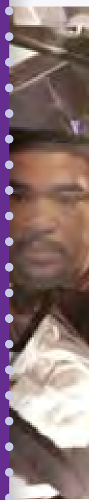
From the opening episode, the series goes back in time, revealing the complicated sexual network set in motion with Mandisa and DJ Mo's affair five years earlier. Viewers experience the lives of the different characters that place them at risk of contracting HIV.

The series has 68 leading actors, hundreds of locations around the country and 25 individual stories, it explores relationships across age, class, sexual orientation and race.

Intersexions does not judge. It simply tells stories that show how the risk of being infected with HIV is always waiting for an opportunity to take root. We can minimise infection by becoming more conscious of our sexual choices and our everyday decisions.

Intersexions educates us that the only way we can protect ourselves, our loved ones and even those we have never met, is by being honest with each other, making serious decisions about how we live our lives and by all being aware of the obvious and not-so-obvious intersections in the greater human network.

Intersexions was produced by Curious Pictures, in partnership with Johns Hopkins Health and Education in South Africa (JHHESA) and SABC Education, with additional funding from USAID and PEPFAR.



CASE STUDIES

Public Information and Development

Talk SA Talk SA is a 24-minute talk show on SABC 2 addressing issues around Nation Building and whether our rainbow nation is working or just another ideal that cannot be realised.

Over 52 episodes, the show covers many topics that directly and indirectly affect all South Africans: Some of those are: Racism, domestic violence, religion in society and schools, women and child abuse, freedom and human rights, HIV and AIDS, farm attacks, BEE and black empowerment, the cost of living, drugs in sport, law enforcement, abortion, media responsibility, xenophobia and much more.

Each week Talk SA travels to different parts of the country and broadcasts from there, giving all South Africans, an opportunity to express their views and have their say on national television.

This approach is different from other talk shows in that we don't bring experts from all over the country to come share their opinions on television: Talk SA takes television to the people and lets them have a say. The show is supported by facebook, twitter, blog and SMS platforms.

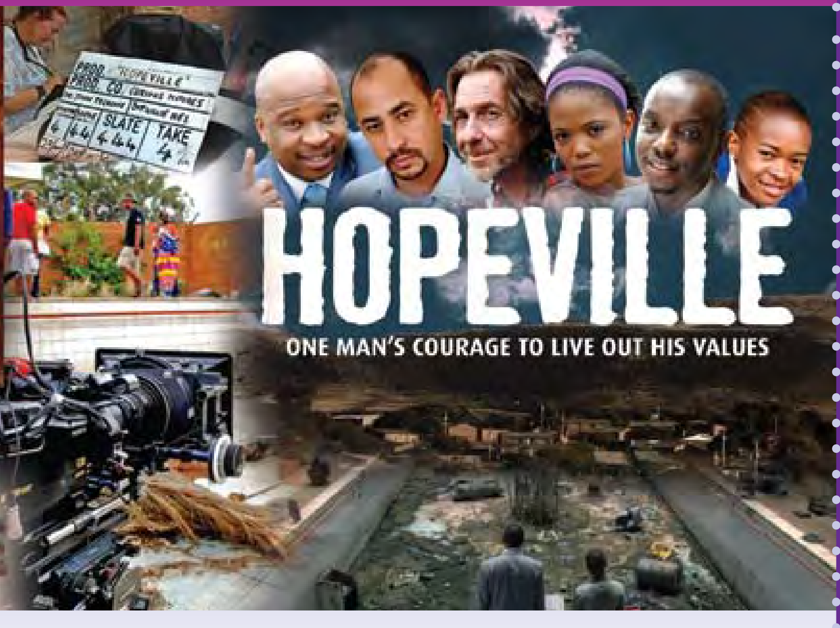
Hola Ha Monate - is a 24-minute programme for the elderly broadcast on SABC 2, and is the first and only television programme in South Africa that caters specifically for the needs of the elderly. It gives senior citizens a platform to share their wisdom, pain, joy and other social networks that they have established as citizens of the country.

SHIFT - is a live show on SABC 1. It reaches between 600 000 and 1 million viewers. SHIFT is informative, entertaining, inspiring, thought provoking, live & interactive and a catalyst for conversation. Shift turns developmental and social challenges into sustainable educational programming and monitors the big changes in the country like sport, politics, technology, people and major international and national events. SHIFT has become an important platform for discussion between Government officials, Non-Governmental Organisations, Community Organisations, and the Private Sector.

Living Land 3 Living Land 3 offers the viewers a broad insight into the dilemmas faced by the emerging farmer – including politics in agriculture, poverty and topical issues such as our readiness to tackle the effects of global warming in agriculture. It also profiles successful projects in the industry, and discusses careers related to food and fibre, from scientists and agri-economists to fresh produce buyers for chain stores.

Youth Education

Live It – The show aims to create a healthier generation by promoting the culture of wellness amongst South African youth and the reduction of lifestyle-related diseases. Live It looks at diets, exercise, work schedules, sports, leisure and stress management. It can also relate to obesity, nutrition, hunger and other issues that dramatically impact a person's ability to live a healthy, balanced and productive life.



A chat room forum allows for consultations with a professional consultant, as well as downloadable lifestyle, health and fitness tips.

Tomz [Teenagers on a Mission] on SABC 1 focuses on teenagers aged 13 to 18. In this series, Thami and Nolwazi speak to their contemporaries and scientists to find out about the world where we come from and how things work. They find out why science and technology is so important, what evolution is, what energy is and how important it is to be responsible for our planet.

Tomz, part factual, part fictional with some drama, comedy and science fiction is broadcast in a fair spread of isiXhosa, SeSotho, Sepedi, English and isiZulu with full subtitles in English. The website allows viewers to download clips of the experiments and innovations, seen on the programme and review new technologies.

[HOPEVILLE]

A unique collaboration between the SABC and civil society organisation, Heartlines, Hopeville's success as a 6-part mini-series broadcast on SABC 2 was taken to the silver screen in 2010. And Hopeville continued to rake in awards:

HOPEVILLE Mini Series

- Rose D'Or 2010
Hopeville was awarded the Rose D'Or in Lucerne, Switzerland for Best Drama/Mini-Series.

- International Emmy 2010- Nomination for Hopeville Mini series

- 49th International Monte Carlo Television Festival-June 2009
Nomination Best Mini-Series and Outstanding Actor for Hopeville's lead actor, Themba Ndaba.

- SAFTAS 2009
Hopeville Actor Fana Mokoena was nominated for Best Supporting Actor

HOPEVILLE The Feature Film

- SAFTA 2010

Won: Production Design: Karel Flint and Best Actor Themba Ndaba

Nominations:
- Best Cinematography: Wille Nel
- Best Production Design: Karel Flint
- Best Editor: Melanie Janks-Golden
- Best Actor: Themba Ndaba
- Best Hair/makeup: Raymond Shongwe
- Best Music Composition: Murray Anderson

- African Movie Academy Awards (AMAA)

Won: Best Actor Themba Ndaba

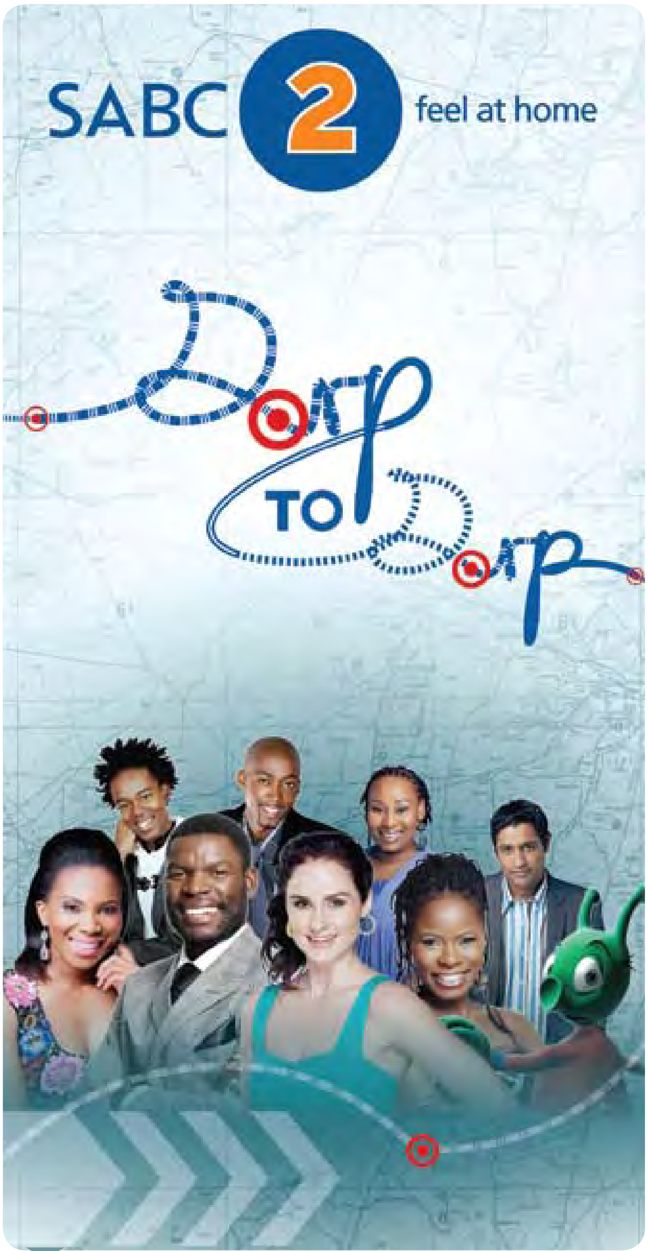
Nominations:
- Best Production Design
- Best Cinematography
- Best Screenplay
- Best Editing
- Best Young Actor- Junior Singo
- Best Actress in Supporting Role- Mary Twala
- Best Actor in Supporting Role- Desmond Dube
- Best Actor in Leading Role- Themba Ndaba
- Best Film

- 22nd FESPACO (2010)
Won: The TV and VIDEO Fiction prize

- International Film Festival Screenings:
- Pan African Film Festival Los Angeles- Feb 2010
- FESPACO in Burkina Faso- Feb/March 2010
- Afrika Film Festival in Belgium - March 2010
- Tiburon Film Festival in California- March 2010

[Universal] Access

The SABC has a constitutional mandate as a public service broadcaster to encourage the development of South African expression and to play an important role in shaping the future of South Africa.



Connecting Audiences and actors via SABC 2's Road show Dorp to Dorp.

This means delivering against the values enshrined in the Constitution of South Africa: to build the nation and inspire all South Africans, to restore human dignity and to promote democracy, non-racism and nation building through informative, entertaining and educative programming.

We strive to provide access to all citizens regardless of age, income, location or education. Intrinsic to what we do is providing news and programmes that inform, educate and entertain whilst continually fostering and nurturing our national identity and cultural diversity.

Universal Access refers to the right for all South Africans to access free-to-air SABC services. There are still an estimated 3.6 million South Africans who do not have free-to-air access to any SABC television services, and about 5 million who do not have access to radio services.

Currently, SABC 1 geographically covers 91% of South Africa; SABC 2, 92.5% and SABC 3, 81.2% - up from 72.5%, 76.4% and 56.1% respectively in 1994. The target for radio services is 91% for PBS Radio and 57% for PCS Radio.

Together with Sentech, the national signal distributor, the SABC has embarked on a project to increase the network distribution of its services by installing 300 low-power transmitters across South Africa over the next three years - 100 per annum. This will provide access to terrestrial television and radio services to approximately 1.5 million people - about 3% of the total population.

Philippolis and Villiers in the Free State, Indermark in the Limpopo Province and Genadendal in the Western Cape were targeted for signal expansion in the past financial year.

[Local Content] Delivery

The Broadcasting Act of 1999 stipulates its Object, to: "safeguard, enrich and strengthen the cultural, political, social and economic fabric of South Africa; ensure plurality of news, views and information and provide a wide range of entertainment and education programmes; cater for a broad range of services and specifically for the programming needs in respect of children, women, the youth and disabled; encourage the development of local programming content".

In compliance with the Act and licence conditions, and in the spirit and ethos of the public service broadcaster, both SABC Radio and SABC Television are committed to producing content that "reflects both the unity and diverse cultural and multilingual nature of South Africa and all of its cultures and regions to audiences."

The Act specifies that the Public Service Broadcasting services should provide: "significant news and public affairs programming which meets the highest standards of journalism, as well as fair and unbiased coverage, impartiality, balance and independence from government, commercial and other interests." The PBS stations and channels are also required to "include significant amounts of educational programming, both curriculum-based and informal educative topics from a wide range of social, political and economic issues, including, but not limited to, human rights, health, early childhood development, agriculture, culture, religion, justice and commerce - contributing to a shared South African consciousness and identity. "

The Public Commercial Services are required by the Act to broadcast "programming that provides an appropriate significant amount of South African programming according to the regulations of the Authority; include news and information programmes on a regular basis, including discussion on matters of national and regional, and, where appropriate local, significance; and meet the highest standards of journalistic professionalism." Programmes are also required to "reflect the culture, character, religion, needs and aspirations of the people in the regions that they are licensed to serve, subject to licence conditions."

According to ICASA's licence conditions: Each SABC Television PBS Channel is required to incorporate over 55% local content per channel, while SABC 3, the Public Commercial Channel, has a less onerous 35% quota. PBS radio is required to incorporate 40% local music, while Public Commercial stations are required to fulfil a 25% local content mandate. These quotas extend to specific genres per medium and per channel or station type, and include News and Current Affairs, Children's programming, Education, Informal Knowledge Building, Documentary programmes and Drama, in varying proportions.

Despite austerity measures, which significantly affected local programme commissioning, the SABC generally met its mandate – carried high by the local fever that gripped the nation during the 2010 FIFA World Cup™ – when citizens and visitors alike were glued to SABC radio and television services.

During the 2010 FIFA World Cup™, every SABC service was focused on providing a window to this diverse nation. And while Sports Programming continued to unite the nation, in the lead-up to the 2011 Local Government Elections, SABC Radio and Television turned the focus on programming that was themed around democracy and Constitutional Rights.

The organisation continued, once more, during this financial year to broadcast programming driven by democratic imperatives. While game-shows, magazine programmes and documentaries focused on democracy, formal educational programming ensured that our youth – and matrics in particular - were being equipped to complete their schooling with confidence.

Other informal knowledge building programmes focused on vocational, health, finance and family issues, with advice and content extending beyond radio and television to rich multi-media internet and mobile platforms. Websites devoted to health, civic and vocational advice were supported by millions of South Africans this past year, proving that SABC not only adheres to keeping us locally entertained, but is also committed to uplifting our citizens in every aspect of their lives.

And this includes key national strategic projects such as Youth Month, Women's Month, 16 Days of Activism Against Abuse of Women and Children.

Peter Butler, presenter of local programme Shoreline.

Nation building content on SABC Radio in the past year included programmes targeted at women, youth and children in programmes such as Civic Education, Health features, Youth KeYona, Teen Zone, and State Your Mind.

Programmes meeting Government-themed developmental imperatives are encapsulated in the accompanying tables per theme, genre and objective.

SABC Content Theme	Programming
DEVELOPMENTAL IMPERATIVES	
Spurring Rural Development and Reform: Provision of programming that focuses on the developmental challenges facing rural communities, as well as assisting these communities with the upliftment of their lives.	• Ilitha Lethu • The Fallen • La Familiar • Moferefere Lenyalong • Walala Wasala • Public Service Announcements
Improving Health Sector: Driving awareness of health issues beyond HIV and Aids. Focused on prevention, cure and management as well as prompting healthy lifestyles.	• Shift • Teen Convictions • Soul City • Addictions • Tshisa • Sport Programming
Improving Education Sector: Provision of educational support through broadcasting as well as provision of education support material at an outreach level.	• Matrics Uploaded • Open University • In Debt
Crime: Highlighting the social challenges plaguing our communities which result in crime as well as the justice services offered aimed at reducing and prosecuting those responsible.	• Street of Mangaung • Sokhulu and Partners • Solving It • 90 Plein Street • Democracy Game Shop • Public Service Announcements
Economic/Social Policy and Public Services Delivery: Programming that showcases the social agendas facing our society and tries to address some of the challenges encountered therein. Also highlighting the progress made on delivery of public services as well as the challenges still facing our economy. Through expansion of the transmitter network citizens previously without broadcast services will gain services and therefore, information.	• Kumbula'ekhaya • News and Current Affairs • Shift • One Day Leader • Special Assignment
Creating Economic Growth and Job Creation: Skills development, with a particular focus on skills that will aid the growth of South Africa and its citizens e.g. Science and Technology.	• Hip 2b² • Spani • Matrics Uploaded • Ek Se Lalela
Reducing Poverty Levels: Through education programming focused on Public, Formal and Early Childhood development as well as knowledge building, citizens are provided with content that informs, educates and entertains. Delivery thereof is on television, radio, internet and outreach.	• Living Land • Mother of all Professions • Shift • Make Your Move • La Familiar • Public Services Announcements

[Delivering] for People Living with Disabilities

Both SABC Radio and Television are dedicated to inclusivity in programming and citizen empowerment - with specific attention to special programming targeting people living with disabilities.

Radio:

The PBS channels currently devote between 30 minutes to three hours per week to programming on issues that affect people with disabilities.

In 2010/11, SABC Radio stations delivered in excess of 21 000 hours of programming aimed at people with disabilities and 2 080 hours towards live coverage of the Paralympic Games.

Television:

For hearing impaired viewers, SABC TV currently provides sub-titling on programmes such as 7de Laan, Muvhango, 50/50, Isidingo, Generations, Pasella and Dtv.

Closed captioning is the process of displaying text on-screen to provide additional or interpretative information to individuals who wish to access it. Multiple video provides the option to view multiple video feeds on one screen. This allows for a sign language screen picture to be displayed - as currently occurs with news programming.

For viewers with sight impairments: audio description provides for the oral description of on-screen events.

The proposed migration to a digital platform will greatly enhance programming services to audiences with disabilities and special needs.

Candice Morgan, the presenter of DTV.

[Compliance] with Licence Conditions

In terms of its legislative Charter, the SABC is charged with meeting the broadcasting needs of all South Africans. This broadly obliges the SABC to:

- ensure access to its services for all citizens throughout the country;
- inform, educate and entertain;
- make services available in all official languages;
- reflect both the unity and diverse cultural and multilingual nature of South Africa;
- provide programming for children, women, youth and people with disabilities;
- broadcast national, developmental and minority sports;
- develop talent and showcase South African content; and
- provide independent news of high quality.

The licence conditions of each station and channel are regulated by ICASA, and include quotas for local content, language services and geographical coverage. The SABC is required to report quarterly on the following:

- South African television content;
- the different genres;
- the use of each official language; and
- the extent of advertisements broadcast.

In addition, it is stipulated that the licensee: "shall provide information on and relevant to, the following: people living with disabilities; health-related issues; gender issues; and all age groups."

Compliance in 2010/11

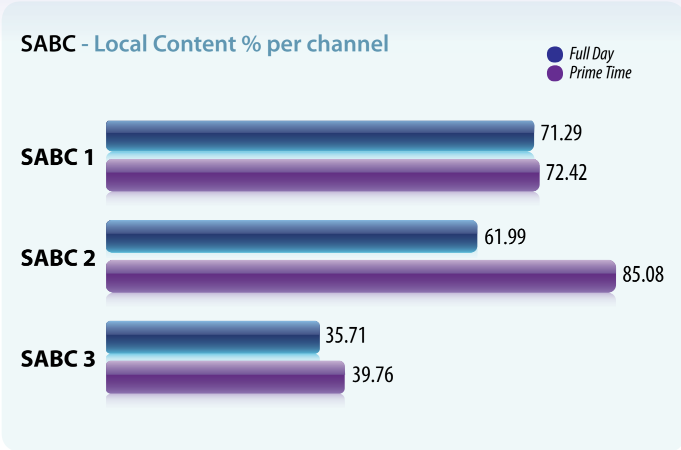
The SABC chose to apply for a special exemption for 2010/11 owing to the requirements of the 2010 FIFA World Cup™ programming schedule. The application was approved by ICASA on 10 June 2010. And while there might have been deemed to be slight under-performance on some parameters owing to the transversal (cross-channel) approach to scheduling during both the 2010 FIFA World Cup™ and the 2011 ICC Cricket World Cup, by year-end the SABC had either met or exceeded the majority of its quotas on all stations and channels.

Local Content

All Radio and TV Services must meet overall Local Content Quotas across Performance Period (05:00 – 23:00) and Prime Time (18:00 – 22:00)

Television

In the year under review all channels exceeded their overall local content quotas – 55% and 35% for Public and Public Commercial Channels respectively.



Source: Broadcast Schedules (29 March 2010 - 27 March 2011)

Radio

All PBS radio stations exceeded the required quotas during 2010/11.

APRIL 2010 – March 2011 % per station

STATION	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
TRU FM (CKI)	58	80	88	78	64	62	62	62	60	60	59	50
IKWEKWEZI FM	89	98	97	98	98	98	86	84	84	82	81	81
LESEDI FM	84	93	91	91	92	92	76	72	72	69	70	68
LIGWALAG-WALA FM	69	96	94	95	95	95	69	68	67	68	68	67
LOTUS FM	22	34	40	31	25	25	21	21	22	20	20	20
MOTSWEDING FM	68	91	92	92	92	92	75	79	74	77	73	71
MUNGHANA LONENE	64	97	97	95	97	97	79	76	76	76	76	77
PHALAPHALA FM	64	93	93	96	96	95	77	70	72	70	72	66
RADIO 2000	64	92	91	92	92	92	66	66	47	51	46	48
RSG	92	96	96	99	99	98	69	52	48	52	48	52
SAFM	60	80	75	81	86	95.	61	54	45	67	56	56
THOBELA FM	69	92	88	91	94	94	68	46	62	64	63	65
UKHOZI FM	72	96	71	94	96	95	68	64	63	64	63	64
UMHLOBO WENENE FM	59	86	76	88	90	87	83	80	80	80	79	80
XK FM	94	95	95	94	95	94	95	89	89	90	90	100

Genre Quotas

Television

The SABC TV Channels are required to meet quotas against a range of Genres in both Performance Period and Prime Time, including Local Content per Genre and Minimum Hours per Genre. The Genres are News, Current Affairs, Children, Drama, SA Drama, Documentary, Informal Knowledge Building (IKB) and Education.

Local Content per Genre Quotas

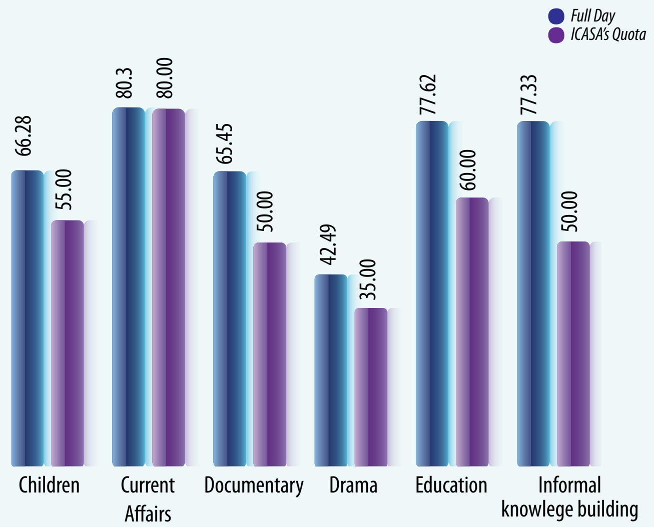
ICASA specifies a minimum percentage of local programming per Genre.

Each channel reflects differing percentages in accordance with their brand positioning and focus:

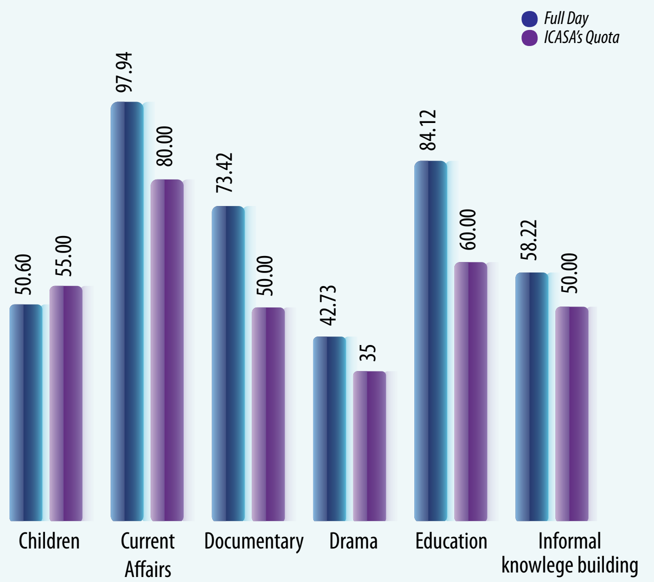
- SABC 1 over the past year was strongest in local content in Current Affairs, Education and Informal Knowledge Building (IKB) Programmes.
- SABC 2 was equally strong in Current Affairs, Education and local documentaries.
- SABC 3, is strongest in Current Affairs, IKB and Documentaries, with minimal local content dramas – in accordance with ICASA licence conditions.

Imraan Vagar and Candice Moodley, presenters of the local magazine programme Eastern Mosaic.

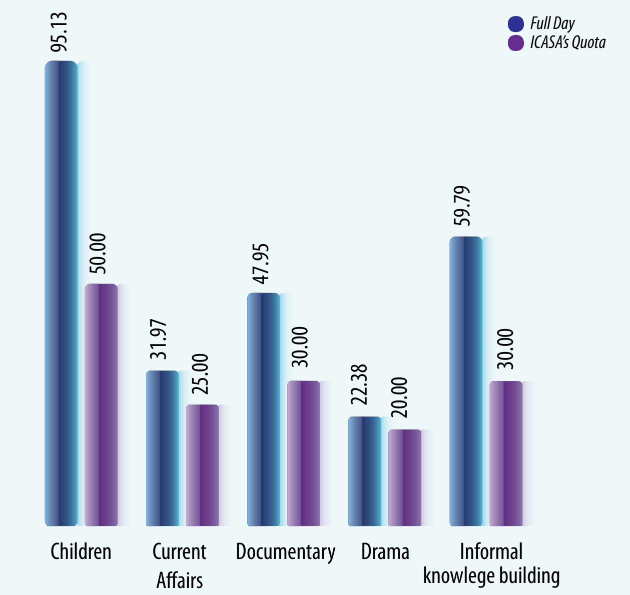
SABC 1 as PBS channel - % Local Content per genre



SABC 2 as PBS channel - % Local Content per genre



SABC 3 as PCBS channel - % Local Content per genre



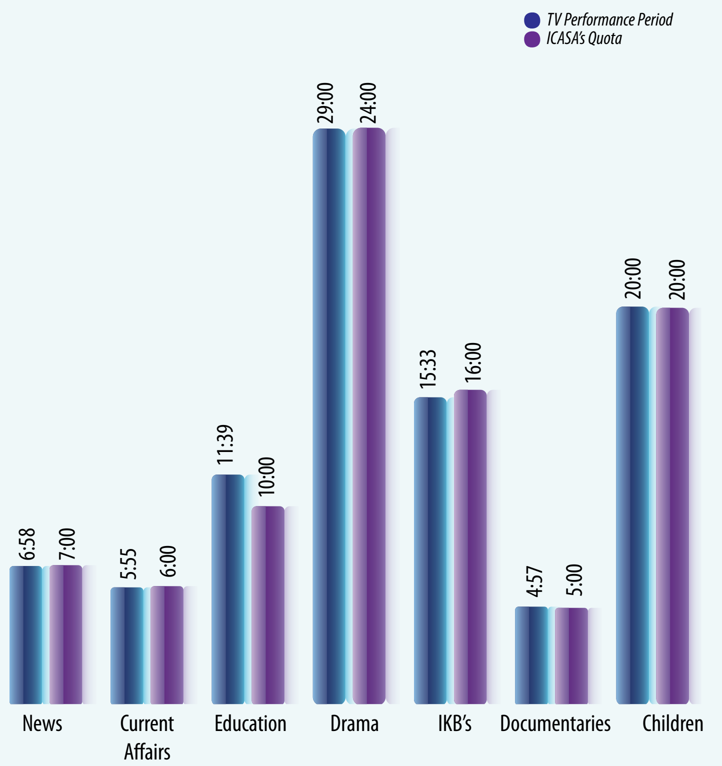
Source: Broadcast Schedules (29 March 2010 - 27 March 2011)

Minimum Hours per Genre Quotas

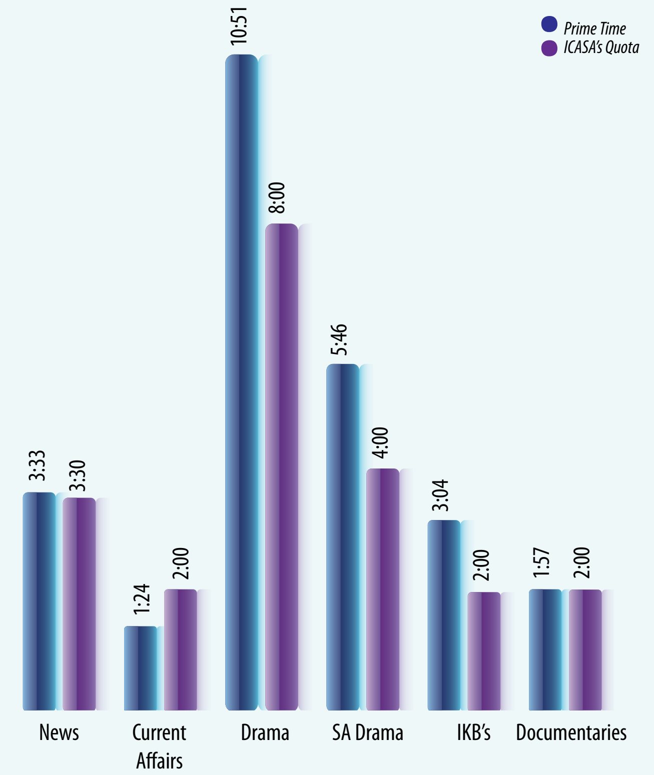
The channels must also deliver minimum hours per genre in both Day Parts, Performance Period and Prime Time.

SABC 1 exceeded its mandate this year in most genres, with a strong showing in the Drama category and prime-time Informal Knowledge Building. The Graphs below show hours per week.

SABC 1 TV Performance Period - hours per week



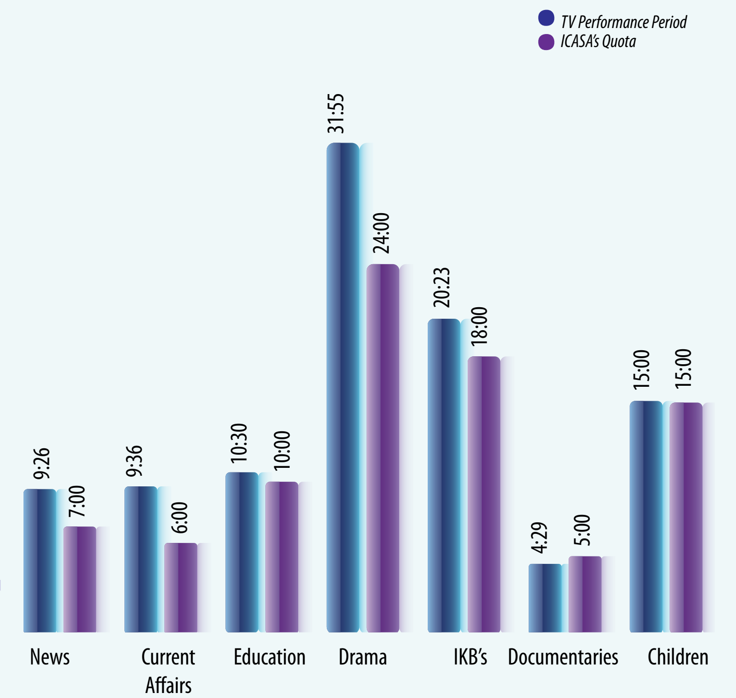
SABC 1 Prime Time hours per week



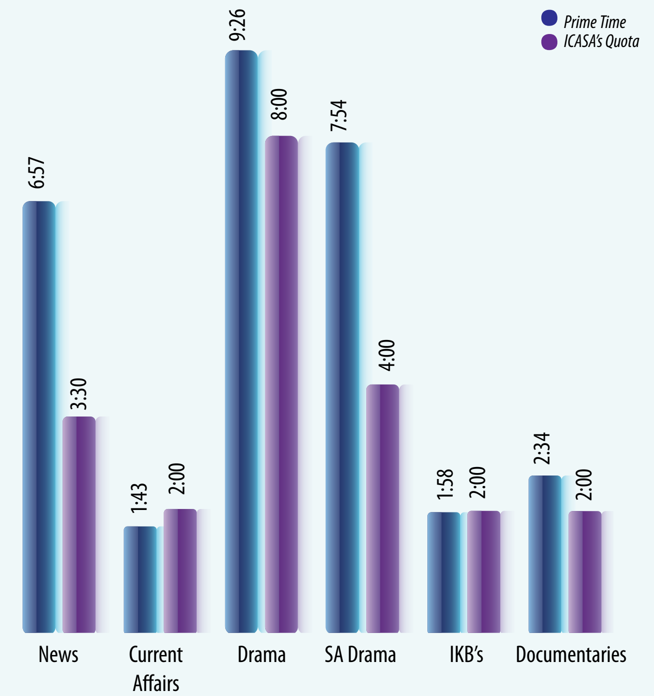
Source: Broadcast Schedules (29 March 2010 - 27 March 2011)

SABC 2 once more exceeded its mandate in most genres with a strong showing in Local Drama and Documentaries in prime time.

SABC 2 TV Performance Period - hours per week

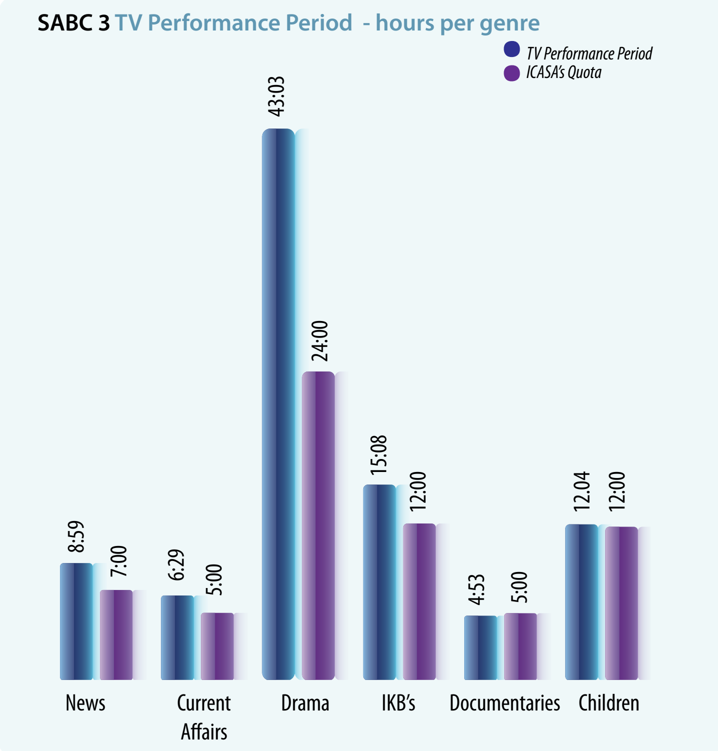


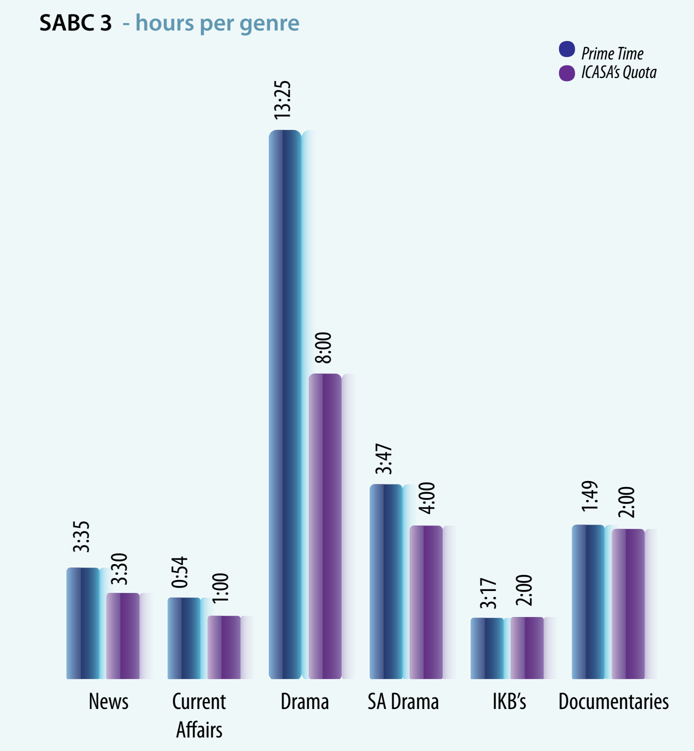
SABC 2 Prime Time - hours per week



Source: Broadcast Schedules (29 March 2010 - 27 March 2011)

SABC 3 also exceeded its mandate this year in most of the genres and, like the PBS channels, had a strong showing in Drama, although it slightly under-performed in the delivery of Local Drama in Prime Time.





Source: Broadcast Schedules (29 March 2010 - 27 March 2011)

Genre Quotas :
Radio

The tables below show each station's performance in minutes during one representative week (Week 13 is the last week of the last quarter) for News and Current Affairs; Informal Knowledge Building (IKB); Education; Children's and Drama programmes.

ICASA Genre Quotas Per Week

Hours/min per week	Week 13	ICASA's Quota
Ikwekwezi FM		
News daily (M-F)	131	60
News (Sat)	65	60
News (Sun)	65	60
CA daily (M-F)	113	60
CA (Sat)	60	60
CA (Sun)	60	60
IKB weekly	1900	180
Education weekly	365	300
Children weekly	85	60
Drama weekly	195	150
MLFM		
News daily (M-F)	80	60
News (Sat)	80	60
News (Sun)	75	60
CA daily (M-F)	115	60
CA (Sat)	60	60
CA (Sun)	60	60
IKB weekly	1250	180
Education weekly	330	300
Children weekly	180	60
Drama weekly	205	150

Hours/min per week	Week 13	ICASA's Quota
Thobela FM		
News daily (M-F)	208	60
News (Sat)	110	60
News (Sun)	80	60
CA daily (M-F)	96	60
CA (Sat)	60	60
CA (Sun)	60	60
IKB weekly	1750	180
Education weekly	420	300
Children weekly	420	60
Drama weekly	160	150
Phalaphala FM		
News daily (M-F)	85	60
News (Sat)	80	60
News (Sun)	80	60
CA daily (M-F)	115	60
CA (Sat)	60	60
CA (Sun)	115	60
IKB weekly	2385	180
Education weekly	380	300
Children weekly	150	60
Drama weekly	220	150
Ukhozi FM		
News daily (M-F)	83	60
News (Sat)	60	60
News (Sun)	65	60
CA daily (M-F)	224	60
CA (Sat)	115	60
CA (Sun)	165	60
IKB weekly	2725	180
Education weekly	345	300
Children weekly	395	60
Drama weekly	200	150

Hours/min per week	Week 13	ICASA's Quota
Lesedi FM		
News daily (M-F)	85	60
News (Sat)	60	60
News (Sun)	60	60
CA daily (M-F)	195	60
CA (Sat)	60	60
CA (Sun)	60	60
IKB weekly	2790	180
Education weekly	380	300
Children weekly	175	60
Drama weekly	180	150
Umhlobo Wenene FM		
News daily (M-F)	62	60
News (Sat)	70	60
News (Sun)	85	60
CA daily (M-F)	170	60
CA (Sat)	60	60
CA (Sun)	120	60
IKB weekly	590	180
Education weekly	380	300
Children weekly	330	60
Drama weekly	210	150
Ligwalagwala FM		
News daily (M-F)	99	60
News (Sat)	60	60
News (Sun)	60	60
CA daily (M-F)	110	60
CA (Sat)	60	60
CA (Sun)	60	60
IKB weekly	1870	180
Education weekly	355	300
Children weekly	405	60
Drama weekly	250	150
Motsweding FM		
News daily (M-F)	109	60
News (Sat)	60	60
News (Sun)	60	60
CA daily (M-F)	128	60
CA (Sat)	60	60
CA (Sun)	60	60
IKB weekly	1355	180
Education weekly	300	300
Children weekly	175	60
Drama weekly	245	150
SA fm		
News daily (M-F)	99	60
News (Sat)	90	60
News (Sun)	85	60
CA daily	341	60
IKB weekly	1505	180
Education weekly	325	240
Children weekly	60	60
Drama weekly	220	150
RSG		
News daily (M-F)	114	60
News (Sat)	60	60
News (Sun)	60	60
CA daily (M-F)	209	60
CA (Sat)	115	60
CA (Sun)	60	60
IKB weekly	1420	180
Education weekly	325	300
Children weekly	225	60
Drama weekly	260	150

Hours/min per week	Week 13	ICASA's Quota
Lotus FM		
News daily (M-F)	75	60
News (Sat)	70	60
News (Sun)	70	60
CA daily (M-F)	93	60
CA (Sat)	60	60
CA (Sun)	60	60
IKB weekly	620	180
Drama weekly	190	150
XKfm		
News daily (M-F)	66	30
News (Sat)	50	30
News (Sun)	50	30
CA daily (M-F)	99	30
CA (Sat)	55	30
CA (Sun)	55	30
IKB weekly	1450	180
Education weekly	525	300
Children weekly	755	15
truFM		
News daily (M-F)	73	60
News (Sat)	60	60
News (Sun)	60	60
CA daily (M-F)	60	30
CA (Sat)	30	30
CA (Sun)	60	30
IKB weekly	2020	60
Education weekly	330	120
Children weekly	60	30

Radio 2000

Radio 2000 is licensed as a facility service with no prescribed genre quotas. It generally broadcasts music, news, sports, arts and Informal Knowledge Building programmes.

Radio Music:

An average of 75% local music was broadcast across all SABC radio stations, exceeding the 40% and 25% stipulation by ICASA for PBS and PCS Radio respectively.

Language Quotas

Television

The language quotas for the PBS channels are four-fold:

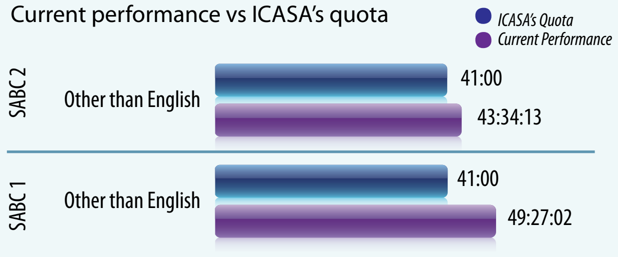
- a minimum number of hours of programming in prime time for languages other than English, excluding marginalised languages;
- a minimum number of hours of programming in prime time for marginalised languages;
- a minimum number of hours of programming in prime time for languages other than English, including marginalised languages; and
- a minimum number of hours of programming in the performance period for languages other than English, including marginalised languages,

Performance against these quotas is depicted in the graphs below.

Local drama series Isidingo in production.

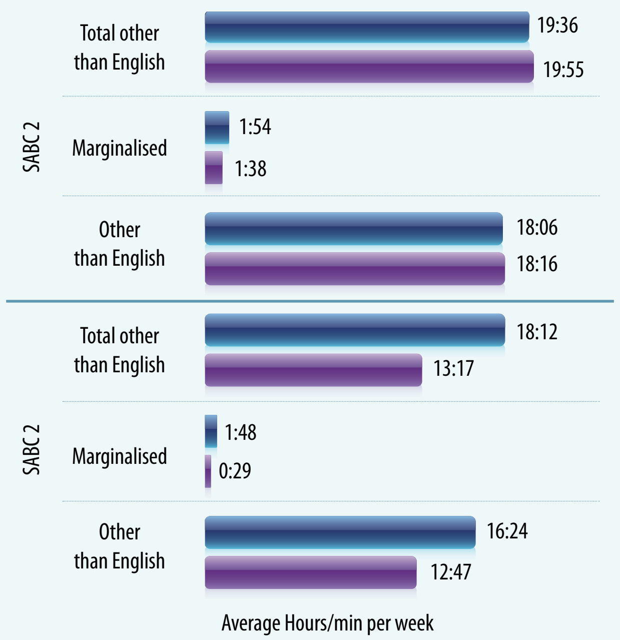
Language delivery during TV Performance Period

Current performance vs ICASA's quota



Language delivery during Prime Time

Current performance vs ICASA's quota

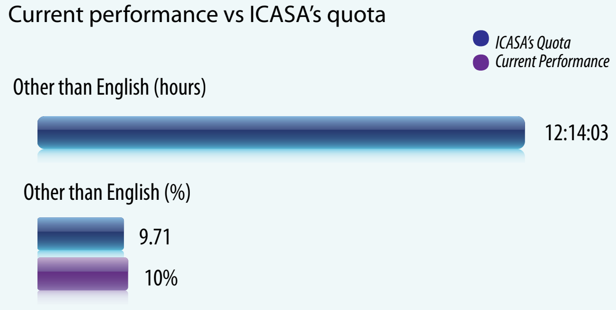


Source: Broadcast Schedules (29 March 2010 - 27 March 2011)

SABC3

Language delivery during TV Performance Period

Current performance vs ICASA's quota



Source: Broadcast Schedules (29 March 2010 - 27 March 2011)

Radio

The African language stations broadcast in their official languages daily; SAFM broadcasts in English; RSG broadcasts in Afrikaans; R2000 broadcasts primarily in English; Tru FM broadcasts in isiXhosa and English equally; XK FM broadcasts equally in İXintali and Khwedam; and Lotus broadcasts mainly in English with daily broadcasts in Urdu, Tamil, Gujirathi and Hindi. The commercial radio stations - Metro FM, 5FM and Good Hope FM - broadcast in the prescribed language, English.

Advertising Quotas

The licence conditions state that the television channels may not:

- during any licence year, broadcast more than an average of 10 minutes of advertisements per hour on the licensed service; and
- broadcast advertisements in excess of 12 minutes in any one hour.

Sources of [Revenue]

[Commercial] Revenue

Group Sales Division

The SABC relies on commercial revenue to provide the major base of the SABC income, which in 2010/11 was a 76% contributor – 67% from advertising sales and 9% from sponsorship across the major platforms.

Marketing campaign for local drama series.

Performance in 2010

After a period of severe instability, which was highlighted in the 2009 Auditor General Report, the Group Sales Division has seen a major turnaround in the past fiscal, ensuring substantial income during the most significant revenue-generating year in recent history. As a consequence:

- new leadership and management were seconded and appointed to Group Sales shortly after the start of the 2010/11 fiscal. The immediate strategic challenges were to stabilise the division and to remedy the impact its internal upheavals had had on sound governance and effective systems and business processes. The impact had also been felt by its advertising partners, and, coupled with an increasingly competitive landscape, had resulted in the SABC having lost significant revenue market share.
- a strategic turnaround framework was developed to ensure more stable leadership, to regain lost advertising spend, to restore the integrity of the SABC brand in the market place, and to position the division to play a pivotal role in assisting the SABC to meet the conditions of its government loan guarantee. The Turnaround Framework was based on two strategically-aligned simultaneous processes: "Fix It" Strategy and a Turnaround Strategy.

While revenue was marginally below target, performance against Key Performance Areas achieved varying results, with substantial debt still outstanding.

The Year Ahead

In line with the SABC Corporate Objectives, the Group Sales Strategic Objectives for 2011/2012 are to:

- regain television and radio revenue market share;
- increase revenue from new media sources; and
- improve SABC working capital through effective cash collection.

The related key focus areas are:

- Customer Relationship Management;
- Leadership/Skills/Knowledge;
- Trading and Pricing;
- Operations;
- Trade Marketing (Content Sales);
- Customer Innovations;
- Efficient Operating Models; and
- Sound Governance Practices;

[Television] Licence Revenue

Audience Services Division

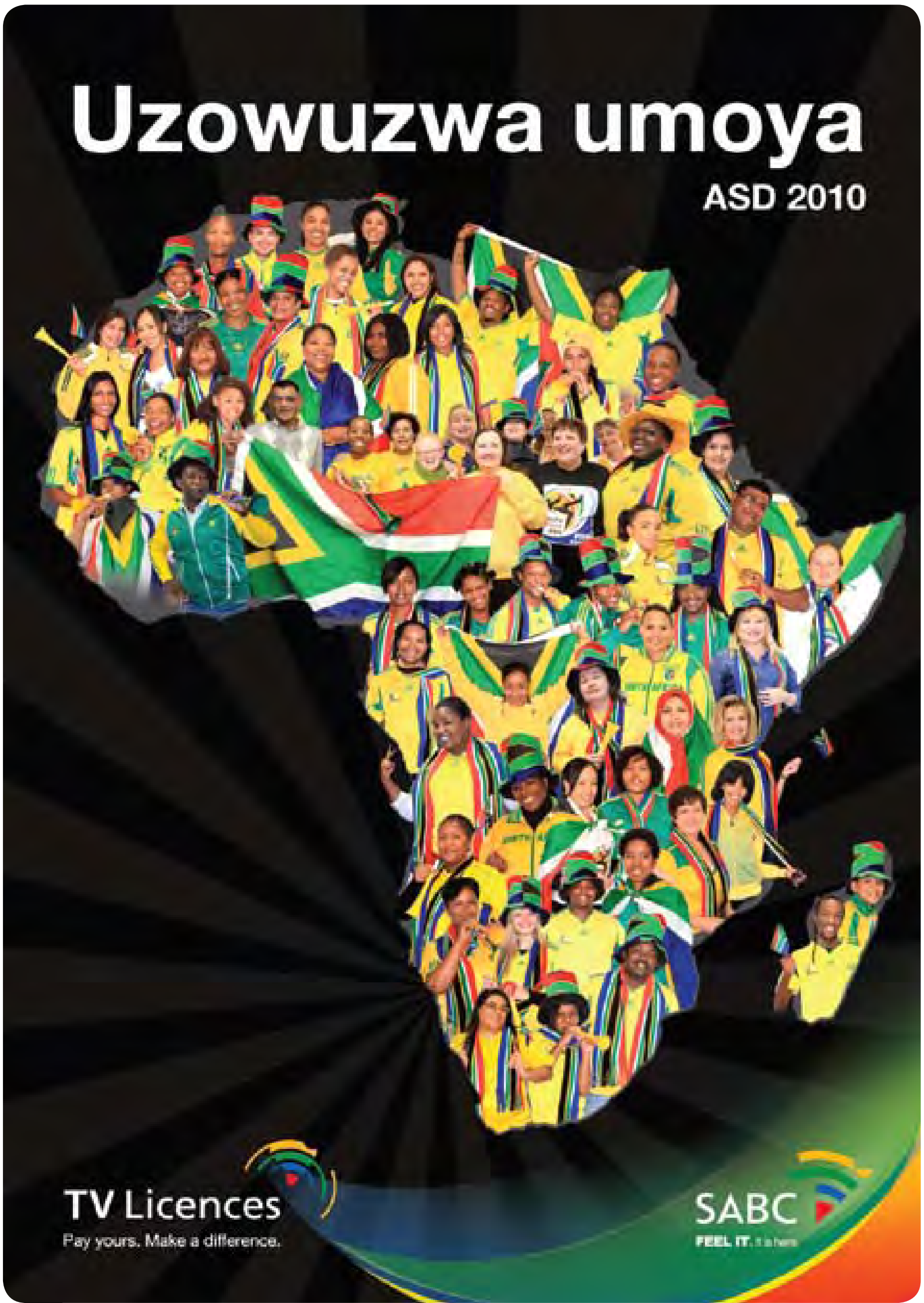
The core business of the Audience Services Division is to optimise funding for the SABC's Public Broadcasting Service through the collection and management of television licence fees. The collection and management of licence fees is governed by Section 27 of the Broadcasting Act, No 4 of 1999, as amended.

Impacting negatively on overall performance was the global financial decline - and its adverse effect on the disposable income of South African households.

During the period under review, the division maintained a strong marketing and public relations presence on SABC and non-SABC platforms, as well as in selected print media. A number of infomercial and positioning initiatives were executed, including campaigns focusing on business television licence, pay-points and compliance, on public value, as well as on thanking licence holders.

Citizen outreach initiatives included a number of mall activations, and festival campaigns. Inspections at major retail groups and hospitality establishments, aimed at ensuring compliance with television licence legislation, yielded positive results.

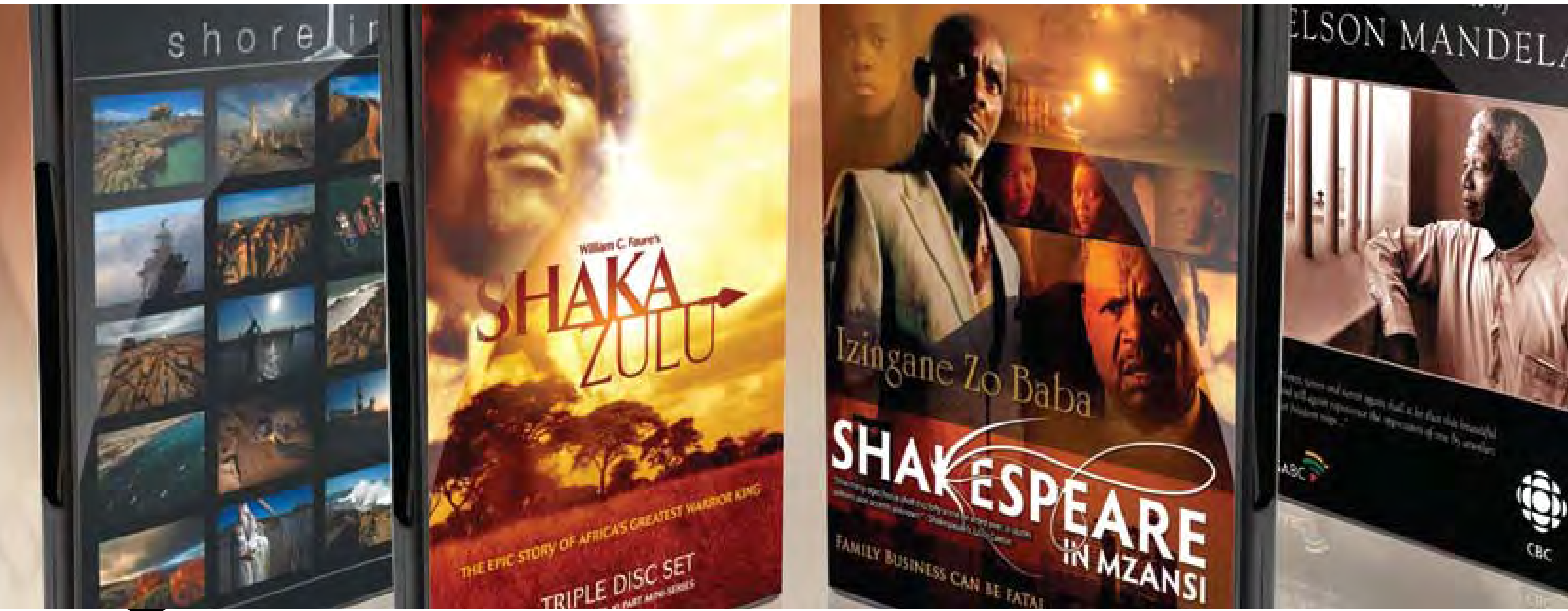
The Division also implemented a television licence validation system for retailers. Almost 1 000 stores are registered users of the validation portal and two retail groups (Mass Discounters and Edcon) have implemented the in-store integrated system at their outlets. This verification facility is also available after hours. The verification facility, made available as from October 2010, resulted in a ±75% reduction in the volume of validation calls to call centre agents.



TV Licences staff campaign for 2010.

[Business] Development

The SABC's Business Development Department comprises three business units: Content Sales; Funding; and New Media/Technical Support.



SABC DVD titles available for sale.

Content Sales

Content Sales is responsible for stock footage sales; DVD [non-commercial] sales; Retail DVDs as well as International Sales (licensing of SABC programmes to markets outside of the country) as well as Merchandising – exploitation of SABC-owned Trade Marks.

Locally, blue-chip documentary programmes such as Shoreline and A Country Imagined performed well, as did sitcoms and dramas in local languages. Evergreen Afrikaans dramas, comedies, sitcoms and children's programmes continued to sell. The top seller was Orkney Snork Nie 4 at 4 300 copies. Second was Shoreline at 3 879 copies. Number 20 was A Country Imagined at 1 512.

The International Sales team has placed more than 2 500 hours of content into other countries every year for the past 18 years. Sales in this section have shown a slight increase, despite the fact that the content in the programme catalogue has declined.

International clients are also facing severe budget cuts, especially on foreign acquisitions. In order to bolster the flagging catalogue, International Sales has created new programmes, and re-versioned them for the international market.

The unit has made inroads into expanding SABC content into Africa, as planned. Hundreds of hours of programmes have been sold into African countries in the past year. There is no Anglophone territory on the continent where SABC product has not been sold. The untapped markets of South Korea, Japan and the rest of South East Asia have now been identified as priorities for the next 18 months.

The major challenge, facing the department in the next financial year will be to find new content that can be sold internationally, mainly in HD, and also content that can satisfy the demands of new media platforms.

Funding and Partnerships

The unit has two main responsibilities: to raise funds for content production, and to negotiate Trade Exchanges for SABC TV and Radio platforms.

The Funding and Partnership unit raises funds specifically earmarked for content production, with a special emphasis on educational and on mandate programmes for SABC Radio and TV platforms. The unit raises funds from non-commercial entities including Government departments and donor funders - over the last two years the unit raised over R50m for content.

This revenue assists the SABC with being able to produce critical content that it may not otherwise produce due to financial constraints. Revenue raised this year made it possible for the SABC to produce additional content on TV and Radio platforms pertaining to:

- ongoing civic and democracy education;
- critical health related topics;
- innovative science and education methodologies; and
- formal and public educational efforts.

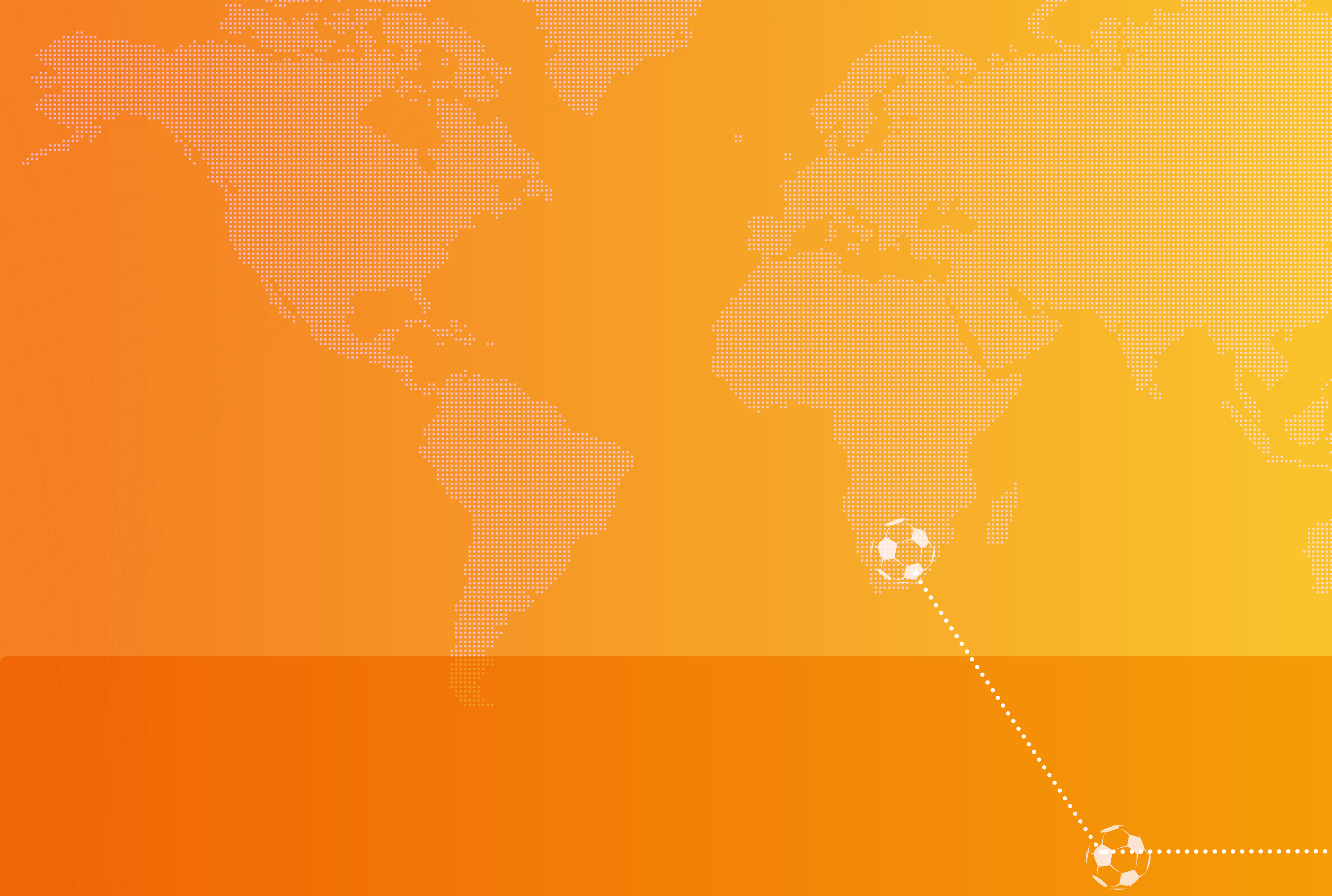
The unit also responds to requests for co-productions where joint financing is pooled, enabling the SABC to produce content of a higher quality for public consumption.

The funding unit oversees Trade Exchanges (barter agreements) which afford the SABC the ability to use its airtime in exchange for goods and services as a cash savings for the Corporation.

New Media/Technical Support

The New Media section identifies, aggregates, and loads content made for TV and radio onto a variety of digital platforms of the SABC. The bulk of the work in the year under review consisted of:

- approximately 300 videos loaded during the 2010 FIFA World Cup™ onto YouTube.
- It also transcoded 400 plus video snippets that formed part of the SABC's coverage of the Truth and Reconciliation Commission hearings. These will form part of a special website planned by the News and Current Affairs Division.
- International Sales has taken the first steps towards digitising its catalogue of programmes available for licensing to other broadcasters. Their website required more than 200 videos to be captured from analogue tape and loaded as digital files on the website. The SABC's YouTube channel currently contains in excess of 1 200 video inserts and has generated in excess of 275 000 video views.
- This section of Business Development was instrumental in identifying the need for software that could interface with the SABC's scheduling and playout system, TVBMS, and that would extract accurate programme information for use on the Corporation's digital media platforms. This innovation was awarded a prize in its category by the Commonwealth Broadcasting Association.



[Complaints]

There are three compliance mechanisms, or regulatory authorities, to which the SABC answers:

- The Independent Communications Authority of South Africa (ICASA);
- The Broadcasting Complaints Commission of South Africa (BCCSA); and
- The Advertising Standards Authority of South Africa (ASA).

Independent Communications Authority of South Africa (ICASA)

No cases were lodged against the SABC via ICASA.

In the wake of serious fines in 2009/10, SABC services paid much more attention to compliance with the respective codes, particularly after the intervention of Board and Group Executive. This resulted in the dramatic decrease in the current fiscal because producers increasingly sought advice on content before broadcast.

Training programmes were also intensified to cover the amended BCCSA Code of Conduct, operational by 1 January 2011, as well as the ICASA Regulations relating to the 2011 Local Government Elections.

Broadcasting Complaints Commission of South Africa

During the fiscal year 2010/11, 136 complaints against SABC services were finalised by the Broadcasting Complaints Commission of South Africa (BCCSA). Of the 136 complaints reported against the SABC, 133 were dismissed and only three were upheld by the Commission. The substantially lower number of both complaints upheld, and complaints lodged, can be attributed to specialised training programmes for staff, an on-air education campaign for audiences on their rights and the purpose of advisories, and to the interventions of Board and Group Executive.

Advertising Standards Authority of South Africa (ASA)

There was only one complaint against SABC advertising which was finalised and dismissed by the ASA during the fiscal 2010/11. In the previous fiscal, one of the five complaints against SABC services had been partially upheld by the ASA.

Technology division

The Technology division is the provider of broadcast technology and IT facilities to all divisions within the SABC. The Technology division comprises six business units – Henley Television Facilities, Television Outside Broadcasts, Radio Broadcast Facilities, Broadcast IT, Engineering Services and Distribution.

Henley Television Facilities includes production studios, post production facilities, and broadcast facilities. Henley Television Facilities' main purpose is to provide production and broadcast facilities for the SABC's three television channels – SABC1, SABC 2 and SABC 3, as well as facilities for SABC News, SABC Sport, and independent productions.

Television Outside Broadcasts (TV OBs) provides outside broadcast technology for broadcasts of events at locations outside of the SABC's studio facilities. The technology provided includes production vehicles of different sizes, satellite equipment for live broadcasts, studios and cameras for news-gathering at the SABC broadcast centres in the regions, and TV facilities for news bureaus in South Africa and abroad.

Radio Broadcast Facilities' mandate is to ensure that all radio facilities within the SABC environment seamlessly broadcast 24-hours a day, and to manages radio production facilities. The business unit ensures that the SABC's radio stations are connected via a comprehensive network linked by modern digital main control systems.

IT provides IT services and facilities, including the supply and support of desktops; the management of systems and networks; and the management of critical enterprise resource applications, including SAP, Landmark (for television sales) and TV-BMS (for broadcast schedule management).

Distribution manages the relationships with Sentech and other distribution providers including DSTV and TopTV, and is responsible for managing the roll-out of the three-year low-power transmitter project which will expand the terrestrial networks for radio and television.

Engineering Services manages maintenance and broadcast projects for customers within the SABC. The full scope of project management services is rendered.

Milestones for the Year Under Review

The technology plan for the 2010 FIFA World Cup™ was put in place as per the requirements of the production plan, which included providing live coverage of all 64 matches of the World Cup on television and radio, and providing technology services to the 10 FIFA Fan Fests.

The coverage of the 2010 FIFA World Cup™ was a great success for the SABC as the Official Broadcaster of the event, and the Technology division is proud of the contribution it made. Compliments were received from both Host Broadcast Services (the Host Broadcaster) thanking the SABC for its assistance and from FIFA thanking the SABC for its contribution towards making the Fan Fests a success.

Newly acquired digital TV outside broadcast units were deployed to provide production facilities at the SABC Broadcast Centre at the Sandton Convention Centre and other facilities at stadia for some matches. In addition to deploying its own skilled staff and freelancers, the TV OB unit made extensive use of interns to support productions at the Fan Fests.

For the first time, the SABC simulcast radio commentary in all 11 official languages along with the television coverage, so that audiences could watch the coverage on television and listen to the commentary in a chosen language on SABC radio. The syncing of the radio signals on FM with analogue television was achieved at a regional level. Specialised equipment had to be sourced and deployed across the country in order to achieve this requirement.

IP (Internet Protocol) communication was utilised during the World Cup production. According to the manufacturer of the equipment, it was a world-first for IP communications to be used so widely on a large scale production. The model was repeated for the 2011 Local Government Elections.

In March 2011, Radio Broadcast Facilities re-launched the M1 Studio at Auckland Park. The M1 Studio was built 32 years ago, principally for symphonic music concerts and CD recordings. The studio has since been revamped with the latest digital technology including a C200 Solid State Logic Audio Production Console – the first in South Africa. The new M1 Studio provides the SABC with new capabilities. A number of enquiries and bookings have already been received for television, radio and music productions well into 2011.

During the year, IT led the consolidation of all IT islands across the SABC into a single unified IT environment. The SAP CCC team, the TV Licence IT team, the Landmark product resource and the News IT team are now one team. During 2011 the consolidation will be completed with resourcing into critical vacant positions to solidify the leadership of the business unit.

The Technology division is in the process of rolling out 65 capital expenditure projects for the SABC. This includes the roll-out of new facilities for SABC News – the digitisation of Studio 9, the building of a new line recording facility, and the implementation of a new news production and computer system which will replace the current legacy systems across all SABC broadcasts centres.

Innovations in SABC Technology

A number of projects are currently under way to digitise the facilities at Henley Television Facilities and SABC News. The projects for Henley include the replacement of analogue video tape machines, the digitisation of the Final Control Centres for the playout of the SABC's television channels, the upgrading of production Studios 1 and 2, and the upgrade of the video post production editing server system.

For SABC News, critical projects are under way to replace aging analogue equipment, including the replacement of the news production and computer systems across all broadcast centres, the digitisation of Studio 9, and the implementation of a new digital line recording room.

Production team at work in our facilities during the 2010 Broadcasts.

For the production at FIFA Fan Fests, TV OBs invested in Q-ball robotic cameras. These have been readily adopted by producers in SABC News and Sport productions.

For the first time, the SABC used HD contribution for television production. This was utilised during the World Cup coverage between the International Broadcast Centre and the SABC's broadcast centre at the Sandton Convention Centre.

Digital Media

During the year, the SABC launched a new mobile website and re-launched the SABC's online service as part of its consolidation strategy to create more focused digital media products. In April, the new mobile website at www.sabcmobile.co.za was launched, providing news, sport, TV and radio listings information designed for access on mobile phones with web browsers. Later in the year a 5-day weather service for over 100 locations around South Africa was added as well as a dedicated site and results service for the 2011 Local Government Elections. During 2011 additional sites will be added, expanding the SABC's service offering for web-enabled mobile phones.

In November, the SABC launched a new online service at www.sabc.co.za using a new technology platform. The new site works on all browsers, has a simpler and clearer layout, is content-rich, and has consistent and logical navigation. The launch of the new site is the first stage of consolidating all the SABC's websites into an integrated product that is user-focused.

During the next year a number of existing sites will be re-designed, including a new site for SABC News. Towards the end of the year, work commenced on creating an online player for all video and audio content which will enable users to access SABC content on-demand on certain digital platforms.

The Year Ahead

For the year ahead there are five key strategic objectives:

- establish a Digital Media division and integrate that with Technology; resource the centralised IT business, completing the integration of the IT functions:
- implement critical digital infrastructure to enable a digital SABC and to support the move to a full digital workflow. These projects include the digitisation of the Final Control Centres; the implementation of new digital systems and facilities for SABC News; a new multi-channel digital play-out centre; a media asset management system; and a new storage network;
- support the commercial launch of the DTT platform, working with industry;
- position www.sabc.co.za and www.sabcmobile.co.za as consumer-focused media-rich digital media products to drive usage and revenue; and
- roll out analogue low-power transmitters to increase the terrestrial footprint for analogue television and FM radio.

[Provinces]

The SABC's Provincial offices serve as the local SABC base in the country's nine provinces, allowing the SABC immediate access to relevant provincial news and information while at the same time ensuring that all regional stakeholders and communities receive equitable coverage across all broadcasting services and platforms.

Provincial offices host the majority of the SABC's PBS Radio stations, providing technical and operational platforms for the Stations, as well as providing for an extended news-gathering operation. Around 83% of news content is generated from the Provinces.

Twelve SABC radio stations are based outside of Gauteng.

During the past year, SABC Provincial offices played a significant supporting role in the build-up to, and during, the 2010 FIFA World Cup™, as many of these games were played outside of Gauteng. Our provincial production teams ensured that all South Africans, regardless of geographical reach, were given their fair share of exposure in the build-up to the tournament, ensuring that the whole nation was united in support of the World Cup.

SABC Provincial offices are located in:

- Western Cape;
- Eastern Cape;
- KwaZulu Natal;
- Limpopo;
- Mpumalanga;
- North West;
- Gauteng;
- Free State, and Northern Cape.

Income

The Provinces serve as important revenue-generating points for the SABC. TV Licence fees are collected through the offices. Liaison with major businesses and industries support Radio and TV Advertising sales in all corners of South Africa.

The SABC has a substantial property portfolio. Surplus office space and residential properties are marketed and hired out to generate further revenues.

Stakeholder Management

Close to 82% of the SABC audiences are found outside Gauteng. Access to SABC services is enhanced through Provincial offices, and the Provinces are generally acknowledged as important communication hubs.

Furthermore, most of Government's structures are operational outside Gauteng. The State President has also committed Government to ensure more resources and empowerment of Provincial administrations in order to alleviate poverty.

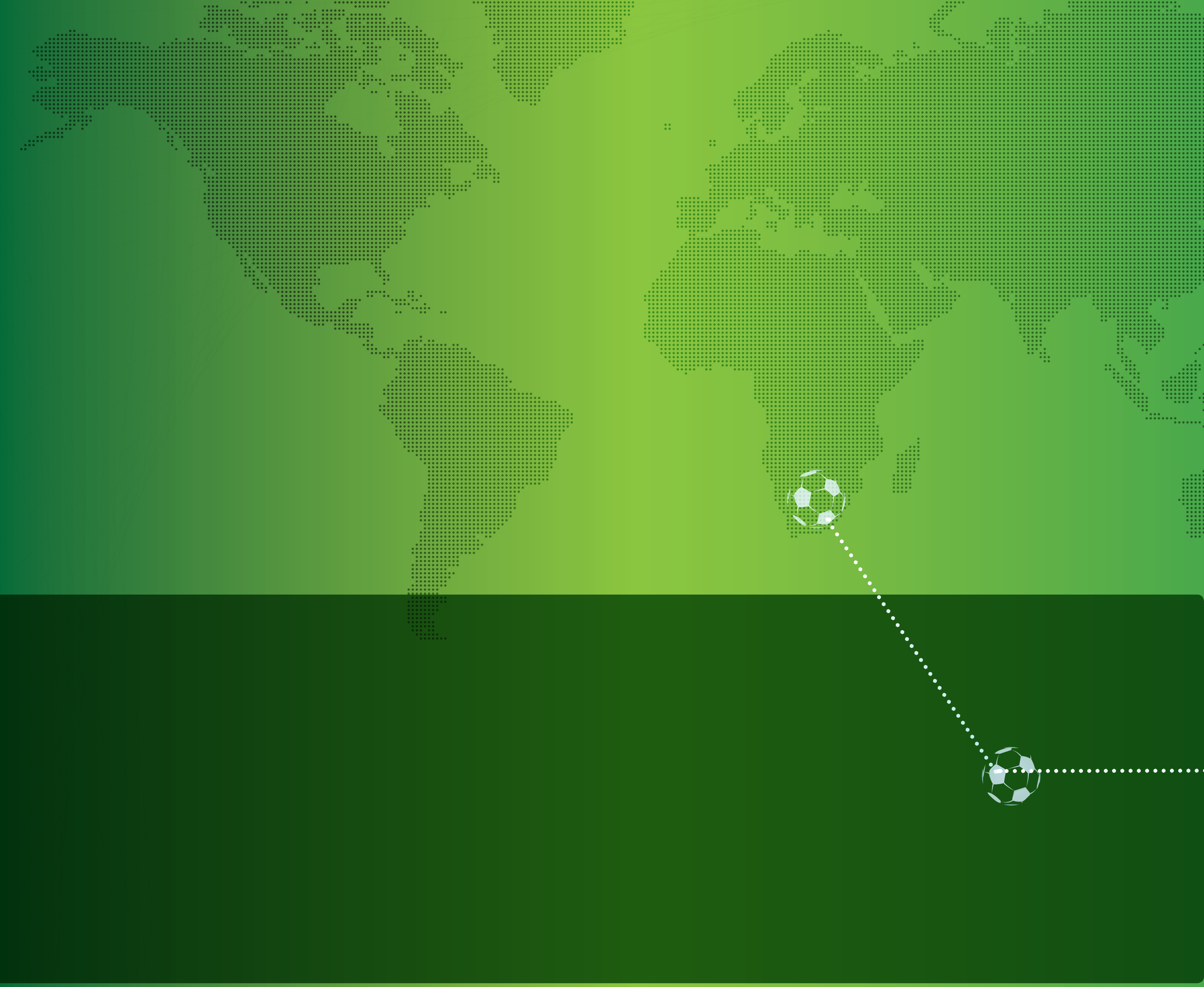
The SABC's drive towards citizen empowerment is spread throughout the country by the Provinces. Nation building activities are enhanced and supported, while many CSI activities make a real difference in the lives of those who are less fortunate.

SABC Provincial management is responsible for the identification of, and liaison with, all stakeholders in their Provinces on an ongoing basis. Special initiatives – such as the 16 Days Campaign, World Aids Day and many other community and social initiatives - received the detailed attention that is unique to each Province.

Key stakeholders in the Provinces include:

- Provincial governments;
- Local government;
- Independent Electoral Commission (IEC);
- Traditional leadership communities;
- Disabled community;
- Political parties;
- Business Community;
- Faith-based organisations;
- Sporting organisations;
- Labour movements;
- PanSALB and other language bodies; and
- NGOs.

Filming on location in one of the provinces.



About the [SABC]

[Governance]

SABC Board

All governance in the SABC is ultimately under the auspices of the organisation's Board of Directors. The Board is constituted and operates in accordance with the Broadcasting Act, as well as within the structures dictated by the Corporation's Memorandum and Articles of Association, the Board Charter and the Shareholder Compact.

[Directors]

The following were the Directors of the company as per the Companies and Intellectual Property Registration Office (CIPRO):

- B Ngubane Chairperson
- F Sekha (resigned 13 September 2010)
- C Gina
- D Golding
- P Harris (resigned 30 June 2011)
- P Green
- B Masekela (resigned 1 August 2010)
- M Mello (resigned 3 August 2010)
- C Motsepe
- D Niddrie (resigned 13 October 2010)
- C O Neil
- S Vos
- S Mokoetle Group Chief Executive (until 1 February 2011)
- R Nicholson Chief Financial Officer (until 22 July 2011)
- P Makhesha (appointed 3 June 2011)
- J Danana (appointed 3 June 2011)
- C Mahlati (appointed 3 June 2011)
- L Mtimde (appointed 3 June 2011)
- L Nage (appointed 22 July 2011)
- P Molefe (appointed 22 July 2011)

1. Dr Ben Ngubane (Chairperson)

Having worked in various leadership positions, both locally and internationally, Dr Ben Ngubane is mostly recognised for his political roles where he served as Premier of KwaZulu-Natal, MEC of Health in the KZN Provincial Government, National Minister for Arts, Culture, Science and Technology.

An academic with outstanding qualifications in the fields of medicine and health, Dr Ngubane is a graduate of institutions such as the University of London, Durban Medical School and the University of Witwatersrand.

Formerly South Africa's Ambassador to Japan, Dr Ngubane is well travelled. As a member of the SA Red Cross Society since 1977, he has represented the organisation in international congresses including in the USA. Dr Ngubane has taught Latin at St Francis College and is also a member of the University of Zululand Council. He has delivered the Lord Zuckerman Lecture to the Royal Society in London on the subject: Future Directions for South African Science and Technology.

A family man who is married with four children, Dr Ngubane is a Board member of the National Committee for the Rights of Children, Community Based Development Programme, Grassroots Early Childhood Education Project and the Community Peace Foundation.

He has served as Chairman of the Commonwealth Science Council, Chairman of the ComNet of IT for Development.

2. Cedric Sabelo Gina

Mr Cedric Sabelo Gina is the President of the National Union of Metalworkers of South Africa (Numsa), the biggest metal workers union in Africa. He is currently employed by BHP Billiton Aluminium in the Reduction Department. A negotiator who represented Numsa and Congress of South African Trade Unions (Cosatu) in different forums like the Presidential Trade Union Working Group, Millennium Labour Council and Nedlac. Mr Gina started leading Numsa at national level in 2004 as the second Deputy President.

He was part of South Africa's Observer Mission in the historic democratic elections in the Democratic Republic of Congo. He has addressed many international labour conferences on behalf of the African continent.

He holds a Certificate in Human Resource Management, Advanced Certificate in Strategic HRM (UNISA) as well as Development Certificate in Labour Relations, Management Development and Executive Development Certificate, all from UNISA School of Business Leadership.

3. Desmond Khalid Golding

Mr. Desmond Golding is a renowned financial executive, and is known in both the corporate and political world. In the previous SABC Board, he chaired the Audit and Risk Committee.

He commands extensive skills in audit, risk management and finance owing to his banking experience. He has served as Director, Credit Policy and Risk Governance at Standard Bank, as Credit Officer at Group level at Investec, and as Senior Manager, Strategic Management at the South African Reserve Bank as well as the Economic advisor to the Minister of Public Works. He was Chairperson of the South African Civil Aviation Authority and, prior to that, was the chair of the Audit and Finance Committee of the same board. He is also a Deputy Chairperson of the Ithala Finance Development Corporation.

Mr. Golding sits on various ANC Economic Transformation Committee Task Teams including those that deal with macro-economic policy, industrial policy and skills and employment. He served in the ANC Youth NEC committees such as the economic, communications and political clusters. He has also served as Senior Researcher for the ANC's Parliamentary Research Unit in the National Assembly as well as being Private Secretary to the then Minister of Labour, Mr Tito Mboweni.

Mr. Golding is a keen lecturer and writer, and has written extensively on financial markets and banking reforms. Mr Golding also studied in the UK through the Nelson Mandela Scholarship for Leadership. He holds an LLM, Banking and Finance (University of London), MA Global Relations (University of Witwatersrand), US Monetary Policy (US Federal Reserve Bank of New York), Risk Management (Rothschild, London) and is currently registered for a doctorate in central banking and markets reforms.

4. Prof Philippa Green

Currently Head of the Journalism Programme, University of Pretoria, Prof Green is one of the most renowned award winning journalists with a wide range of experience in both print and broadcast media.

She has been a writer and editor of most local and international reputable newspapers, magazines and journals as well as editing and managing the SABC Radio News department. An extensive author and editor, some of the publications under her name include, Choice; Not Fate: The Life and Times of Trevor Manuel, articles in Changing the Fourth Estate; Essays on South African Journalism, Black, White and Grey (both edited Kruger F); South African Children in Detention (Ed), and Summary of the Wiehahn Commission into Labour Legislation (co-author).

A former member and Chairman of SA Nieman Fellow selection Committee, Prof Green has also been a member of numerous committees including the SA National Editors Forum. Her media awards include the MTN Top Ten Women in Media Awards, the prestigious Nieman Fellowship at Harvard University, Mondi Award (runner-up), Fulbright Award as well as being the visiting scholar at the Institute of African Studies in Columbia University, New York, Specialist Trainer in a newspaper in Nigeria, visiting Ferris Professor of Journalism at the Council of the Humanities, Princeton University.

She holds a BA (Hons) degree in Economic History and MSc in Journalism for the Graduate School of Journalism, Columbia University, New York City.

5. Peter Harris *(resigned 30 June 2011)*

A lawyer, mediator and an arbitrator, Mr Peter Harris is commonly known for his role as the anti-apartheid legal advisor for a number of liberation organisations. He is the Executive Chairman of the Resolve Group, a large management consultancy where he is also the Group's Board Chairman.

Mr Harris practised law for many years and was Co-Founder and Managing Partner of Cheadle Thompson & Haysom where he was also legal advisor to the African National Congress (ANC) national office, the COSATU executive, and to numerous anti-apartheid organisations as well as a technical advisor to the South African Constituent Assembly.

His professional experience ranges from being the Director of Programmes of the International Institute for Democracy and Electoral Assistance in Stockholm, where he was responsible for all electoral and conflict resolution programmes worldwide, to being Chief Director of the Monitoring Directorate of the Independent Electoral Commission of South Africa in 1994 (secondment). In April 1993, he was Director of the Wits/Vaal region of the National Peace Accord (secondment).

Mr Harris continues to advise government and corporates at senior levels and is also an operations consultant to the United Nations (UN). He has represented the UN in Mexico, Haiti, Guyana and other countries.

He is the editor of the publication "Democracy and Deep Rooted Conflict: Options for Negotiators", foreword by the former Secretary General of the United Nations Mr Kofi Anan (1998). Mr Harris is also the author of the book "In a Different Time, the inside Story of the Delmas Four" published by Umuzi, Random House (2008) which was the winner of the 2009 Sunday Times Alan Paton Award for best non-fiction book of the year, winner of the Jennys Crwys-Williams Book Club Book of the Year award and won the South African Booksellers Choice Award for 2009.

He holds BA and LLB degrees from Rhodes University and LLM from Warwick University in the UK.

6. Barbara Masekela *(resigned 1 August 2010)*

Ms Barbara Masekela was educated at Inanda Seminary and graduated at Ohio University with a BA Degree. She taught at Rutgers University, USA and has served as a non-executive director for Standard Bank, SABC, Altron and MTN Foundation and the Nelson Mandela Children's Fund; she was also an Executive Director for De Beers Consolidated Mines. She was appointed Ambassador to France in 1995 and served as an Ambassador to the USA.

7. Magatho Mello *(resigned 3 August 2010)*

Mr Magatho Mello is the founder and managing partner of Maraswi Consulting Services. The company offers consulting services in the telecoms sector with a particular focus on areas that require a blend of business and technology strategy.

Prior to that, Mr Mello was the Managing Director of Powertech IST Telecom, a telecom systems integrator which is a division of Powertech IST Holdings. Before joining IST, he spent two years as a telecommunications consultant for arivia.kom where he helped establish a telecommunications systems integration business unit for the Sub-Saharan strategy. He also worked as Senior Manager for the Telecommunications division as well as Acting CEO for arivia.kom Nigeria in Lagos.

Before aravia.kom, Mr Mello worked for other giants in the industry such as Telkom and MTN. His roles included engineering and management in performance monitoring, operations support systems, value-added services, project implementation and operations.

He holds a MSE and a BSC (cum laude) degree in Electrical Engineering from Washington State University, USA where the focus of his Masters Research was on information theory in video communications on broadband networks.

8. Nkomotana Clifford Motsepe

Mr Motsepe holds B Proc and LLB degrees from the University of Limpopo and a variety of certificates. Among many certificates he holds is a certificate in Project Management, Risk Management and Public Private Partnerships from Duke University in the USA. He has passed HRM and Employment Relations, Operations Management, Marketing Management and Strategic Management of the MBL programme with UNISA School of Business Leadership.

He qualified as an attorney in 2000 and practised as such until 2003. During his tenure as an attorney, he specialised in commercial, civil and labour litigation. He also worked at Polokwane International Airport, where he served the company as its Legal Advisor and Company Secretary.

He has vast experience in the public sector. He served as the Municipal Manager of Waterberg District Municipality in Limpopo, and helped to turn the municipality around. He also served as acting Deputy Director General in the office of the Premier in Limpopo, responsible for Planning and Policy Co-ordination.

Mr Motsepe is currently the Head of Department of Local Government and Housing in Limpopo Province and a member of the National Executive Committee of the African National Congress Youth League.

9. David Niddrie *(resigned 13 October 2010)*

Mr David Niddrie is an international media and ICT sector strategy consultant, who has worked mainly in the field of journalism and news production on a variety of South African newspapers, including the Rand Daily Mail, Sunday Post and City press from early 1970s to late 80s. He is currently the Director for iNtengu Consulting, iNtengu Research & Risk Management and Yarona FM, a leading Botswana private radio station.

He has impressive experience in the field of broadcasting both locally and abroad. He has been a freelance correspondent, working mainly for foreign newspapers and radio stations in Denmark, UK, Holland, Canada, USA, Singapore and Zimbabwe.

Mr Niddrie edited underground political publications such as South, Cosatu News, UDF News, Vrye Weekblad, Umsebenzi, Agenda Press Services and Work in Progress.

He has also worked extensively with the SABC, where he was the Executive director, Public Broadcasting Initiative, which was established to facilitate training for prospective SABC broadcast managers, and to coordinate external assistance in covering the 1994 elections. Mr Niddrie also worked as a strategic planner for SABC between 1994 and 1996.

Between 1996 and 2000, Mr Niddrie was the Executive Director of Mopani Media which was established by former members of the SABC strategic planning unit as a greenfield commercial media house which conceptualised and secured the licences for Yfm, etv and Yarona FM in Botswana. He is the former Director for Yfm and Midi Television, the licence holder for etv.

His academic and media policy papers include, the South African Mass Media in a Post-Apartheid Society (University of York); Restrictions on Journalism – Culture in Another South Africa; Amsterdam Colloquium on South Africa and Journalism and Delivering Value, SABC submission to the Independent Broadcasting Authority as part of the Triple Inquiry.

10. Clare O'Neil

Ms O'Neil has spent 28 years in the sales and marketing industry. Ms O'Neil started her career at the Argus Group as a media analyst, working in print media and various advertising agencies. She was trained locally and abroad,

In 1990, she joined M-Net as the Marketing Services Manager, a move, which, after seven years, saw her becoming a General Manager of Marketing at the group's advertising sales house, Oracle Airtime Sales.

Ms O'Neil left M-Net in 1997 to join Midi Consortium, a company that was bidding for the new free-to-air television broadcasting licence in 1998. The bid was successful and etv was born in October 1998 and Ms O'Neil was one of the people who set up the channel in her role as Commercial Sales Director.

She went on to become the Managing Director of the media agency, Initiative Media, for nearly two years, before joining the SABC as General Manager: TV Sales in 2001 until 2005. During her term at the SABC, the SABC TV Sales Division won two awards for Top Sales and Marketing Team from both Unilever and South African Breweries.

After leaving the SABC, Ms O'Neil consulted in the media and broadcasting sector, including at the two satellite TV licensees, at Telkom Media and ODM. She is also Managing Partner in an "out of home" specialist media company, MM&A.

In 2004, she was awarded the Top of Class at the Gordon institute of Business Science Global Executive Development Programme. In 2005, Ms O'Neil was nominated one of the top five women in Media at the MTN Women in Media Awards as well as the AMF Media Innovator of the Year Award for her work on the media research project, ConsumerScope. In her personal capacity, Ms O'Neil, for the past 20 years, has mentored and trained many people in the media and advertising industry.

11. Felleng Sekha *(resigned 13 September 2010)*

Ms Felleng Sekha began her career in 1993 at South African Mutual Assurance Society (Old Mutual) as a Legal Advisor – Corporate Law Division.

She left Old Mutual at the beginning of 1994 to study Electronic Communications Law in Australia. Upon her return in 1995, she joined the African National Congress (ANC)'s Centre for the Development of Information and Telecommunications Policy (CDITP), where she was responsible for telecommunications policy research. She then joined Telkom as a Corporate Accounts Manager and later became a Regulatory Executive.

Ms Sekha is highly experienced in the media and telecommunications areas. She was Chairperson of the Independent Broadcasting Authority (IBA) which was subsequently merged with SATRA to become ICASA. She was also Chairperson of the National Telecommunications Forum, where she was actively involved in the Telecommunications Policy process leading to the enactment of the South African Telecommunications Act of 1996.

Upon the expiry of her term at the IBA, she joined MTN in 1999 as General Manager, International Business Development. She led the team that successfully set up MTN in Nigeria. She stayed on in MTN Nigeria as Executive Director Corporate Affairs. She was resident in Nigeria until December 2005. Whilst in Nigeria she was elected Chairperson of GSM Nigeria and subsequently, GSM West Africa and was instrumental in the drafting of the Nigerian Communications Act of 2003. She went on to complete an eight-month project as part of the team setting up MTN Zambia in 2005 until 2006.

She currently consults on ICT Regulatory Affairs and Business Development. She has also set up and manages a non-governmental organisation called Platinum Ring, which creates entrepreneurial and career opportunities for young South Africans.

In 2003 she was one of the 25 South Africans chosen to take part in a scenario-planning exercise, South Africa 2020. The project was designed and facilitated by the African Leadership Institute, funded by United Nations Development Programme (UNDP). A key criterion for representation was that the nominee would have demonstrated potential to be a future leader in South Africa. She was also one of the 20 Africans to be awarded the Archbishop Desmond Tutu Leadership Fellowship at Oxford University in September 2006. She holds Law Degrees from the Universities of Lesotho and Cape Town and a Post-Graduate Diploma in Media Communications and Information Technology Law from the University of Melbourne.

Her previous directorship roles include MTN Nigeria, MTN Swaziland, MTN Uganda, Media Development and Diversity Agency (MDDA), Acucap Properties, Thesele Group and Business Connexion.

12. Suzanne Christina Vos

Ms Vos was a Member of Parliament (IFP: 1994 – 2009) and during this time served as a Member of the Portfolio Committee on Communications, as well as on various other Parliamentary committees. In 2004 she was elected by Parliament to serve as one of five South African MPs in the Pan African Parliament and was thereafter elected Rapporteur of the PAP committee on Transport, Industry, Energy, Science, Technology and Communications. She was the PAP's Focal Point Rapporteur for ICT.

She is a former journalist who worked for various South African newspapers, including The Daily News, The Natal Mercury and the Sunday Times for more than two decades. From 1978-1981 she served as the UK/Europe Editor for the Sunday Times, based out of London. Her career in journalism culminated when in 1982 she was appointed Manager of South African Associated Newspapers, a position she held for two years. Ms Vos immediately thereafter became a research consultant to the then Chief Minister of KwaZulu, Prince Mangosuthu Buthelezi. She represented the Inkatha Freedom Party as a Member of the Executive Committee of the National Peace Accord and as a Member of the National Peace Secretariat. She also served as a delegate at CODESA on the Technical Team on Violence. Ms Vos is a Trustee of the National Peace Accord Trust which provides psycho-social interventions for former combatants.

13. Solly Mokoetle *(resigned 1 February 2011)*

Mr Solly Mokoetle is a Senior Business Executive with more than 25 years' experience in the radio and television media industry, and over 12 years in executive management at the SABC

Mr Mokoetle completed a multi-year contract as Chief Operating Officer and Executive Director of SABC Board where he provided strategic and operational leadership to the key content and platform businesses including News, Television channels, Radio services and the Content Hub.

Mr Mokoetle is currently a board member of the South African Post Office (SAPO), Chairman of the African Broadcast Media Partnership (ABMP) against HIV/AIDS in Africa and a former board member of SENTECH.

Mr Mokoetle has a Masters of Journalism degree from Carleton University in Canada. He has also attended various advanced management and financial courses, for TV and Radio programmes in South Africa, Holland, Canada and France.

Mr Mokoetle resigned from the SABC Board on 1 February 2011.

14. Charlotte Mampane *(served on the Board for seven months of the financial year)*

Mrs Mampane has served the SABC almost exclusively since her first appointment as Assistant Technical Training officer in 1982, apart from short stints with the Bophuthatswana Government Public Service Commission in 1981 as well as with the IBA and Telkom in 1995 and 1996.

Ms Mampane has held several positions at the SABC including Acting Chief Operating Officer and GE: Office of the GCEO and Regions. She holds a Masters degree in Management from University of Witwatersrand, has a Bachelor of Arts (Honours) degree from UNISA, Bachelor of Arts degree from University of the North and several management certificates from Wits Business School.

In her portfolio as Acting COO, Mrs Mampane was responsible for exercising operational oversight and strategic leadership in respect of the operations cluster consisting of the Public Broadcasting Services, Public Commercial Services, Content Enterprises, Market Intelligence and Corporate Marketing.

As Group Executive in the Office of the Group CEO, Mrs Mampane was responsible for providing strategic leadership to the office of Group Chief Executive in areas of strategy, risk, communications, procurement and regions. During her tenure as Chief Executive Radio, she was able to grow audience by 12%, an achievement that had never been realised previously by SABC.

Mrs Mampane is a member of Technology for Women in Business and of the National Association of Broadcasters and is a founder member of the Moral Regeneration Committee.

15. Robin Nicholson *(retired from 22 July 2011)*

Mr Robin Nicholson started working at the South African Broadcasting Corporation in 2001. He was responsible for overseeing the finance function of the entire group, for determining and advising on financial strategy for the group and for monitoring performance of the group against these parameters. This included the Defined Benefit and Medical Plans.

He was required to deliver a financial strategy that would lead to a financially sustainable business model for the Public Broadcaster based on a mix of licence revenues and advertising funding. This was completed and implemented in 2004. Until June 2005 Robin was also responsible for the Technology division which included the internal production facilities of the SABC.

Having matriculated in 1977 at Milner High School, Klerksdorp, Robin's formal qualifications include Bachelor of Commerce, Bachelor of Laws, Bachelor of Accounting, all obtained at the University of the Witwatersrand where he was also Awarded the RG McKerron prize for the best student in the Law of Delict. In 1987 he passed the final qualifying examination for the SA Institute of Chartered Accountants in South Africa (SAICA). In 1993 to 1998 he studied further, starting with a short course executive management programme at the University of Cape Town Graduate School of Business and then went on to study the Glaxo Wellcome Executive Development Programme in Insead, France and Duke University in North Carolina USA.

Robin was appointed to the Board of the associated company Medikredit a pharmaceutical electronic claims processing business and is also active in the field of managed healthcare.

16. Adv Cawe Mahlati *(appointed 3 June 2011)*

Adv Cawe Mahlati, LLB, MA (International Law & Diplomacy) is the Founder and Chairman of Sebilo Resources, a private limited company trading in mineral resources, semi- and precious stones. Prior to starting her company Adv Mahlathi was the CEO of Gauteng Tourism Authority (GTA). Adv Cawe Mahlati obtained her Masters degree in International Law, International Relations and Diplomacy at the Diplomatic Academy in Vienna, Austria.

She started her career at the Ministry of Justice in Zimbabwe, then she joined Borden Inc. in Columbus, Ohio as an associate. Later on she joined IBM's Marketing Division in New York also in an associate capacity. She was admitted as an Advocate in the TPD and worked in the legal/regulatory divisions of the private sector companies she worked at, first with IBM (South Africa), then M-Net, as Executive Director: Corporate Affairs. She was later appointed CEO of BOP Broadcasting Corporation, and thereafter worked with Gobodo Forensic Investigation. She regularly participates in forensic investigations in various municipalities, and is occasionally appointed to chair disciplinary hearings and arbitrations.

Among others she has been advisor to former state President Nelson Mandela on the formation of the Censorship Board, and was also Advisor to the former Ministers of Communication Mr Jay Naidoo, and the late Dr Matsepe Cassaburri. She is currently President of the Constitutional Committee of National African Federation of Chambers of Commerce (NAFCOC), and a Director of Colliers International Property Management Consultants (SA).

17. Sembie Danana *(appointed 3 June 2011)*

Mr Sembie Danana holds a Bachelor of Journalism and BA (Honours) degree from Rhodes University, and an MBA from the Roosevelt

University in Chicago. Having completed his studies, he lectured at the then University of Transkei. His work experience includes working for different companies in various Management and Executive Management capacities. Mr Danana was PR Manager for the Transkei Development Corporation and also worked at the Transkei Airways Corporation. His long career spans numerous industries including construction, mining and FMCG. He has held Board positions at the International Council for Aviation, Petronet, Tshwane University of Technology, Ezulwini Mining, and Worlds View Consulting. Mr Sembie brings this broad industry experience to the SABC Board.

18. Lumko Mtimde *(appointed 3 June 2011)*

Mr Lumko Mtimde is the current CEO of the Media Development and Diversity Agency (MDDA). He holds a BSc. degree in Physiology and Biochemistry, and a Postgraduate Diploma in Telecommunications and Information Policy from the University of the Western Cape and the University of South Africa, respectively. He also completed the Executive Development Programme through NetTel@Africa (LTA, Lesotho), a 3 Day MBA in Leadership at Terrapin Training and Strategic Leadership Academy (Regal Exchange, UK).

Before 1998, he was CEO of the National Community Radio Forum (NCRF) and also served as Vice President (Southern and Eastern Africa) of the World Association of Community Radio Broadcasting (AMARC), President of AMARC Africa, and as Vice President (Africa) of the International Board of Directors of AMARC in Canada. He was an Executive Member of the South African Chapter of the Media Institute of Southern Africa (MISA); a member of the Freedom of Expression Institute (FXI), a founder member of National Community Media Forum (NCMF), the National Community Radio Forum (NCRF), Bush Radio (the first Community Radio in South Africa), and AMARC Africa (the organisation of Community Radio in Africa). He also served on the Broadcasting Policy Stakeholders Advisory Committee following his appointment by the then Minister of Communications, Jay Naidoo. He was part of the Working Group and the country delegation which attended the Telecommunications Union (ITU) Regional Radiocommunication Conference in Geneva, which prepared for the digital broadcasting migration.

He served the Independent Broadcasting Authority (IBA) as a Councillor from 1998 to 2000, following his appointment by the then former President Nelson Mandela, and also served as a General Manager/Chief Director (Broadcasting Policy) at the Department of Communications. In 2002 he was appointed by former President Thabo Mbeki to serve ICASA as a Councillor.

Mr Mtimde is a member of the World Summit Awards (WSA) Board based in Austria, a global initiative to select and promote the world's best e-content. He is also a member of the Media Advertising Information and Communication Technology Sector Education and Training Agency (MICT SETA) Board, and of the Eastern Cape Information Technology Initiative (ECITI) Board. He has served as a member of the Board of the Institute for the Advancement of Journalism (IAJ). He is one of the High Level Panel of Advisors of the Global Alliance for ICT and Development, launched by former Secretary General of the United Nations, Mr Kofi Annan in March 2006, as nominated by the WSA Board.

19. Dr Patricia Makhesha *(appointed 3 June 2011)*

Dr Patricia Makhesha has 17 years' professional experience in various Transformation, Change Management, and Communication fields. Her work entailed, among other things, the development and implementation of strategies, in various capacities. She holds a doctorate degree and an MBA in Strategy from the MU Business School, a National Diploma in Public Relations Management from Technikon SA, and completed various Executive Programmes from Harvard, Wits and UCT Business Schools.

She is currently a Senior Executive dealing with Transformation and Human Capital at Komatiland, responsible for change management, reputational management and BBBEE policy development and monitoring, among other responsibilities. Prior to that, she worked at Global Forest Products as Group Corporate Development Manager, and also as Manager of Marketing & Communication at ABSA Group.

Dr Makhesha cut her teeth working for the South African Air Force in 1994 as a Public Relations Practitioner, later joining the SABC as a Journalist. She is a full member of the Prestigious Women's Room - Konrad Adenauer Foundation, and a member of the Young Women's Academy. She won the Women in Water Award for 2005, in the category of Policy and Management. She was also the youngest board member of the Rand Water Board and Trans Caledon Tunnel Authority (TCTA), CIDB and NFVF.

Meetings Attended by SABC Board Members

MEETINGS	Board 12	Special Board 20	News 3	PBS/ PCS 3	Audit 6	Special Audit 3	Finance Investment & Procurement 3	Risk 5	Special Risk 1	Governance Nomination & Remuneration 4	Technology 2	2010 2	Turnaround 17
B Ngubane	9	18		1*	1*			2*		4		1*	4*
F Sekha	6	10	3		1							1	4
C Gina	9	18		3	3	2	1	5	1	3	2		17
D Golding	8	16	2		6	3	3	4		1**		2	3
P Green	7	14	3	1						1	2		3
P Harris	11	18			4		3	5	1	3			
B Masekela	2	9	1	1	1					1			1
M Mello	2	10		1			3				1		7
C Motsepe	6	14	1	1	1		3			3			2
D Niddrie	7	15	3	2	1	2	1			1		2	10
C O Neil	11	17		3			3			1		1	12
S Vos	12	18	3	3	1						2		4
S Mokoetle	5	12	1	1	1		1					1	3
R Nicholson	9	16		2	5	3	3	2	1	3	1		7
C Mampane	9	11	2	2	2	2	1	1			2	2	5
L Nage	4	5			4	3	1	2	1	2	1		2

** The Chairperson attends committee meetings as ex-officio.*
*** Attending as a boardmember and not as a committee member*
Board members attend some committee meetings by proxy or invitation.

Decision-making structures of the SABC

Control of the affairs of the SABC is vested in the Board of Directors appointed, on the recommendation of Parliament, in terms of the Broadcasting Act. The Board of Directors of the SABC is ultimately accountable and responsible for the performance and affairs of the Corporation. The Board derives its authority primarily from the Memorandum and Articles of Association and the Broadcasting Act.

Board Committees

The Board has created a series of Board committees, in terms of the Board Charter, to assist it in the execution of its role. These committees may be permanent or may be constituted on an ad hoc basis to deal with specific issues. Board committees derive their authority from the Board. As a general principle, all matters which fall within the ambit of authority of the Board in respect of which the Board has not delegated authority must first be considered by the relevant Board committee to make a recommendation to the Board on the appropriate resolution.

Each Board committee is constituted in accordance with terms of reference which set out the rules of operation of the committee, its role and responsibilities, and its relationship to the Board. The Board comprises twelve independent non-Executive Directors and three Executive directors. The current committees of the Board and an overview of their roles are set out in the table.

2010 Committee

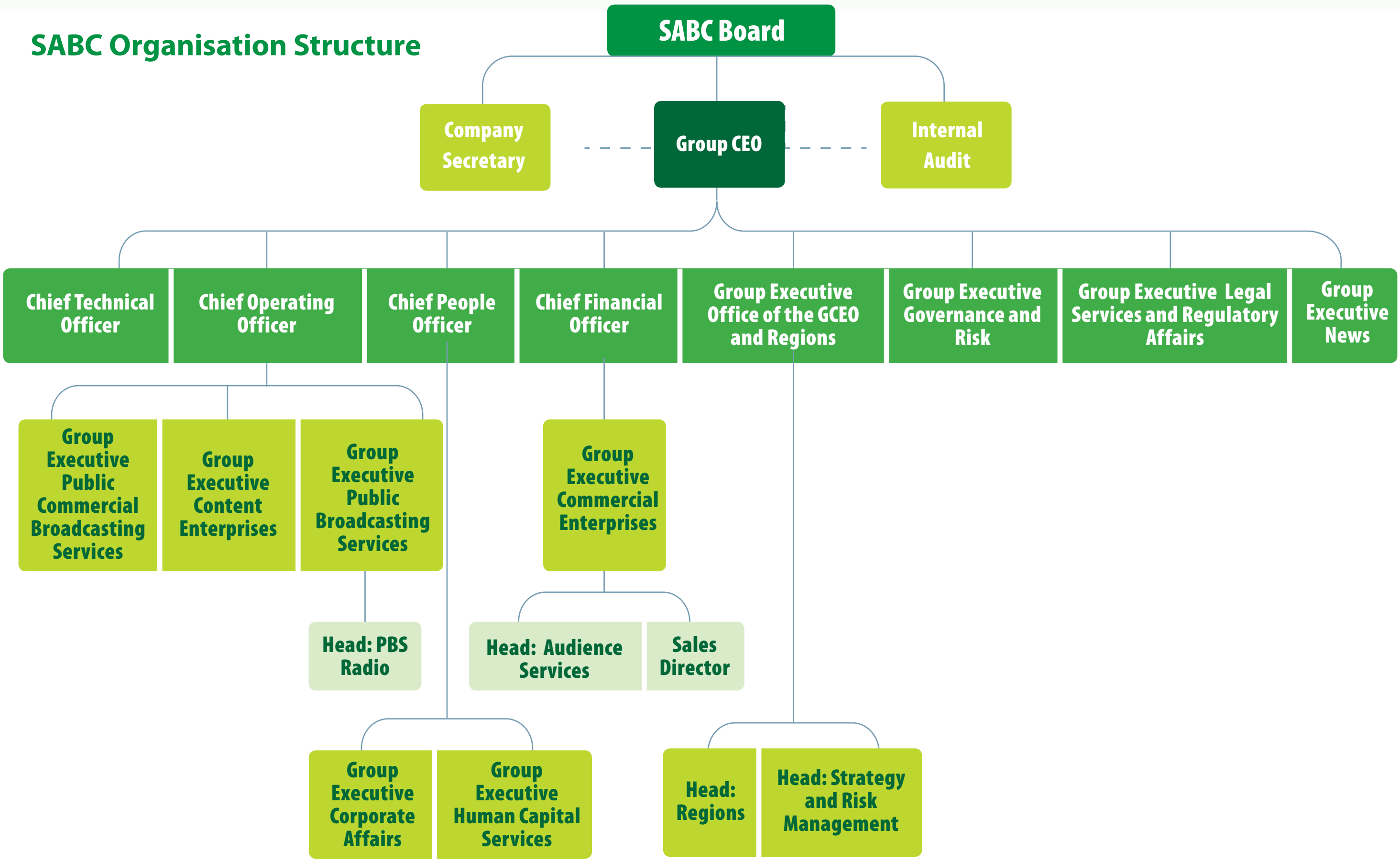
The 2010 Committee was an ad hoc Board committee which was convened specifically to ensure the delivery of the 2010 FIFA World Cup™ project.

Executive Committee

Operational authority for the day-to-day running of the business is delegated by the Board to the Group Chief Executive Officer ("GCEO") and to the Group Executive committee ("Exco"). The constitution of Exco is determined by the Broadcasting Act and SABC's Articles of Association. Exco is collectively accountable to the Board. Exco constitutes three Executive Directors who are appointed by the Board in consultation with the Shareholder. The Executive Directors are the Group Chief Executive Officer ("GCEO"), the Chief Financial Officer ("CFO"), and the Chief Operating Officer ("COO").

AUDIT COMMITTEE	FINANCE, INVESTMENT AND PROCUREMENT COMMITTEE	NEWS COMMITTEE	PUBLIC BROADCASTING SERVICES COMMITTEE
Ensures the reliability of risk/ internal control systems and the scope/ effectiveness of the internal and external audit functions. Oversees the risk areas of the operations to be covered in the scope of internal and external audits. Ensures integrity of the financial information provided to the Board and that any accounting/ auditing issues identified by internal/ external audits are brought to the Board's attention. Ensures due compliance by SABC with all relevant legal and regulatory provisions. Advises Board on statutory financial compliance and makes representations re: financial status of the Corporation in the annual report.	Evaluates and recommends to the Board the approval of the Corporation's annual budget. Evaluates new and existing business opportunities. Evaluates and advises the Board on all major capital projects. Advises the Board on the Treasury policy of the SABC. Advises on the financial aspects of proposed transactions. Ensures that the Corporation takes steps to collect all revenue due, prevents irregular expenditure, fruitless and wasteful expenditure. Ensures that the Corporation manages available working capital appropriately. Recommends the development and approval of policies around financial issues of the Corporation. Provides oversight of the activities of the Group Bid Adjudication Committee (BAC) and adjudicates over tenders, bids and makes recommendations to the Board. Monitors and ensures that the Corporation strikes a fair balance between advancing the transformation agenda and acquiring goods and services at a competitive price. Advises the Board and the Corporation generally on Broad Based BEE compliance and sound procurement practices.	Ensures that the SABC's news and current affairs programming promote the values of democracy, non-racism, nation building, and empowerment and are in line with the SABC's Corporate goals. Assists the Board to determine the editorial direction of the SABC. Assists the Board to preserve the Corporation's editorial independence and integrity. Reviews the editorial policies of the SABC from time to time.	Ensures that the public broadcasting services provided by the SABC comply with the provisions of sections 10 and 27 of the Broadcasting Act. Ensures adequate funding of programmes and platforms.

SABC Organisation Structure



PUBLIC COMMERCIAL SERVICE COMMITTEE	GOVERNANCE, NOMINATIONS AND REMUNERATION COMMITTEE	RISK COMMITTEE	TECHNOLOGY COMMITTEE	TURNAROUND COMMITTEE
Ensures that the commercial broadcasting services provided by the SABC comply with the provisions of section 11 of the Broadcasting Act. Ensures adequate funding of programmes and platforms.	Recommends policies on remuneration of employees for Board approval. Determines the parameters of executives' performance agreements. Determines and reviews remuneration and bonuses payable in terms of performance contracts. Makes recommendations to the Board on individual remuneration. Ensures that policies are in place to reward staff fairly and equitably. Ensures performance management measures are put in place. Ensures the annual report includes appropriate disclosure in respect of remuneration issues.	Oversees the development of a risk assessment, including a fraud risk assessment strategy. Oversees the development of a risk management strategy. Regularly evaluates the status of key risks in the Corporation. Together with the Audit Committee, reviews the efficiency of the framework of risk management and internal controls. Reviews and recommends the approval of the directors' statements on risk management and internal control in the annual report.	Ensures that the SABC employs appropriate technology to enable it to deliver on its mandate. Ensures that technology in use in the SABC properly supports the Corporation's strategic objectives. Oversees the adequacy and suitability of the current disaster recovery plan. Specifically considers the challenges posed by the broadcasting needs for the 2010 Soccer World Cup. Advises the Tender committee and the Corporation generally on purchasing decisions insofar as they relate to technology acquisitions.	Provides strategic direction and oversight with respect to the implementation of the SABC Turnaround Strategy. Ensures adherence to the requirements and conditions of the Government Guarantee, whilst driving improvements in the financial health and sustainability of the organisation. Provides guidance and strategic advice in repositioning, streamlining and modernizing the organisation to be successful in the future digital media environment.

[Editorial Policy] and Governance

The Editorial Policy and Governance unit was established in the 3rd quarter of 2010. The Unit was designed to act in an advisory capacity to the Group CEO who has a dual function as Editor-in-Chief. The Unit will assist in the assessment and monitoring of content and programming delivery in accordance with the mandate of the SABC.

President Jacob Zuma signing a staff member's soccer ball during production at our 2010 FIFA World Cup™ set.

Key functions include:

Mandate requirements

Lead and drive the SABC in discussion regarding mandate requirements and the delivery of public value.

Editorial policy update and training

The editorial policy requires updating to reflect technological and societal changes since the establishment of a public broadcaster in a democratic era. The process will include extensive consultation with key stakeholders.

Editorial Advisory Panel

An Editorial Advisory Panel is intended to: Advise the Group CEO in his/her capacity as editor-in-chief, and to act as a referral point for complicated and/or challenging editorial decisions, as well as acting as a point for audience complaints performing an internal ombudsman role.

Monitoring and Evaluation

On-going monitoring and evaluation activities, in order to ensure mandate compliance.

Policy Liaison

Ensure that on an on-going basis, there is engagement with regulators and industry both domestically and internationally; and to ensure that positions on policy issues are pro-actively developed.

[Risk] Management

Board Intervention

When it took over in January 2010, the new Board of the SABC separated the Risk and Audit Committees of the Board. This was done to ensure effective, efficient and transparent systems of risk management in accordance with the Public Finance Management Act.

Risk Management Strategy Development:

A Risk Management Strategy was developed during the year to ensure that risk management is embedded in the day-to-day operations of the Corporation. The Group Executive Committee and Risk Committee of the Board approved the following risk management instruments effective 1 April 2011:

- Risk Management Strategy;
- Fraud and Corruption Prevention and Response Strategy;
- Risk Management Framework;
- Risk Management Policy;
- Fraud and Corruption Policy;
- Whistle Blowing Policy; and
- Strategic Risks and Mitigation Plans.

The following structures were created in line with the Risk Management Framework to ensure that Risk Management is embedded in the day-to-day operations of the SABC subsequent to the year-end;

- Operational Risk Management Committee: an overarching operational committee that exercises risk management oversight over SABC divisions; reports risk management activities to Group Executive Committee and monitors progress on mitigation plans and controls;
- Divisional Risk Committee: a divisional committee which exercise oversight over the risk management activities of a division and reports to the responsible Group Executive; and
- Risk Champions: these are employees in the divisions that coordinate risk management in the divisions and report to the Group Executive of the division and to the Operational Risk Management Committee.

Risk Management Strategy Implementation:

During the implementation of the Risk Management Strategy in the financial year 2011/2012, the focus will be on embedding risk management and upgrading risk maturity levels. Continuous assessment will be conducted on the implementation of mitigation for strategic risk and identifying emerging risks.

[Extract from the Report of the Auditor General on the SABC, 2009]

"Overall, the interim SABC Board and Executive Management of the SABC should compile and implement a proper corrective plan to:

- **improve the quality of management information and reporting that facilitates proper continuous monitoring by the leadership. This includes optimising system functionality as well as enhancing records management;**
- **strengthen the effectiveness of governance arrangements. This includes managing an audit committee in line with good governance principles and making Internal Audit more effective by addressing their findings and recommendations timeously. This recommendation also includes tightening internal controls and risk management as well as updating policies;**
- **enhance the adequacy of leadership oversight. This includes setting the correct "tone at the top" and organisational culture through, inter alia, leading by example, focusing on promoting ethical conduct, addressing issues of noncompliance decisively, directing and closely monitoring the operations and activities of the SABC;**
- **the SABC's strategic risk assessment requires a thorough examination to address the risks that may impact negatively on the integrity of the Supply Chain Management system and to avoid exploitation by other roleplayers. Specifically, measures should be instituted to ensure that the SABC obtains the best value-for-money through its employees who should not be conflicted; and**
- **specific recommendations are also made in the report to consider disciplinary actions against individuals still in the employ of the SABC, consider legal proceedings against individuals who have exited the SABC, reform certain policies, practices and schemes, and further review of specific potential irregular expenditure and to take action accordingly."**

[Human] Capital Services

Our People

As a people-centred organisation, the SABC lived up to its commitment to create and promote an environment that encourages its people to reach their full potential. The Human Capital Services Division of the SABC supported this commitment by investing in a wide range of initiatives including training and skills development, supporting HIV/AIDS afflicted employees, implementing a performance management programme, and managing talent to ensure greater employment equity.

The environment in which businesses operate is dynamic and hence, the SABC identified a need to review policies on Human Capital since most of them had not been reviewed to align to business and environmental changes. Over the course of the year, the process of reviewing all Human Capital policies commenced in consultation with relevant stakeholders.

Employee Relations

The SABC constantly endeavours to ensure that sound labour relations exist between management and all other stakeholders through a process of enhancing fair employment practices and the protection of employee rights. During the year under review, the increase for the bargaining unit was negotiated and implemented within mandate. In the quest to ensure a harmonious labour relations environment, long outstanding disciplinary cases were reduced. The Framework of Engagement Agreement with the SABC organised labour was also signed off, as part of the turnaround engagement process.

Organisational Development

During the 2010/11 financial year, the SABC embarked on developing a Turnaround Strategy aimed at transforming the organisation into a reputable and financially viable Public Broadcaster. Key to this success is placing broadcasting back at the centre of the business through a new organisation-wide operating model. The Parliamentary Portfolio Committee on Communications approved the new operating model which focuses on the core business of the SABC. This operating model is aimed at ensuring that the organisational structure of the SABC is designed to enable achievement of the organisational strategy which is influenced by the public mandate and audience needs.

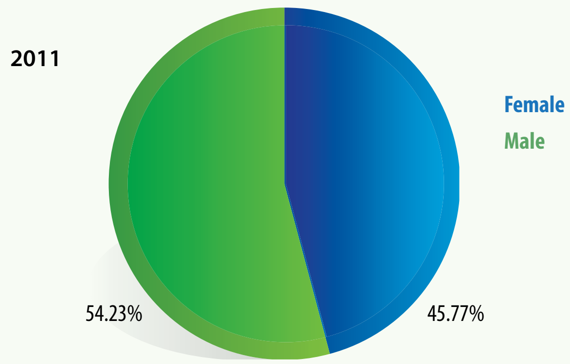
Employment Equity

The SABC views Employment Equity as an ongoing corporate imperative which aims at redressing imbalances of the past created by the previous discriminatory laws and practices. The organisation aims at creating a diverse workforce, which reflects the diverse nation whilst ensuring that the workplace is free of discrimination and prejudice.

The SABC developed a dynamic three year Employment Equity strategy which was approved by the SABC Board. These plans started being implemented and rolled out across the organisation during the 2010/11 financial year.

The SABC also made major strides in addressing equity at the workplace. The Employment Equity report for the year under review reflects that 64.72% of the workforce is Black, followed by 21.76% constituted by Whites, 8.80% and 4.81% constituted by Coloureds and Indians respectively. Insofar as gender equity is concerned, the SABC had 45.77% females and 54.23% males in its employ during the 2010/11 financial year.

Gender Staff complement



Figures based on Permanent and Fixed Term Contractors ONLY

Gender analysis by the Department of Labour Occupational Level standard indicates that the SABC made good progress to strike a balance in the skilled and qualified workers category, which includes junior management and supervisors. However, focus needs to be given to other areas including senior management, professionals and specialists as well as the semi-skilled.

The disability analysis as contained in the 2010 Employment Equity report shows that the SABC over-delivered in this area with 2.44% of its workforce being categorised as disabled.

Training and Development

The SABC also demonstrated its commitment to the Skills Development Act and the Skills Levies Act by again participating in the processes set out in these pieces of legislation. A total of 3218 employees attended programmes that were linked to personal development plans (PDP) and company strategy. The main focus of the training and various interventions continued to be on technical training, operational requirements training, and learnerships on scarce skills such as broadcast engineering, finance and internships.

The SABC also sponsored 134 bursaries, 28 of these were new bursaries awarded to employees and to children of employees. 2% training undertaken in the 2010/11 financial year was geared to differently abled employees whilst the bulk of training concentrated on Africans, which made up for 63% of the training. Training for Blacks which includes Africans, Coloureds and Indians constituted 78% of the training.

Leadership Development

The capacity building initiative targeting the management level saw the SABC implement two highly successful Leadership Development Programmes in 2010/11 financial year through the Gordon Institute of Business Science (GIBS). These focused on a number of areas including technology, corporate governance, strategy, as well as change management. Action Learning Projects that dealt with real SABC issues were undertaken and yielded realistic suggestions and solutions. These were presented to the relevant Divisions and were ultimately incorporated into the Turnaround Projects.

Internships

The SABC in partnership with MAPPP-SETA and the National Skills Fund, embarked on a project to train 262 unemployed graduates and learners. The objective of the project was to assist in the reduction of unemployment and providing required skills in broadcasting to learners. The internships focused on the core operations of the SABC including journalism, technology, broadcast engineering, TV and radio operations, as well as support functions.

Remuneration and Reward

The SABC acknowledged the increasingly important role of reward programmes to achieve its business goals in terms of enabling the organisation to deliver on its mandate. This was achieved through balancing the need of the employer for sustainability and at the same time being competitive in the labour market. The SABC has also realised that its reward strategy must be deliberately created to support a unique human capital strategy and the Turnaround Strategy and restructuring challenges.

The Employee Compensation and Benefits component of SABC represents the largest single cost driver and, if managed in an integrated manner, can be a powerful driver of business success. The SABC maintained salary levels to be almost on par with the same period in the previous fiscal, which is plausible following the commitment to reduce the wage bill whilst curbing job losses.

The focus of the Remuneration and Reward function in the 2010/11 fiscal year centred around cost savings which focused on leave management, fringe benefits management, and retention reviews which assisted the organization in meeting its financial mandate. Options were developed including encouraging employees to take statutory leave as well as extra leave during the holiday season. These initiatives saw the reduction of the leave liability by R18 million. A further process of allowing encashments to reduce the growth in the leave liability was also in the process of being finalized for implementation in the next financial year.

The SABC Board approved the abolition of the benefit relating to fuel and maintenance, which had been abused, and substituted a flat allowance. The change was implemented during the same year after consultation with the affected employees. The moratorium on filling vacancies including the scrapping of non-critical positions and non-extension of non-core fixed term contracts that were expiring at the end of March 2010, contributed to reducing the headcount significantly.

Employee Wellbeing

A corner-stone of a caring organisation in the new millennium is the Employee Wellness Programme, which ensures that the organisiation cares for the entire being and not just the worker. The SABC Employee Wellness Programme enjoyed strong visibility during the 2010/11 financial year. The SABC's Wellness Centre re-launched with a new service provider. Wellness promotions included: Flu Vaccine Month, No Tobacco Day, Financial Wellness and Men's Health Day.

A total of 1221 staff members throughout the regions of the SABC participated in (HIV Aids) Voluntary Counselling and Testing (VCT) during the 2010/11 financial year. Continuous education and awareness campaigns were also implemented in support of the VCT Campaign during the same year.

SABC studio camera man during production.

[Occupational] Health and Safety

SABC Staff Wellness open day.

Focus on Health and Safety

The SABC is committed to safeguarding all employees, contractors and visitors against any injury and risk to their health arising from any of the operations associated with the SABC. The SABC enforces health, safety and environmental standards in the workplace, as prescribed by the Occupational Health and Safety Act, its regulations and related safe work practices. In striving towards these goals, legal compliance audits have been conducted on all SABC premises, and identified shortcomings are being corrected.

Safety

The SABC's vision for occupational health and safety of the workforce is one of zero tolerance of on-the-job fatalities, injuries and diseases. The effective implementation of the occupational health and safety programme, storage and stacking programme, fire safety programme, health and safety policies and awareness programmes assisted in keeping the injuries on duty as low as possible. Combined, these initiatives have resulted in the creation of a conducive work environment. Statistics show that there were 23 disabling injuries on duty in 2010/11, with no fatalities. A disabling injury is regarded as one that results in a person being temporarily or permanently disabled. This means that the SABC's disabling incident frequency rate (DIFR) is 0.6 against the 2.0, in the health and safety industry.

A Hot Work Permit Policy has been compiled, approved and implemented to safeguard the SABC and the contractors on site against injuries during hot work operations.

Health

Occupational Health and Safety 2010 awareness programme for staff included a Workers' Health, Safety and Wellness Open Day on 01 May 2010. During these activities, facilities were provided for employees to have their cholesterol level, glucose level and blood pressure checked. With the assistance of SABC Medscheme, fat control and fitness level assessments were also conducted.

The state of the art SABC Corporate Gym has 900 members. An average of 2000 permanent and contract workers use the Gym facilities every month. More than 500 aerobics classes that include kata-box, spinning and body conditioning have been presented by professional instructors.

Several noise surveys and air quality tests have been conducted by an Approved Inspection Authority to maintain a conducive work environment for employees. Audiometric tests have been conducted on employees that were exposed to more than 85 decibels in identified noise zones.

Environment

The SABC is committed to creating a healthy environment for all its employees. To this end it has embarked on a biological programme to reduce the sick building syndrome effect on the workforce. The following initiatives have been implemented;

- noise, air quality and light surveys have been conducted in most of the SABC Provinces and Auckland Park to determine compliance with legislation. Shortcomings have been identified and are in the process of being corrected;
- water quality tests are done regularly to ensure that the tap water in the SABC buildings is clear of algae and cholera free; and
- smoking in SABC buildings is restricted to designated areas bringing the SABC in line with requirements of the Tobacco Product Amendment Act.

[Engaging] our Stakeholders

Being a Public Broadcaster, the SABC's stakeholder community base is vast and diverse. During the 2010/11 financial year, the SABC accorded due attention to its identified stakeholders.

In light of the business environment in which the SABC operates and the rapid changes thereto, a strategy and engagement plan was developed and implemented with some of the key stakeholders including the production industry, the SABC's Top 20 Clients, as well as Sporting Organisations.

As a step towards rebuilding relations between the SABC and the media industry, the Advertising Industry/SABC Forum was founded to foster on-going constructive engagement. Since its establishment, the forum has provided a platform for the parties to share information and take corrective measures. This has contributed towards repairing the relationship and restoring the integrity of the SABC brand in the market place.

During the year under review, the SABC developed an enterprise-wide stakeholder management policy and matrix to guide the organisation on key stakeholders, along with material issues on which to engage these stakeholders.

As part of Monitoring and Evaluation, the SABC presents its quarterly reports to the Department of Communications (DoC) and to the Parliamentary Portfolio Committee on Communications (PPCC). Medium Term Expenditure Framework (MTEF) submissions to the Treasury are compulsory and were complied with in the fiscal. In total the SABC had eight appearances before the PPCC, and three appearances before the Portfolio Committee on Sport and Recreation, and one appearance before the Special Committee on Public Accounts (SCOPA).

The SABC hosted a successful conference of Commonwealth Broadcasting Association (CBA) under the theme "Broadcasting scores" in line with the 2010 FIFA World Cup™. The hosting of the conference a few months before the tournament afforded the SABC an opportunity to showcase its readiness and also for the conference participants to learn from it. The SABC's current Acting Group CEO, Mr Phil Molefe, was elected as Vice President of CBA, a position he will occupy for the next two years.

Strong relationships have been built with international broadcasters and organisations interested in exchange opportunities in areas of content exchange, co-productions, skills exchange and technology. A number of bilateral and multilateral agreements were initiated with international organisations during the 2010/11 financial year. These include agreements with the Association for the Development of Education in Africa (ADEA), Tanzania Broadcasting Corporation (TBC), and Africa China Television Media amongst others.

Face-to-face staff interactions through the established internal forums, the Senior Management and the Middle Management and Independent Professionals Forums, were utilised as platforms to share information about the SABC and mobilise employees behind the organisational strategy during the 2010/11 financial year. A campaign "I am Making it Possible" which encouraged employees to see their individual contribution to the success of the SABC as critical was launched and implemented during the 2010/11 financial year.

Board member Cedric Gina addresses staff at an internal meeting.

[Connecting] with our Communities

The SABC's geographical spread uniquely places the organisation in prime position to enable it to interact with communities, and to participate in various community development initiatives.

Sustainability Reporting

The Protocol on Corporate Governance for the Public Sector recommends that the SABC complies with provisions of good governance practices as recommended by the King Report on Corporate Governance. This includes Sustainability Reporting for the Annual Report.

As the Broadcaster is going through its Turnaround process, no formal sustainability reporting structure and processes are in place. However, sustainability reporting is inherent in the comprehensive reporting warranted by the nature of the entity's operations as a service provider to all citizens of the Republic – to inform, educate and entertain. Thus various aspects of sustainability reporting have been addressed through the discussion of achievements in areas such as Education, Community Upliftment, Industry Development and Stakeholder Relationships amongst others.

Community Initiatives

With a reach of 24 million households, the SABC is able to leverage its broadcasting muscle to directly initiate or support social causes across the country through its broadcasting, programming, and grassroots projects.

The nature of our business makes the SABC an integral part of the communities we serve. The SABC therefore is not detached from the social challenges within the communities it operates in. This ethos is informed by our own organisational values of restoration of human dignity, and building a common future.

As it has become part of our normal operations, the SABC continued to reach out to local (and at times Global) communities during the year under review, through its various educational, social upliftment, and industry development programmes.

Education

In addition to its core work which focuses on complementing formal education in South Africa, enhancing an understanding of Constitutional values and Nation Building, and assisting in democratic processes, the SABC continued to provide ongoing student support to South African learners.

The 1Goal Initiative

During the 2010/11 financial year, the SABC partnered with the 1Goal initiative which was part of FIFA's Global education initiative, in what was to become the biggest and most far reaching social upliftment initiative of the year.

The 1Goal initiative sought to leverage off the publicity and excitement around the World Cup, urging 72 million people to sign up their names and put pressure on governments to deliver the $16 billion a year that is needed to provide education for 72 million children – 33 million in Africa – who are currently unable to attend school.

SABC community initiatives.

In the months leading up to the World Cup, the SABC ran supporting campaigns across its Radio and TV platforms to help raise awareness for the initiative, along with a number of world leaders, and some of the biggest names in football.

The campaign culminated in the 1Goal Education Summit which took place in July 2010, in Cape Town with the commitment of President Jacob Zuma and FIFA President Sepp Blatter to make 1Goal a lasting legacy of the 2010 FIFA World Cup™.

Community Upliftment

The Hold my Hand campaign is the spin-off of the Child Headed Household (CHH) SABC initiative started with ABSA/Barclays in 2004. CHH sought to bring about change and assist over 2 million orphans whose parents died of terminal diseases like HIV/Aids, cancer or other social ills.

Through our interactions with NGO's, affected orphans/Civil Society, Social Development, South African Police Service (SAPS), Health and Education Departments, and organisations like Child–Line, National Child Welfare, Children's Institute and Aids buzz, we were made aware of many pressing issues affecting children across South Africa and the SADEC region.

The campaign sought to trigger the consciences of people and to change the world's perceptions of South Africa, especially by the UN, on its management of child welfare issues. The campaign is aligned to various dates of significance on our calendar like Back to School, Valentine's Day, Human Right's Day, Youth Month, Women's Month, International Children's Day, World Aids Day.

Carbon Free Project – SABC 3

Our long-term CSI project, Carbon Free was launched by SABC 3 in August in conjunction with 'Carbonworx', with the aim of reforesting areas in each province. The project involves the planting of trees in protected fenced-off areas where they will not be allowed to be cut-down for a minimum of 30 years. Each tree that is bought by a company or member of the public has GPS coordinates to allow the 'owners' to track the growth of the trees. Former State President, Nelson Mandela blessed the initiative with 92 trees being planted near his house in Qunu, resulting in job creation and training for the community. The Project also focuses on recycling, cleaning of the environment, and Green initiatives that are sustainable, and have long term benefits for the planet.

Industry Development

Being in the film industry, the SABC recognises the fact that its future sustainability and competitive edge, relies on a strong and professional film industry, and as such continues to lend ongoing support to the industry.

As part of its social responsibility efforts and industry development mandate, the SABC once more lent its support to various film industry initiatives. The Tri-Continental Film Festival is an annual, national film festival that focuses on documentary and narrative films from three continents: Africa, Asia and South America. The SABC provided financial support for the festival and other film initiatives like the Durban Film Mart.

The SABC also supported various national awards ceremonies, all of which are aimed at showcasing excellence in the broadcast and entertainment industry. All production and broadcast costs were carried by the SABC across its Television Platforms.

Radio Stations Projects

Our radio platforms continued to play their role in uplifting the lives of some of their listenership in their communities. Metro FM ran its 'Railway to life' "School Shoes Campaign", which seeks to collect school shoes for disadvantaged children, including orphans. The station also ran the "Men in the Making" campaign which seeks to develop and empower the boy child.

Good Hope FM also undertook various CSI Projects including among others various charitable causes, and causes promoting good health and wellness. The station also hosted workshops for aspiring DJs and cricket coaching clinics including Street Cricket.

5FM continued with its Young Blood project which seeks to raise awareness for various charity organisations and their causes, and also participated in causes aimed at skills development and empowerment.

All the platforms participated in their own way in various national initiatives that form part of the national events calendar like the 'Mandela Day' and the 16 Days of Activism, among many other projects.

[Awards] and Recognition

During the 2010/11 financial year, the SABC received various local and international awards – and nominations - for both television and radio in all aspects of production and presentation. Some of the many achievements of our talented teams are recognised here.

Television Awards

SAFTA Awards

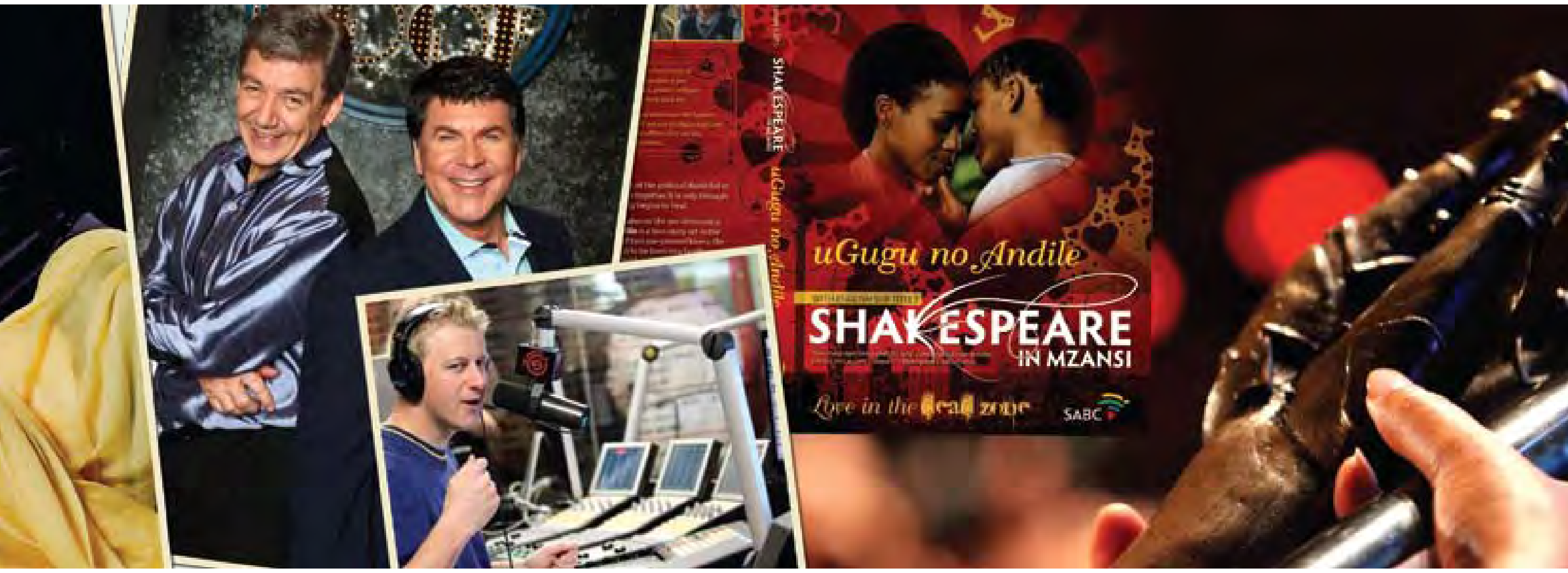
SABC walked away with 29 awards in the 5th SAFTA ceremony – with SABC 1 productions and talent winning 10, SABC 2 winning 14 and SABC 3 winning five. Of these, SABC 3's Isidingo walked away with five awards including best TV Soap Director, Writing Team, and Actor for Tshepo Maseko as Parsons. SABC 2's Hopeville won two awards for best feature film production designer and actor, and two awards for Best Comedy Director and Actor for Konsternasie oppie Kasie; one award and special mention for Best Factual Educational Entertainment and director for A Country Imagined. Two awards also went to SABC 2's The Mating Game for Best Drama Actress for Maggie Benedict, and Drama Ensemble. SABC 1's Soul City picked up an award and mention for Vusi Kunene for best actor, and City Sesla won two awards for Best Comedy Writers and Actress. Zone 14 won for best Drama Supporting Actor and received a special mention for Lighting Design. Sports Playback on SABC 1 won best Sports Show, Noot vir Noot on SABC 2 won best Game Show. Best TV Drama went to SABC 2's Erfsondes. The Best Documentary Director went to SABC 1's Jammer as ek so bitter is. Three supporting actor and actress roles went to SABC 1 productions Zone 14, Home Affairs and Generations.

Lilian Dube received a Lifetime Achievement Award for Acting and Social Activism, and 7de Laan won the public vote for Best Soapie.

International and National Television Awards

During the 2010/11 financial year, the SABC was recognised across the world.

- Home Affairs (SABC 1) was nominated for an Emmy.
- A Country Imagined (SABC 2) was nominated for Arts Documentary and Performing Arts in the 2010 Rose D'Or Television Awards.
- Paint the Town (SABC 1) won the Best Education Programme award in the CIAK Junior Children's Television Festival held in Italy.
- Hopeville (SABC 2) was nominated in nine categories for the African Movie Academy Awards (AMAA).
- South achieved two nominations in the Wild Talk Africa ROSCAR 2011 Awards.
- An episode of Lights Camera Action (SABC 1), a series for children by children, won three awards at the Prix Jeunesse in Italy; best short drama at the Durban Film Festival as well as in Nairobi.
- Ugugu no Andile (SABC 1) won best youth film in Nairobi.
- YOTV (SABC 1) was nominated for the PanSALB Multilingual awards in 2010, while Motswako Presenter Penny Lebyane received the PanSALB Award for the promotion of marginalised languages in SA.
- YOTV (SABC 1) was voted the third favourite children's brand in Mzansi following Disney and Cartoon Network, making it the number one local children's brand in 2010.
- SABC 2 won four Promax Awards and SABC3 also won one gold at Promax Award.
- Top Billing (SABC 3) presenters won awards at YOU/Huisgenoot Award Ceremony 2010: Jeannie D as Most popular female celebrity, and Janez Vermeyren: Sexiest male celebrity.



News and Sports Awards

- Nontokozo Mhlongo was awarded the News Reporter of the Year for 2010 FIFA World Cup™coverage.
- Kabelo Mabalane was awarded South Africa's best loved Kwaito star and Best Newcomer for Sports Nite.
- Themba Jokozela won the Commentator of the Year for the South Africa vs Spain 2010 FIFA World Cup™ match played on the 28th of June 2010.

Radio Awards

Radio 2000

- Michael Abrahamson was awarded Commentator of the Year and overall winner for the 2010 FIFA World Cup™ matches live commentary.
- Lizette Khan was awarded Merit for the 2010 FIFA World Cup™ inserts.
- Just Ice (Justice Ramotlhola) won Best Breakfast Show in the MTN Radio Awards.

Ligwalagwala FM

- Sabelo Zulu won for the Insert of the Year for 2010 FIFA World Cup™ Team Profiles.
- Won the Language and Literature Award the 2011 PanSALB Awards.

Phalaphala FM

- Isaac Mbedzi was awarded Newcomer for Radio Soccer Commentator.

Metro FM

- Voted second Coolest Radio Station in the Sunday Times Generation Next Awards 2010.
- Robert Marawa won the Gold Award for Best Sports Presenter in the MTN Radio Awards.

Good Hope FM

- The Guy McDonald Afternoon Drive Show received a Silver Award for the Best Day Time show of the Year at the inaugural 2010 MTN Radio Awards.

5FM

- Voted Coolest Radio Station for the 6th year running in the 2011 Sunday Times Generation Next Awards 2010.
- Won the SA Radio Award for Best On-Air Radio Promotion for Michael Jackson's 50th Birthday.
- Won the Marketing Mix Award for Outstanding Content.
- Gareth Cliff won the Gold Award for Best Breakfast Show for 5FM Mornings in the 2010 MTN Radio Awards.
- Gareth Cliff won Favourite Radio Personality in the You Spectacular Awards 2011.
- DJ Fresh won the Gold Award for Best Daytime Music Presenter in the MTN Radio Awards 2010.
- Rob Vember won the Nighttime Presenter in the MTN Radio Awards 2011.


SABC

[2011]
Annual Financial Statements

Annual Financial Statements

[Contents]

Report of the Audit Committee
to the SABC Executive Authority

The Audit Committee was constituted by the Board and consists of five members, three of whom are independent non-executive Directors, and two extended advisors who are appointed for their financial expertise. The Committee was chaired by an independent, non-executive Chairperson. The Executive Directors as well as the acting head of Internal Audit are invitees to the Committee.

The Audit Committee is guided in the execution of its role by an Audit Committee Charter.

In the conduct of its duties during the period under review, the Audit Committee has, inter alia:

- Reviewed accounting and auditing concerns arising from the preparation and finalisation of the Annual Financial Statements for the period ended 31 March 2011.
- Reviewed the Annual Report and Annual Financial Statements for the year ended 31 March 2011, thereafter reported and made recommendations to the Accounting Authority to assist in ensuring that they present a balanced and understandable assessment of the financial position, performance and prospects of the SABC.
- Commented on its evaluation of the Annual Financial Statements in the Annual Report.
- The Audit Committee communicated any concerns it deemed necessary to the Accounting Authority and where appropriate, to the External Auditor.

The Audit Committee assessed and recognised the problems which have also been raised by the Auditors, that have led to the financial qualification. Through interventions subsequent to year end, including a three-year internal audit plan (which is risk embedded), the Audit Committee will be able to deal with these challenges, and will play a greater role in ensuring that the Organisation meets its pre-determined objectives, and effects internal controls and prudential risk management.

Other critical interventions include:

- The development and implementation of a plan to improve the control environment;
- Skills development;
- Improved internal audit processes;
- The Appointment of a new head of Internal Audit; and
- Capacity building around Enterprise Risk Management (ERM).

There is a plan in place to address the financial qualification, and a process has been put in place to turn around this situation before the end of the Calendar Year.

The Audit Committee will increase its greater role on Oversight and Monitoring to ensure that these interventions are fully implemented.

The Audit Committee has evaluated the Annual Financial Statements of the SABC Limited for the year ended 31 March 2011. The Committee is of the opinion that the Annual Financial Statements, as presented, comply in all material respects with the relevant provisions of the Companies Act, No 61 of 1973, and the Public Finance Management Act, 5 No 1 of 1999, and the Broadcasting Act, No 4 of 1999 as amended, except as indicated in the Independent Auditors' Report.

The Audit Committee is also of the opinion that these Annual Financial Statements as presented comply with International Financial Reporting Standards; that they fairly present the results of the operations, cash flows and financial position of the company and that the adoption of the "going concern" assumption in the preparation of the financial statements is appropriate except for any possible effects as indicated in the basis for qualified opinion paragraph in the Independent Auditors' Report.

On behalf of the SABC Audit Committee

Mr D Golding
(Director)

22 July 2011

Directors' Responsibility Statement

The Directors are responsible for the preparation and fair presentation of the Group Annual Financial Statements and Annual Financial Statements of the South African Broadcasting Corporation Limited comprising the statements of financial position at 31 March 2011, and the statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the Directors' Report, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, No 61 of 1973, as amended, of South Africa, and the Public Finance Management Act of South Africa.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The Auditors are responsible for reporting on whether the Group Annual Financial Statements and Annual Financial Statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of Group Annual Financial Statements and Annual Financial Statements

The Group Annual Financial Statements and Annual Financial Statements of the South African Broadcasting Corporation Limited, as identified in the first paragraph, were approved by the Board of Directors on 22 July 2011 and signed on its behalf by:

Dr B Ngubane
(Director)

Mr P Molefe
(Director)

22 July 2011

Certificate
by the Company Secretary

In my opinion as Company Secretary, I hereby confirm that, in terms of the Companies Act, No 61 of 1973, as amended, for the year ended 31 March 2011, the Company has lodged with the Registrar of Companies all such returns as required of a public company in terms of the Companies Act, and all such returns are true, correct and up to date.

Ms M.T. Melk (Company Secretary)
Johannesburg

22 July 2011

Independent Auditors' Report

to Parliament and the Shareholder for the year ended 31 March 2011

Report on the Annual Financial Statements

We have audited the Group Annual Financial Statements and Annual Financial Statements of the South African Broadcasting Corporation Limited ("the SABC") which comprise the Directors' Report, the statements of financial position at 31 March 2011, the statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which contain a summary of significant accounting policies and other explanatory notes, as set out on pages 107 to 149.

Directors' responsibility for the financial statements

The Board of Directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the requirements of the Public Finance Management Act of South Africa (PFMA) and in the manner required by the Companies Act of South Africa No 61 of 1973, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

Included in programme, film and sports rights disclosed in the statements of financial position is the following category: originated programme, film and sports rights with a carrying amount of R310 596 000 and work in progress of R332 954 000. We were not provided with supporting documentation to substantiate the carrying amount of R296 975 000 relating to originated programme and film rights included in originated programme, film and sports rights and work in progress of R312 589 000. Consequently, we were unable to determine whether the cost price of fully amortised assets is materially misstated and the corresponding amounts included in commitments and trade and other payables.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the preceding paragraph, these financial statements present fairly, in all material respects, the consolidated and separate financial position of the SABC at 31 March 2011, 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, the requirements of the Public Finance Management Act of South Africa and in the manner required by Companies Act of South Africa No 61 of 1973.

Report on Other Legal and Regulatory Requirements

In terms of the Public Audit Act of South Africa and General Notice 1111 of 2010, issued in Government Gazette No. 33872 of 15 December 2010, we report on the following:

Predetermined objectives

We are required to undertake a limited assurance engagement on the 'Performance against the predetermined objectives', as set out on pages 24 and 35 of the Annual Report in the section headed 'Report on the performance of the SABC', in which the actual performance of the group for the year ended 31 March 2011 is compared with target key performance indicators (predetermined objectives), and report thereon to those charged with governance. In this Report we are required to report our findings from our engagement relating to non-compliance with regulatory requirements, where the reported information was inadequately presented or not received timeously, and where we have evaluated reported information to be not useful or reliable. We report the following:

Usefulness of information

Findings from our limited assurance engagement are that for all objectives, between 20% and 25% of the planned and reported targets were not:

- specific in clearly identifying the nature and the required level of performance;
- measurable in identifying the required performance;
- time bound in specifying the time period or deadline for delivery.

Compliance with laws and regulations

We are required to report on compliance with laws and regulations in accordance with the guidance contained in the applicable R3: Reporting Guide of the Auditor-General. We report the following material findings on non-compliance with laws and regulations on the basis set out in the Guide.

1. Strategic planning and performance management

1.1. Section 51(1)(a)(i) of the PFMA, read with Treasury Regulation 27.2.1, requires the SABC to maintain an effective, efficient and transparent system of risk management. The Risk Committee was restructured at the beginning of the financial year. The risk management strategy, policy framework and risk registers were only finalised by the Risk Committee during the last quarter of the financial year. At the end of the year these documents still required Board approval. The implementation and rollout throughout the organisation can only begin after the Board approval.

1.2. Formal approved policies and procedures, prepared in terms of section 51(1)(a)(i) of the PFMA and describing how the entity's processes of performance planning, monitoring, measurement, review and reporting will be conducted, organised and managed, were only drafted in the last quarter of the year. These policies and procedures still need to be presented to and approved by the Board. Subsequent to the approval, the policies and procedures need to be rolled out and embedded throughout the entity.

1.3. The borrowing programme prepared and included in the corporate plan 2010/2011 in accordance with the requirements of section 52(a) of the PFMA and Treasury Regulation 29.1.3(a) does not include all of the information required by Treasury Regulation 29.1.6(a)–(j). Deficiencies in the presented information include:

- the terms and conditions on which the money is borrowed;
- information on proposed domestic borrowing;
- the confirmation of compliance with existing and proposed loan covenants;
- debts guaranteed by the government.

Similarly, as required by Treasury Regulation 29.1.3(b), the quarterly reports on the borrowing programme submitted to National Treasury did not contain information on actual borrowings for that quarter or any update of the borrowing programme.

2. Internal audit

2.1.Treasury Regulation 27.2.1, read with Treasury Regulation 27.2.7, requires the Internal Audit function, in consultation with the Audit Committee, to prepare a three year rolling internal audit plan. This plan should be risk based and should indicate the scope of each audit. The internal audit plan presented to the Audit Committee did not show a clear link between the top 20 risks and the internal audit scope, as well as the budgeted hours per project.

2.2. Contrary to Treasury Regulation 27.2.10, the draft internal audit plan for the 2011 financial year did not include planned work relating to operations in the form of a review of performance against predetermined objectives.

2.3.Treasury Regulation 27.2.7(d) requires the Internal Audit function to report to the Audit Committee, detailing its performance against the internal audit plan. Internal audit reports were not consistently submitted to the Audit Committee for consideration during the period. Audit reports were not timeously issued to the Board and to those responsible for implementation and consideration of corrective action.

3. Audit committees

3.1. Contrary to the requirements of Treasury Regulation 27.1.8 and of the Audit Committee terms of reference, the Audit Committee did not conclude on all of its responsibilities in the following areas:

- Internal audit plan and charter for the 2011 financial year was not approved as these where rejected on two occasions by the committee, given the inadequacy of the plan.
- The Head of Internal Audit position was filled in an acting capacity for at least two years. The delegations of authority to the acting Head of Internal Audit were withdrawn in December 2010, resulting in the position being vacant at year end. Subsequent to year end the appointment of a permanent Head of Internal Audit was finalised. The significant delays in permanently filling the position of Head of Internal audit has lead to the internal audit unit not being

able to effectively deliver on its strategic objectives related to internal controls and performance objectives in the year under review.
- The effectiveness of internal controls was not adequately monitored, as the internal audit reports were not consistently tabled at the audit committee meetings to consider the impact of the findings and corrective action.
- Financial, compliance and performance information was not consistently evaluated by the audit committee throughout the year to assess the adequacy, reliability and accuracy of such information, which was used as a basis for strategic decisions. Quarterly financial and performance reports where not presented for consideration of the Audit Committee and the National Treasury Pack was submitted to National Treasury without review by the Audit Committee.
- No formal presentation on the status of the external and internal audit findings was made to the Audit Committee. Accordingly, corrective action on such audit findings was not regularly monitored by the Audit Committee.

4. Procurement and contract management

4.1. As required by Section 51(1)(a)(iii) of the PFMA, a Group-wide procurement policy exists and a Content Commissioning and Acquisitions Policy has been developed and was approved by the Board. The following non-compliance with the policies was identified:
- Instances of premature procurement (ordering taking place without the appropriate legal contracts with suppliers, or signature by the appropriate delegated authority of the SABC having been obtained);
- Instances where international content acquisitions could not be supported by an approved business plan or signed contracts.

5. Expenditure management

5.1. Section 51(1)(b)(ii) of the PFMA requires the Board to take appropriate steps to prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct and expenditure not complying with the operational policies of the SABC. The SABC currently has policies and procedures in place which would assist with the prevention of these types of expenditures and losses, however, the current system to prevent these types of expenditures and losses was not always complied with during the 2010/11 financial year, and as such was not always effective.

Note 44 to the Financial Statements indicates instances of irregular expenditure and fruitless and wasteful expenditure incurred by the SABC as a result of ineffective operational practices.

5.2. Section 57(b) of the PFMA states that officials within the SABC are responsible for the effective, efficient, economical and transparent use of financial and other resources within their particular area of responsibility. As disclosed in note 44 to the Financial Statements which indicates fruitless and wasteful expenditure, an additional stock impairment of R 77 690 000 was incurred, indicating the lack of effective, efficient and economical use of financial resources.

6. Human resource management and compensation

6.1. Vacancies at senior management level

Key management positions are vacant and filled by employees in an acting capacity. Several senior management positions were considered vacant (not filled by permanent positions) at 31 March 2011. These positions include; Group Chief Executive Officer, Chief Operating Officer, Group Executive Content, Group Executive Human Capital, and Head of Internal Audit.

6.2. Declarations of interest

The company's policies require employees to disclose any and all business interests to the Group Chief Executive Officer. Numerous employees were found to have interests in companies that could not be supported by signed declaration of interest forms. The lack of a centralised register and monitoring process within the company makes it difficult to track and monitor whether all employees have declared their interests.

7. Revenue management

7.1. Section 51(1)(b)(i) and Section 51(1)(c) of the PFMA requires the Board to have effective processes in place to collect all revenue due to the SABC:
- During the course of the audit of the financial statements, a number of adjustments were required to correct Group Sales and Marketing revenue. Accordingly, such revenue may not be collected timeously.
- The actual spend against agreed commitments was not evaluated on a regular basis to ensure that customers are adhering to the agreed commitments. This resulted in a lost opportunity with respect to revenue as the company did not follow up on outstanding revenue commitments.

8. Asset management

8.1. Section 51(1)(c) of the PFMA requires the Board of the SABC to manage and safeguard the assets of the SABC. The following contraventions were identified:
- No full asset stock counts were completed for the year under review.
- The automated programme, film and sports rights management system was not fully implemented. The programme, film and sports rights lists are currently maintained manually. A reconciliation between the manual listings and the general ledger was only performed at year-end, and various reconciling differences were identified.

9. Annual Financial statements

9.1. Section 55 (1)(a) of the PFMA requires the accounting authority to keep full and proper records of the financial affairs of the company and the annual financial statements should fairly present the state of affairs of the company, its business, its financial results, its performance against predetermined objectives, and its financial position as at the end of the financial year concerned. Material misstatements were identified during the audit, certain of these were corrected by management and those that were not are included in the basis for qualified opinion paragraph.

Internal control

We considered internal control relevant to our audit of the financial statements, and the reports on predetermined objectives and compliance with laws and regulations, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies relating to leadership, financial and performance management and governance that resulted in the findings on the reports on predetermined objectives and compliance with laws and regulations, as included in this Report.

- No effective oversight responsibility was exercised during the year regarding reporting of performance against predetermined objectives, compliance with laws and regulations and the related internal controls. This is evidenced by the number of instances of non-compliance with the PFMA and Treasury Regulations identified in this Report and the findings on the effectiveness of Internal Audit.
- Human resource management to ensure that adequate and sufficiently skilled resources were in place and that performance was monitored was not always effective. Staff in various divisions within the company lacked capacity to perform their assigned roles and responsibilities, as monthly reconciliations were not performed timeously. In addition, delays were experienced in receiving vital audit information and, in certain instances, audit information received was erroneous. A lack of segregation of duties was noted as certain individuals prepare and review the same information or prepare and authorise the same information.
- Regular reconciliations relating to sponsorship revenue and programme, film and sports rights to collect all revenue due and to safeguard the assets of the SABC were not performed. This is due to the lack of implementation of proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available and to the lack of implementation and adherence to controls over daily and monthly processing and reconciling of transactions.
- Policies and procedures to enable and support the understanding and execution of internal control objectives, processes, and responsibilities were not always established and communicated. The formal approved policies and procedures to monitor and report on performance information and the risk management strategy, policy framework and risk registers were only drafted and finalised in the last quarter of the year. These policies and procedures are still to be presented to and approved by the Board.
- Although compliance with certain legislation is currently managed in various divisions throughout the organisation, the SABC did not have a centralised compliance control or process in place during the year. Accordingly, the SABC did not have an effective process in place to review and monitor its overall compliance with applicable laws and regulations as required by Section 51(1)(h) of the PFMA.

Other Reports

- **Special audit**
  Report on the 2010 World Cup expenditure incurred by the SABC.

- **Investigations completed during the financial year as advised to us**
  The Special Investigation Unit performed special investigations into interest in contracts and payments made outside the payroll process.

  Forensic investigations into the procurement of expenditure relating to Public Viewing Areas were also performed in the financial year.

- **Investigations in progress as advised to us**
  The Special Investigation Unit is still in the process of completing other investigations. We have been informed that the investigations are still in progress and no reports have yet been issued.

The matters contained in the Report on Other Legal and Regulatory Requirements are not considered to affect our opinion contained in our Report on the Annual Financial Statements.

KPMG Inc

KPMG Inc

Per A Bulbulia
Chartered Accountant (SA)
Registered Auditor
Director
22 July 2011

KPMG Crescent
85 Empire Road
Parktown

Ngubane and Company Inc

Ngubane & Co. Inc.

Per P Naude
Chartered Accountant (SA)
Registered Auditor
Director
22 July 2011

Midrand Business Park
Building 1
563 Old Pretoria Road
Midrand

Kwinana and Associates

Kwinana & Associates

Per Y Kwinana
Chartered Accountant (SA)
Registered Auditor
Director
22 July 2011

Stand 92
Cnr Dale and Pretorius Street
President Park
Midrand

Directors' Report
for the year ended 31 March 2011

The Board of Directors hereby presents the 74th Annual Report of the South African Broadcasting Corporation Limited ("the SABC" or "the Company"), for the financial year to 31 March 2011. The Annual Financial Statements comprise the Consolidated Annual Financial Statements of the Company and its subsidiaries (together referred to as the Group). These Annual Financial Statements are presented in accordance with the Companies Act, No 61 of 1973, as amended, the Broadcasting Act, No 4 of 1999, as amended and the Public Finance Management Act, No 1 of 1999, as amended (hereinafter respectively referred to as the Companies Act, the Broadcasting Act and the PFMA), and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Nature of the SABC's Business

The SABC is South Africa's public service broadcaster. Its principal activities comprise radio and television broadcasts through 18 radio stations and three television channels for both Public and Commercial Services. In terms of the Broadcasting Charter, the SABC's mandate includes the requirement to make its services available throughout the Republic of South Africa and to produce, procure and broadcast in all official languages, South African and international programmes that entertain inform and educate its audiences. The SABC is regulated in terms of licences granted by the Independent Communications Authority of South Africa ("ICASA").

Turnaround Strategy

During the year under review, the Corporation adopted a Turnaround Strategy, a new Vision for SABC, which seeks to improve functional efficiencies and optimal performance.

The Turnaround Strategy is predicated on seven pillars – namely:

1. putting broadcasting and broadcasters back at the centre of the business; and editorial integrity back into the platforms and programmes of the SABC in particular News;
2. building brands that reflect excellence and South African identity in every way;
3. building the digital SABC and integrating the digital future into all plans and actions;
4. ensuring an operating model that is simple and easily understood, supported by an organisational design that assigns accountability directly to those charged with execution of the Enterprise plans and good governance;
5. building an organisation that is economical, efficient and effective; and
6. focusing on the performance of the organisation at every level, and holding individuals accountable for delivery
7. managing and reporting on strategy development and implementation, operational performance, and risk management.

Review of operations

The operating loss for the year for the SABC Group amounted to R35 million (2010: R414 million). The improvement is mainly due to improved Revenues (particularly Advertising Revenues) and lower operational expenses currently R300 million (2010: R405 million).

Austerity measures implemented in 2009 have proven to be sustainable as operating expenses have decreased by R172 million from R 472 million in 2009.

The SABC is not expected to pay income taxes in the current year as a result of the operating loss in the current year and the assessed loss carried forward from the prior period.

Share capital and shareholder

There were no changes to the authorised or issued share capital during the year under review. The Government of the Republic of South Africa is the sole shareholder of SABC Limited. The shareholder's representative is the Minister of Communications.

Dividends

No dividends were declared or paid during the year under review.

Going concern and the Government Guarantee

The Board has given particular attention to the assessment of the going concern of the group and is of the view that the group has access to adequate resources to continue in operational existence for the foreseeable future.

The SABC's Profit before interest, tax, depreciation, amortisation of computer software and impairments of trade and other receivables are a positive R 326 million (2010: Loss of 216 million). Although the organisation was still in a loss position of R129 million, this was mainly due to the Financing costs for the Government Guaranteed R1 billion loan and Finance Leases for the High Definition Outside Broadcast Vans as well as the depreciation for the four units and depreciation of the other property, plant and equipment.

The SABC also generated cash from its operations, R491 million driven largely by increased revenues. Cash and Cash Equivalents were R109 million and there were held to maturity investments of R591 million. The organisation has not accessed the second tranche of the Government Guarantee (R473 million) due to operations having stabilised and the liquidity position having improved greatly.

The organisation is also poised to begin early repayments of the current portion (R111 million) of the long term R1 billion loan in the first two months of the 2011/12 fiscal.

The Board is in the process of implementing its turnaround strategy in order to begin the process of creating a sustainable strategy for the SABC. These measures include revenue enhancing measures, cost reduction initiatives, working capital improvements and a reduction in capital expenditures.

The SABC has submitted to the shareholder a 36 month cash flow projection for the period 1 April 2011 to 31 March 2014. The cash flow projection indicates that the SABC will be able to meet its obligations as they fall due and will have sufficient facilities to meet any cash flow shortfalls in this period.

The SABC is continuing to work hard at fulfilling the requirements of the AG Report. All risk policies are in the process of being approved or implemented; there is a high level of compliance with Government Guarantee requirements; the Corporate Plan and Performance Contracts for all executives complies with Government requirements; the development of Performance mangement framework and policies has commenced; the SABC Annual Report (FY09/10) was completed and submitted in time; the Corporate Plan (FY11 -14) was completed according to Treasury specifications and submitted on time; a Shareholder Compact (FY10/11) was completed and submitted to the Department of Communications

Corporate Governance and Compliance

The Board of Directors oversees compliance by the SABC with the governance requirements set out in the King III Report on Corporate Governance for South Africa, the Protocol on Corporate Governance for state owned enterprises, the PFMA and the related Treasury Regulations, the Broadcasting Act, Companies Act and other relevant legislation. The PFMA, in particular, imposes a number of obligations on the Board in relation to the prevention, identification and reporting of fruitless, wasteful and irregular expenditure, and the collection of revenue owing to the Company. In order to assist the SABC to comply with these obligations, a materiality framework which determines levels of materiality for reporting purposes was approved by the Minister during the financial year.

The Board has acknowledged the challenges facing the Corporation related to: procurement and contract management; internal controls; expenditure management; revenue management; asset management and skills deficit. The Board has appointed a new Head of Internal Audit. The three-year internal audit plan is in place to improve the control and compliance environment and corporate governance.

This is an integral part of the broader Turnaround Strategy and direction setting for the Corporation.

Special Investigative Unit and other investigations

Special audit

Report on the 2010 World Cup expenditure incurred by the SABC.

Investigations completed during the financial year

The Special Investigation Unit performed special investigations into interest in contracts and payments made outside the payroll process.

Forensic investigations into the procurement of expenditure relating to Public Viewing Areas were also performed in the financial year.

Investigations in progress

The Special Investigation Unit is still in the process of completing other investigations. The investigations are still in progress and no reports have yet been issued.

Subsidiaries

Details of the Company's investments in subsidiary companies are reflected in Note 8 of the Group Annual Financial Statements.

Directors

The following were the Directors of the company as per the Companies and Intellectual Property Registration Office(CIPRO):

- B Ngubane Chairperson
- F Sekha (resigned 13 September 2010)
- C Gina
- D Golding
- P Harris (resigned 30 June 2011)
- P Green
- B Masekela (resigned 1 August 2010)
- M Mello (resigned 3 August 2010)
- C Motsepe
- D Niddrie (resigned 13 October 2010)
- C O Neil
- S Vos
- S Mokoetle Group Chief Executive (until 1 February 2011)
- R Nicholson Chief Financial Officer (until 22 July 2011)
- P Makhesha (appointed 3 June 2011)
- J Danana (appointed 3 June 2011)
- C Mahlati (appointed 3 June 2011)
- L Mtimde (appointed 3 June 2011)
- L Nage (appointed 22 July 2011)
- P Molefe (appointed 22 July 2011)

Remuneration of directors and members of Exco

Remuneration of non-executive Directors consisted of a fixed retainer plus a variable fee which is paid to Directors depending on their membership of Board sub-committees and attendance of scheduled Board meetings. A full disclosure of Directors' remuneration paid for the 2010/11 financial year is set out in Note 42. Full disclosure is also made of the Senior Management remuneration and is also set out in note 42.

Events subsequent to Financial Statement date

There were no material events that have not been provided for in the Annual Financial Statements.

Company Secretary

Ms Thelma Melk was the Company Secretary of the Company from 1 October 2008.

The registered address of the Company and the contact details of the Company Secretary appear below.

Postal address:	Business address:
Private Bag X1	Radio Park
Auckland Park	Henley Road
2006	Auckland Park
	2006

Telephone number:
+27 (011) 714-3910

Statements of Financial Position as at 31 March 2011

	Note	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
ASSETS					
Property, plant and equipment	4	**1 413 515**	1 522 329	**1 413 515**	1 522 319
Investment properties	5	**32 728**	33 233	**32 728**	33 233
Computer software	6	**211 151**	260 861	**211 151**	260 861
Defined benefit asset	7	**226 633**	285 819	**226 633**	285 819
Investment in subsidiaries	8	**-**	-	**71**	71
Available-for-sale financial assets	9	**4 847**	13 025	**4 847**	13 025
Prepayments	10	**101 771**	115 061	**101 771**	115 061
Other non-current assets		**527**	295	**11**	11
Total non-current assets		**1 991 172**	2 230 623	**1 990 727**	2 230 400
Programme, film and sports rights	11	**929 748**	899 534	**929 748**	899 534
Inventories	12	**2 735**	2 731	**2 735**	2 731
Trade and other receivables	13	**841 089**	905 757	**832 853**	914 757
Prepayments	10	**119 961**	221 316	**119 925**	221 279
Held-to-maturity investments	14	**591 000**	190 000	**591 000**	190 000
Restricted cash	15	**161 057**	53 123	**161 057**	53 123
Cash and cash equivalents	16	**108 753**	114 529	**89 302**	95 696
Total current assets		**2 754 343**	2 386 990	**2 726 620**	2 377 120
Total assets		**4 745 515**	4 617 613	**4 717 347**	4 607 520
EQUITY					
Share capital	17	**1**	1	**1**	1
Fair value adjustment reserve	18	**2 454**	2 118	**2 454**	2 118
Retained earnings		**848 199**	1 062 985	**835 056**	1 046 981
Total equity		**850 654**	1 065 104	**837 511**	1 049 100
LIABILITIES					
Perpetual instrument	19	**27 390**	27 390	**27 390**	27 390
Interest-bearing loans and borrowings	20	**1 179 145**	1 302 893	**1 191 682**	1 315 499
Deferred government grant	21	**435 593**	379 385	**435 593**	379 385
Employee benefits	23	**564 291**	509 183	**564 291**	509 183
Other non-current liabilities		**1 136**	1 136	**1 136**	1 136
Total non-current liabilities		**2 207 555**	2 219 987	**2 220 092**	2 232 593
Trade and other payables	24	**1 048 445**	740 606	**1 021 196**	734 184
Employee benefits	23	**160 887**	142 264	**160 757**	142 134
Deferred income	25	**130 346**	219 806	**130 346**	219 806
Current portion of interest-bearing loans and borrowings	20	**166 524**	46 342	**166 524**	46 342
Taxation payable		**57 198**	23 860	**57 015**	23 717
Current portion of deferred government grant	21	**71 574**	71 574	**71 574**	71 574
Provisions	26	**52 332**	88 070	**52 332**	88 070
Total current liabilities		**1 687 306**	1 332 522	**1 659 744**	1 325 827
Total liabilities		**3 894 861**	3 552 509	**3 879 836**	3 558 420
Total equity and liabilities		**4 745 515**	4 617 613	**4 717 347**	4 607 520

The notes on pages 114 to 149 are an integral part of these annual financial statements.

Income Statements for the year ended 31 March 2011

	Note	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Revenue	*27*	**5 230 324**	4 739 112	**5 230 324**	4 739 112
Other income	*28*	**63 118**	51 877	**62 140**	48 713
Amortisation of programme, film and sports rights	*11*	**(1 597 178)**	(1 579 962)	**(1 597 178)**	(1 579 962)
Impairment of programme, film and sports rights	*11*	**(79 987)**	(70 484)	**(79 987)**	(70 484)
Amortisation of computer software	*6*	**(53 441)**	(59 040)	**(53 441)**	(59 040)
Impairment of trade and other receivables		**(88 037)**	(3 838)	**(88 114)**	(3 838)
Broadcast costs		**(338 173)**	(250 054)	**(338 173)**	(250 054)
Signal distribution and linking costs		**(495 070)**	(474 966)	**(495 070)**	(474 966)
Employee compensation and benefit expenses	*29*	**(1 705 338)**	(1 753 718)	**(1 705 338)**	(1 753 484)
Depreciation of property, plant and equipment	*4*	**(218 967)**	(194 379)	**(218 957)**	(194 328)
Marketing costs		**(108 709)**	(90 375)	**(108 698)**	(90 375)
Direct licence collection costs		**(126 677)**	(152 524)	**(126 677)**	(152 524)
Professional and consulting fees	*30*	**(167 121)**	(138 218)	**(163 000)**	(134 459)
Other expenses					
- personnel costs-other than employee compensation		**(47 999)**	(34 845)	**(47 984)**	(34 829)
- operational		**(300 338)**	(404 756)	**(300 351)**	(403 804)
Other (losses)/gains	*32*	**(1 280)**	2 309	**(1 280)**	2 309
Operating loss before interest and tax		**(34 873)**	(413 861)	**(31 784)**	(412 013)
Net financing loss	*33*	**(84 537)**	(77 933)	**(85 141)**	(74 919)
Finance income	*33*	**42 771**	90 486	**42 934**	93 628
Finance expenses	*33*	**(127 308)**	(168 419)	**(128 075)**	(168 547)
Loss before income tax		**(119 410)**	(491 794)	**(116 925)**	(486 932)
Income tax expense	*34*	**(9 861)**	(679)	**(9 485)**	(619)
Loss for the year		**(129 271)**	(492 473)	**(126 410)**	(487 551)

The notes on pages 114 to 149 are an integral part of these annual financial statements.

Statements of Other Comprehensive Income for the year ended 31 March 2011

		GROUP		COMPANY	
	Note	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Loss for the year		**(129 271)**	(492 473)	**(126 410)**	(487 551)
Other comprehensive (loss)/gain for the year, before tax		**(118 380)**	8 724	**(118 380)**	8 724
Pension fund					
Actuarial gain	*7*	**267 605**	472 015	**267 605**	472 015
Change in paragraph 58 limit of IAS 19 - employee benefits	*7*	**(306 295)**	(452 070)	**(306 295)**	(452 070)
Post -employment medical benefits					
Actuarial loss	*23*	**(80 081)**	(12 372)	**(80 081)**	(12 372)
Gain in changes in fair value of available-for-sale financial assets	*9*	**391**	1 151	**391**	1 151
Income tax relating to other components of other comprehensive income	*34*	**33 201**	(2 281)	**33 201**	(2 281)
Other comprehensive (loss)/gain for the year, net of taxation		**(85 179)**	6 443	**(85 179)**	6 443
Total comprehensive loss for the year		**(214 450)**	(486 030)	**(211 589)**	(481 108)

The notes on pages 114 to 149 are an integral part of these annual financial statements.

Statements of Changes in Equity for the year ended 31 March 2011

	Share capital R'000	Fair value adjustment reserve R'000	Retained earnings R'000	Total R'000
	GROUP			
Balance at 1 April 2009	1	1 128	1 550 005	1 551 134
Total comprehensive gain/(loss) for the year	-	990	(487 020)	(486 030)
Balance at 31 March 2010	1	2 118	1 062 985	1 065 104
Total comprehensive gain/(loss) for the year	-	336	(214 786)	(214 450)
Balance at 31 March 2011	**1**	**2 454**	**848 199**	**850 654**
	COMPANY			
Balance at 1 April 2009	1	1 128	1 529 079	1 530 208
Total comprehensive gain/(loss) for the year	-	990	(482 098)	(481 108)
Balance at 31 March 2010	1	2 118	1 046 981	1 049 100
Total comprehensive gain/(loss) for the year	-	336	(211 925)	(211 589)
Balance at 31 March 2011	**1**	**2 454**	**835 056**	**837 511**

The notes on pages 114 to 149 are an integral part of these annual financial statements.

Statements of Cash Flows for the year ended 31 March 2011

	Note	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Cash flows from operating activities					
Cash receipts from customers		**5 205 532**	4 872 642	**5 222 768**	4 871 197
Cash paid to suppliers and employees		**(4 682 350)**	(5 099 495)	**(4 699 973)**	(5 108 906)
Cash generated/(utilised) in operations	*35*	**523 182**	(226 853)	**522 795**	(237 709)
Interest received	*33*	**28 493**	26 703	**28 177**	25 764
Dividends received	*33*	**149**	-	**149**	-
Interest paid	*33*	**(117 942)**	(125 003)	**(118 375)**	(124 973)
Income taxes refunded	*36*	**56 678**	110 495	**57 014**	110 512
Net cash inflows/(outflows) from operating activities		**490 560**	(214 658)	**489 760**	(226 406)
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	*37*	**-**	6 042	**-**	6 042
Acquisition of property, plant and equipment	*4*	**(112 801)**	(383 343)	**(112 801)**	(383 343)
Acquisition of computer software	*6*	**(2 363)**	(25 778)	**(2 363)**	(25 778)
Acquisition of equity instruments: programme, film and sports rights	*9*	**-**	(2 912)	**-**	(2 912)
Acquisition of held-to-maturity investments	*14*	**(401 000)**	(190 000)	**(401 000)**	(190 000)
Increase in restricted cash	*15*	**(107 934)**	(23 911)	**(107 934)**	(23 911)
Net cash outflows from investing activities		**(624 098)**	(619 902)	**(624 098)**	(619 902)
Cash flows from financing activities					
Repayment of loan from subsidiary	*20*	**-**	-	**(69)**	(3 036)
Repayment of interest bearing loan	*20*	**-**	(89 000)	**-**	(89 000)
Instalment sale paid during the year	*20*	**(24 081)**	(15 261)	**(24 081)**	(15 261)
Finance raised with instalment sales	*20*	**20 515**	325 845	**20 515**	325 845
Finance raised with assistance of government guarantee	*20*	**-**	1 000 000	**-**	1 000 000
Proceeds from government grant	*21*	**131 579**	131 579	**131 579**	131 579
Net cash inflows from financing activities		**128 013**	1 353 163	**127 944**	1 350 127
Net (decrease)/increase in cash and cash equivalents		**(5 525)**	518 603	**(6 394)**	503 819
Cash and cash equivalents at beginning of the year		**114 529**	(393 420)	**95 696**	(408 123)
Effects of the exchange rate changes on the balance cash held in foreign currencies		**(251)**	(10 654)	**-**	-
Cash and cash equivalents at end of the year	*16*	108 753	114 529	**89 302**	95 696

The notes on pages 114 to 149 are an integral part of these annual financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

The South African Broadcasting Corporation Limited is a company domiciled in South Africa. The consolidated financial statements of the Company as at and for the year ended 31 March 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities. The Group is South Africa's national public service broadcaster. The consolidated financial statements of the Group were authorised for issue by the board of directors on 22 July 2011.

(A) Statement of Compliance

The Consolidated and Separate Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act of South Africa, No. 61 of 1973, as amended, the Public Finance Management Act, No. 1 of 1999, as amended, and the Broadcasting Act, No. 4 of 1999, as amended.

(B) Basis of Preparation

The Consolidated and Separate Annual Financial Statements are presented in South African Rands, rounded to the nearest thousand, and have been prepared on the historical cost basis, except for available-for-sale financial assets and derivative financial instruments, which are measured at fair value.

The preparation of consolidated and separate annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in note 2.

The accounting policies set out below have been applied consistently for all periods presented in the consolidated Annual Financial Statements.

(C) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial results of subsidiaries are included in the Annual Financial Statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-Group balances and any unrealised gains and losses or income and expenses arising from intra-Group transactions, are eliminated in preparing the Annual Financial Statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(D) Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Annual Financial Statements are presented in South African Rands, which is the Company's functional and Group's presentation currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the date the fair value was determined.

(E) Property, Plant and Equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials, direct labour, an appropriate proportion of overheads and any other costs directly attributable to bringing the asset to a working condition in the manner intended by management.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Leased assets

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. An asset acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at inception of the lease on initial recognition. The asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are accounted for as described in accounting policy (s).

(iii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are charged to profit or loss during the financial period in which they are incurred.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(E) Property, Plant and Equipment (continued)

(iv) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

• Buildings	7 - 65 years
• Broadcast equipment	5 - 15 years
• Computer equipment	3 - 11 years
• Musical equipment	up to 40 years
• Office equipment	5 years
• Security equipment	5 years
• Motor vehicles	5 - 15 years

The useful lives, depreciation methods and current residual values, if not insignificant, are reassessed annually and adjusted if appropriate.

(v) Derecognition

The gain or loss on the disposal or scrapping of property, plant and equipment is recognised in profit or loss, (refer to note 32). Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment.

(F) Investment Properties

(i) Cost method

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at historical cost or deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of investment properties that had been revalued to fair value on 1 April 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at that date.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each of the investment properties. The estimated useful lives for the current and comparative periods are as follows:

• Investment properties	50 years

The useful lives, depreciation methods and residual values, if not insignificant, are reassessed annually and adjusted if appropriate.

(iii) Fair values

An external, independent valuation Company, having an appropriate recognised professional qualification and recent experience in the location and category of property, has been involved in determining the fair value of the properties for disclosure purposes. The values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations are prepared by either considering the value obtained for recent sales of similar or substitute properties, or the aggregate of the net annual rent receivable from the properties and where relevant, associated costs. In the latter instance, a yield which reflects the specific risks inherent in the net cash flows is then applied to net annual rentals to arrive at the property valuation.

Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between the lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated revisionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

Rental income from investment property is accounted for as described in accounting policy (r).

Where an item of property, plant and equipment is transferred to/from investment property following a change in its use, the cost and related accumulated depreciation, (i.e. carrying value) at the date of reclassification becomes its cost for accounting purposes and subsequent recording.

(G) Intangible Assets

(i) Originated programme, film and sports rights

Originated programme, film and sports rights, including work commissioned from independent producers, are stated at cost less accumulated amortisation and accumulated impairment losses. Cost comprises direct costs, including cost of materials, artist fees, production overheads as well as a proportion of other attributable overheads. Subsequent expenditure on capitalised assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

(ii) Acquired programme, film and sports rights

Acquired programme, film and sports rights are stated at cost less accumulated amortisation (below) and accumulated impairment losses. Cost comprises actual acquisition cost plus language dubbing, where applicable.

Acquired programme, film and sports rights are generally recognised when the licence period begins, the cost of the right is known or reasonably determinable, the material has been accepted by the Group in accordance with conditions of the licence agreement, and the material is available for its first transmission. If at the date of signing, a substantial degree of uncertainty exists about the availability of the material, particularly if a licence agreement is signed for programme material that does not yet exist, the asset is only recorded once the uncertainties are eliminated and the programme is received and available for broadcast.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(G) Intangible Assets (continued)

(ii) Acquired programme, film and sports rights (continued)

Payments made before the recognition criteria for an asset are met, are recorded as Prepayments and classified as current or non-current, depending on the estimated time of usage of the material. Conversely, where arrangements have been executed for the future purchase of programme, film and sports rights, but the recognition criteria above have not been met, the arrangements are disclosed as Commitments.

Programme, film and sports rights are classified as current assets as they are expected to be realised in the Group's normal operating cycle.

(iii) De-recognition of programme, film and sports rights

Cost and accumulated amortisation of originated programme, film and sports rights are derecognised after the estimated number of showings. Cost and accumulated amortisation of acquired programme, film and sports rights are derecognised at the earlier of the expriry of licence period or allowed number of showings.

(iv) Other intangible assets

Other intangible assets, including computer software not considered an integral part of property, plant and equipment, are stated at cost less accumulated amortisation (below) and impairment losses. Expenditure on internally generated brands is recognised in the income statement as an expense as incurred.

(v) Subsequent expenditure

Other intangible assets, including computer software not considered an integral part of property, plant and equipment, are stated at cost less accumulated amortisation (below) and impairment losses. Expenditure on internally generated brands is recognised in the income statement as an expense as incurred.

(vi) Amortisation

Amortisation of programme, film and sports rights is charged to profit or loss on a straight-line basis based on the estimated number of future showings if each showing is expected to generate similar audiences. An accelerated method of amortisation is used when the first showing is expected to be more valuable than re-runs.

Amortisation of other intangible assets is charged to profit or loss on a straight-line based on the estimated useful lives of such assets from the date that they are available for use. The estimated useful life of computer software for the current and comparative period is between 2 and 10 years.

Amortisation methods, useful lives and residual values, if not insignificant, are reassessed annually, and adjusted if appropriate.

(H) Investments

The Group classifies its investments in the following categories: loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial Assets
Classification

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except where they have maturities greater than 12 months after the reporting date. These are classified as non-current assets.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell a significant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Purchases and sales of investments are recognised on trade-date, the date at which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and substantially all the risks and rewards of ownership have been transferred.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method less accumulated impairment losses. Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in other comprehensive income. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities.

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 and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

(iv) Non-Financial Assets: Investment in Subsidiaries

Investment in subsidiaries are carried at cost less accumulated impairment losses in the separate financial statements of the Company.

(I) Impairment of Assets

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss has occured after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Impairment of Assets (continued)

(i) Financial assets (including receivables) continued

Objective evidence that financial assets (including equity securities) are impaired can include 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 bankrupcy, the disappearance of an active market for a security. In addition, for an investment in equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, 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 rates. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisaton, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provision attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occuring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity investments and loans and receivables at amortised cost is calculated at the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest computed at initial recognition of these financial assets). Receivables with a short duration are not discounted where the effect is not material.

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 original terms of the receivables. The amount of the impairment is the difference between the asset's carrying amount and its recoverable amount, being the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment is recognised in profit or loss.

Reversals of impairment

An impairment loss in respect of held-to-maturity investments, loans and receivables and trade receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

(ii) Non-financial assets

The carrying amount of the Group's assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or, its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. The impairment loss for programme, film and sports rights will be recognised when the tapes have not been flighted as per schedule at the end of the financial year.

Calculation of recoverable amount

The recoverable amount of non-financial assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Impairment losses in respect of cash generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

Reversals of impairment

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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) Inventories

Merchandise and consumables 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 a weighted average basis and includes other costs incurred in bringing the consumables to their present location and condition.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(K) Trade Receivables

Trade receivables comprise receivables in respect of advertising, sponsorships and facilities and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses. The fair value of trade receivables is net of agency commissions, and where applicable net of trade discounts, which are granted when payment is made in accordance with agreed payment terms.

(L) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

(M) Interest-bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest rate basis.

(N) Employee Benefits

(i) Defined benefit pension plans
The net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service cost and the fair value of any plan assets are deducted. The discount rates used were the following:- yield on Government Stock, the zero-coupon yield curve provided by the South African Bond Exchange that have maturity dates approximating the terms of the Company's obligations.

When the benefits of a plan improve, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in full in other comprehensive income. These defined benefit pension plan's liabilities or assets are valued annually by independent qualified actuaries using the projected unit credit method.

In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of plan liabilities.

(ii) Other post-employment benefit obligations
The Group provides a subsidy for medical aid contributions payable by those employees who elect to remain on the medical aid scheme after retirement. The entitlement to these benefits is usually conditional on the employee remaining in service up to normal retirement age or the completion of a minimum service period in the event of early retirement. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for the defined benefit pension plan. This liability relating to post-employment medical benefits is valued annually by independent qualified actuaries.This practise of post-retirement medical aid contributions was discontinued for all new employees after 1 July 2004. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised out of profit or loss and recognised in the statement of other comprehensive income.

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(O) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(P) Trade and other Payables

(i) Trade and other payables are initially recognised at fair value plus any directly attributable transaction costs.
Trade and other payables are subsequently measured at amortised cost, using the effective interest method..

(Q) Financial Investment

(i) Derivative financial instruments
The Group uses derivative financial instruments to economically hedge its exposure to foreign exchange risks arising from the purchase of foreign programme, film and sports rights. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, since the Group has elected not to apply hedge accounting, all derivative financial instruments are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(ii) Embedded derivatives
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to those of a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to the specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, or other variables. Embedded derivatives are disclosed separately from the derivatives held for risk management. The changes in fair value are included in profit or loss.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(Q) Financial Instruments (continued)

(iii) Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequently it is measured at amortised cost using the effective interest method, less any impairment losses.

(iv) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(v) Restricted cash
Cash which is subject to restrictions on its use is stated separately at carrying value in the statement of financial position.

(R) Revenue

(i) Advertising revenue
Advertising revenue is recognised at the time the related advertisement or commercial appears before the public. The amount recognised is net of Value-Added Tax; Media Industry Trust levies; trade discounts and, where applicable, estimates of agency commissions, which are granted when payment is made in accordance with agreed payment terms.

(ii) Trade exchanges (non-monetary exchanges)
When broadcasting airtime is exchanged for dissimilar goods or services, the exchange is regarded as a transaction which generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

(iii) Sponsorship revenue
Sponsorship revenue is recognised at the time sponsored programmes are aired, net of Value-Added Tax and trade discounts. The consideration in sponsorship agreements containing more than one identifiable component, such as promotional advertising time and sponsorships, is allocated to underlying components based on their relative fair value and accounted for in accordance with the substance of the underlying component.

(iv) Licence fee revenue
Licence fee revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Company. Based on past experience, management does not consider economic benefits associated with television licences to be probable until the consideration is received, and therefore does not accrue for revenue on television licences. Licence fee revenue is therefore recognised on a cash basis, net of Value-Added Tax, as and when received.

(v) Government grants
Government grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in profit or loss as revenue on a systematic basis over the useful life of the asset.

(vi) Other revenue/income
Other revenue associated with the sale of goods is such as programme rights exploitation revenue and mobile revenue recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. Other revenue associated with the provision of services is recognised in profit or loss in proportion to the services performed to date as a percentage of total services to be performed. Other revenue/income also includes rental income, which is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(S) Lease Payments

(i) Operating lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(ii) Finance lease payments
Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is also allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The capital portion of future obligations under the leases is included as a liability in the statement of financial position.

Initial direct costs incurred in negotiating and securing lease arrangements are added to the amount recognised as an asset.

(T) Net Financing Income

Financing income includes interest receivable on funds invested, dividend income and foreign exchange gains and losses.

Interest payable on borrowings is calculated using the effective interest method. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is usually the ex-dividend date.

The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(U) Income Tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in the statement of comprehensive income, in which case it is recognised there.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on the net basis or their tax assets and liabilities will be realised simultaneously

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits reversing temporary differences will be available against which the asset can be utilised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(V) Related Parties

The Group operates in an environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the constitutional independence of all the three spheres of government in South Africa, only parties within the national sphere of government will be considered to be related parties.

Key management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the Company. All individuals from the level of Executive Management up to the Board of Directors are regarded as key management per the definition of IFRS.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the Group.

Other related party transactions are also disclosed in terms of the requirements of IFRS. The objective of IFRS and the annual financial statements is to provide relevant and reliable information and therefore materiality is considered in the disclosure of these transactions.

(W) Borrowing Costs

Financing costs directly associated with the acquisition or construction of assets that require more than three months to complete and place in service are capitalised at interest relating to loans specifically raised for that purpose, or at the weighted average borrowing rate where the general pool of Group borrowings was utilised. Other borrowing costs are expensed as incurred. Capitalisation commences when the entity incurs expenditure for the asset, it incurs the borrowing costs and it undertakes activities that are necessary to bring the asset to its intended use or sale.

2 ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

(A) Critical Accounting Estimates and Assumptions

The preparation of the annual financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in significant adjustments as accounting estimates will, by definition, seldom equal the 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.

(i) Useful lives of property, plant and equipment
The Group calculates depreciation of property, plant and equipment on a straight-line basis so as to write off the cost of the assets over their expected useful lives. The useful life of an asset is determined on existing physical wear and tear, economic and technical ageing, legal or other limits on the use of the asset and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flows, the Group may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

(ii) Amortisation and impairment of computer software
The Group believes that the accounting estimates relating to the amortisation and impairment of computer software are significant accounting estimates because they require management to make assumptions about the useful life of an asset. The useful life of an asset is determined on existing economic and technical ageing, legal or other limitations on the use of the asset and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flows, the Group may accelerate the amortisation charge to reflect the remaining useful life of the asset or record an impairment loss. See accounting policy 1(g) and note 6.

(iii) Amortisation and impairment of programme, film and sports rights
The Group believes that the accounting estimates relating to the amortisation and impairment of programme, film and sports rights are significant accounting estimates because they require management to make assumptions about future audiences and revenues, and a change in the pattern of amortisation or potential impairment in programme, film and sports rights may have a material impact on the value of these assets reported in the Company's statement of financial position. See accounting policies 1(g) and note 11.

2 ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(A) Critical Accounting Estimates and Assumptions (continued)

(iv) Pension assumptions
The Group's pension fund is a funded defined benefit pension fund that provides pension fund benefits for all of the Group's permanent employees. The latest statutory valuation of the fund was performed at 31 December 2008, in which the valuator reported that the fund was in a sound financial position subject to the continuation of the current contribution rates, and its assets exceed its liabilities.

Annually the defined benefit pension plan is valued on 31 March using the Projected Unit Credit Method for the financial statements certified by the Actuaries. The cost of defined benefit pension plan as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, expected rates on return of assets, future salary increases, mortality rates of in-service members and pension mortality rates and future pension increases, withdrawal of member in the service and family statistics. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of quality corporate bonds in the respective country, (i.e. yield on South African Government Bonds). The mortality rate is based on public available mortality tables for the specific country (i.e. PA (90) mortality table). Future salary increase and pension increases are based on expected future inflation rates. Further details about the assumptions used are given in note 7.

(v) Post-employment medical aid assumptions
The Group provides a subsidy of medical aid contributions payable by those employees who elect to remain on the medical aid scheme after retirement. The Group provides for these post-employment medical aid benefits using the Projected Unit Credit method prescribed by IAS 19 - Employee Benefits. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over their expected working lifetime. The liability is calculated by considering some key actuarial assumptions such as (1) the rate of healthcare cost inflation, (2) discount rate, (3) percentage members continuing after retirement and (4) average retirement age of members. The key actuarial assumptions made are disclosed in note 23.

Any change in these assumptions could result in a material adjustment to the post-employment medical liability stated on the Group's statement of financial position as well as a material impact on the Group's profit. A one percentage point increase in the rate of health care cost inflation would increase the post-employment medical liability by approximately R85 million (2010: R68 million), whereas a one percentage point reduction in the rate of health care cost inflation would decrease the liability by R69 million (2010: R55 million) as at 31 March 2011. The employers liability will also be affected by the take-up rate assumption related to the past service, an increase from 80% to 90% in the take-up rate would increase the past service liability by approximately R31 million (2010: R25 million), whereas a percentage decrease in the take-up rate from 80% to 70% would result in a reduction of R14 million (2010: R25 million) in the past service accrued liability at 31 March 2011. See note 23.

(vi) Legal matters
The Group is involved in legal disputes through its normal course of business. The outcome of these legal claims may have a material impact on the Group's financial position and results of operations. Management estimates the potential outcome of these legal claims based on the most objective evidence on hand from internal and external legal advisors until such time that ultimate legal resolution has been finalised. Due to the uncertain nature of these issues, any changes in these estimates based on additional information as it becomes available could result in material changes to the financial statements in subsequent periods. See note 41.

(vii) Valuation of financial instruments
The valuation of embedded derivative financial instruments is based on the market situation at reporting date. The value of the derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at reporting date.

Where the fair value of the financial assets and liabilities recorded in the statement of financial position cannot be derived from the active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs of these models are taken from observable markets where possible, but where this is not possible, a degree of judgement is required in establishing fair values. The judgements include consideration of inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions about the facts could affect the reported fair value of the affected financial instrument.

(viii) Impairment of trade and other receivables and credit notes
Doubtful accounts are reported at the amount likely to be recoverable based on the historical experience of customer default. As soon as it is learned that a particular account is subject to a risk over and above the normal credit risk (e.g. lower creditworthiness of customer, dispute as to the existence of the amount of the claim, no enforceability of the claim for legal reasons etc.), the account is analysed and written down if circumstances indicate the receivable is uncollectible. Accumulated write-downs of receivables and provisions for credit notes amounted to R270 million (2010: R230 million) as of 31 March 2011.

(ix) Accrual for needle time
The "needle time" royalty accrual is the amount accrued for music performers for music broadcasted on SABC radio stations. The provision takes into consideration the revenue of each radio station, the total music broadcasted as a percentage of total broadcast time, each radio station's share of the total South African radio audience and the industry's average net profit percentage for the period of the provision.

(B) Critical judgements in applying the Company's accounting policies

Channel Africa (Radio)
"The Group has been delegated with the responsibility by the Department of Communications to administer Channel Africa, which is a sub-division of the Department of Communications.

Channel Africa (Radio) has therefore been excluded from the annual financial statements because the Board of Directors do not believe that it is controlled by the Company, nor is it a Joint Venture or an Associate Company."

3 NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of the financial statements of the Group for the year ended 31 March 2011, the following standards and interpretations were in issue but not yet effective.

Standards

(i) IAS 12 - amendment - Deferred tax: Recovery of Underlying Assets
(ii) IAS 32 - amendment - Financial Instruments - Presentation - Classification of Rights Issue
(iii) IFRS 1 - amendment - Limited exemption from Comparative IFRS 7 Disclosures for First-time Adopters
(iv) IFRS 1 - amendment - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
(v) IFRS 7 - amendment - Disclosures – Transfers of Financial Assets
(vi) IFRS 9 - Financial Instruments

Interpretations

(i) IFRIC 14 - IAS 19- amendment - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
(ii) IFRIC 19 - Extinguishing financial liabilities with equity instruments

IFRS 9 and IFRIC 14, will be adopted on the effective dates. Management has not yet considered the effect of these on the Company

The remaining standards and interpretations are not applicable or will have no impact on future financial statements.

4 PROPERTY, PLANT AND EQUIPMENT

	GROUP					
	Land and buildings R'000	Broadcasting equipment R'000	*Other equipment R'000	Vehicles R'000	**Capital work-in-progress R'000	Total R'000
At 31 March 2011						
Cost	**866 971**	**1 516 813**	**368 525**	**80 703**	**54 278**	**2 887 290**
Accumulated depreciation and impairment losses	**(333 832)**	**(830 708)**	**(271 638)**	**(37 597)**	**-**	**(1 473 775)**
Carrying amount	**533 139**	**686 105**	**96 887**	**43 106**	**54 278**	**1 413 515**
At 31 March 2010						
Cost	850 540	1 458 035	320 346	65 446	106 644	2 801 011
Accumulated depreciation and impairment losses	(288 049)	(717 149)	(240 700)	(32 784)	-	(1 278 682)
Carrying amount	562 491	740 886	79 646	32 662	106 644	1 522 329
For the year ended 31 March 2011						
Carrying amount at 1 April 2010	**562 491**	**740 886**	**79 646**	**32 662**	**106 644**	**1 522 329**
Additions	**581**	**46 838**	**8 686**	**15 455**	**41 241**	**112 801**
Disposals	**-**	**(1 209)**	**(71)**	**-**	**-**	**(1 280)**
Cost	**-**	**(20 123)**	**(4 833)**	**(198)**	**-**	**(25 154)**
Accumulated depreciation and impairment losses	**-**	**18 914**	**4 762**	**198**	**-**	**23 874**
Transfers (to)/from computer software and other categories	**15 850**	**32 063**	**44 326**	**-**	**(93 607)**	**(1 368)**
Cost	**15 850**	**32 063**	**44 326**	**-**	**(93 607)**	**(1 368)**
Depreciation charge for the year	**(45 783)**	**(132 473)**	**(35 700)**	**(5 011)**	**-**	**(218 967)**
Carrying amount at 31 March 2011	**533 139**	**686 105**	**96 887**	**43 106**	**54 278**	**1 413 515**
Cost price of fully depreciated assets still in use	**36 923**	**432 754**	**212 526**	**23 216**	**-**	**705 419**
For the year ended 31 March 2010						
Carrying amount at 1 April 2009	582 597	473 431	80 092	7 300	275 133	1 418 553
Additions	4 588	304 359	9 568	1 252	63 576	383 343
Scrapped assets	(4)	(3 575)	(125)	(29)	-	(3 733)
Cost	(45)	(20 750)	(985)	(4 119)	-	(25 899)
Accumulated depreciation and impairment losses	41	17 175	860	4 090	-	22 166
Transfers (to)/from investment property, computer software and other categories	20 123	79 638	23 731	27 118	(232 065)	(81 455)
Cost	20 174	80 719	23 769	27 119	(232 065)	(80 284)
Accumulated depreciation and impairment losses	(51)	(1 081)	(38)	(1)	-	(1 171)
Depreciation charge for the year	(44 813)	(112 967)	(33 620)	(2 979)	-	(194 379)
Carrying amount at 31 March 2010	562 491	740 886	79 646	32 662	106 644	1 522 329
Cost price of fully depreciated assets still in use	27 492	466 347	172 075	22 597	-	688 511

** Other equipment comprises computer, office, musical and security equipment.*

*** Capital work-in-progress consists of property, plant and equipment that has been received or constructed, but is not yet available for use.*

Information on land and buildings

Information in respect of land and buildings is contained in the fixed property register, which is available for inspection at the registered office of the company.

4 PROPERTY, PLANT AND EQUIPMENT (continued)

	COMPANY					
	Land and buildings R'000	**Broadcasting equipment R'000**	***Other equipment R'000**	**Vehicles R'000**	****Capital work-in-progress R'000**	**Total R'000**
At 31 March 2011						
Cost	**866 971**	**1 516 813**	**368 219**	**80 703**	**54 278**	**2 886 984**
Accumulated depreciation and impairment losses	**(333 832)**	**(830 708)**	**(271 332)**	**(37 597)**	**-**	**(1 473 469)**
Carrying amount	**533 139**	**686 105**	**96 887**	**43 106**	**54 278**	**1 413 515**
At 31 March 2010						
Cost	850 540	1 458 035	320 040	65 446	106 644	2 800 705
Accumulated depreciation and impairment losses	(288 049)	(717 149)	(240 404)	(32 784)	-	(1 278 386)
Carrying amount	562 491	740 886	79 636	32 662	106 644	1 522 319
For the year ended 31 March 2011						
Carrying amount at 1 April 2010	**562 491**	**740 886**	**79 636**	**32 662**	**106 644**	**1 522 319**
Additions	**581**	**46 838**	**8 686**	**15 455**	**41 241**	**112 801**
Disposals	**-**	**(1 209)**	**(71)**	**-**	**-**	**(1 280)**
Cost	**-**	**(20 123)**	**(4 833)**	**(198)**	**-**	**(25 154)**
Accumulated depreciation and impairment losses	**-**	**18 914**	**4 762**	**198**	**-**	**23 874**
Transfers (to)/from investment property, computer software and other categories	**15 850**	**32 063**	**44 326**	**-**	**(93 607)**	**(1 368)**
Cost	**15 850**	**32 063**	**44 326**	**-**	**(93 607)**	**(1 368)**
Depreciation charge for the year	**(45 783)**	**(132 473)**	**(35 690)**	**(5 011)**	**-**	**(218 957)**
Carrying amount at 31 March 2011	**533 139**	**686 105**	**96 887**	**43 106**	**54 278**	**1 413 515**
Cost price of fully depreciated assets still in use	**36 923**	**432 754**	**212 281**	**23 216**	**-**	**705 174**
For the year ended 31 March 2010						
Carrying amount at 1 April 2009	582 597	473 431	80 031	7 300	275 133	1 418 492
Additions	4 588	304 359	9 568	1 252	63 576	383 343
Disposals	(4)	(3 575)	(125)	(29)	-	(3 733)
Cost	(45)	(20 750)	(985)	(4 119)	-	(25 899)
Accumulated depreciation and impairment losses	41	17 175	860	4 090	-	22 166
Transfers to investment property, computer software and other categories	20 123	79 638	23 731	27 118	(232 065)	(81 455)
Cost	20 174	80 719	23 769	27 119	(232 065)	(80 284)
Accumulated depreciation and impairment losses	(51)	(1 081)	(38)	(1)	-	(1 171)
Depreciation charge for the year	(44 813)	(112 967)	(33 569)	(2 979)	-	(194 328)
Carrying amount at 31 March 2010	562 491	740 886	79 636	32 662	106 644	1 522 319
Cost price of fully depreciated assets still in use	27 492	466 347	172 075	22 597	-	688 511

** Other equipment comprises computer, office, musical and security equipment.*

*** Capital work-in-progress consists of property, plant and equipment that has been received or constructed, but is not yet available for use.*

Information on land and buildings

Information in respect of land and buildings is contained in the fixed property register, which is available for inspection at the registered office of the company.

4 PROPERTY, PLANT AND EQUIPMENT (continued)

	GROUP AND COMPANY	
	2011	2010
Carrying amount of property, plant and equipment ceded as security *(see also note 20)*	R'000	R'000
Copy centre equipment to secure Nedbank lease facility	**943**	1 333
PABX to secure Nedbank instalment sale	**-**	6
Desktop computer equipment pledged to secure the Nedbank instalment sale	**2 673**	10 023
High Definition TV outside broadcast units to secure FirstRand Lease facility	**286 411**	313 046
Motor vehicles to secure Nedbank Instalment sale	**4 357**	-
	294 384	324 408
Included in capital work-in-progress are the following major projects:		
UPS system for Henley TV facility	**4 873**	-
Radiopark studios S20 and S21 upgrade	**1 287**	-
News studio 9 digitisation	**10 384**	6 568
Final control centres equipment replacement	**1 518**	-
Line record facility upgrade	**3 072**	-
TV Outside Broadcasting unit parking modification	**2 165**	-
SAP GRC implementation	**2 509**	-
Election results system	**4 484**	-
News production and computer systems	**2 329**	-
Refurbishment of Bisho infrastructure	**5 855**	-
Nelspruit broadcasting centre	**5 583**	5 076
TV office block upgrade	**-**	27 014
New media platform infrastructure	**-**	8 480
Radiopark 28th and 29th floor refurbishment	**-**	8 470
Data network upgrade	**-**	6 547
Digital library pre-implementation	**-**	5 493
Multichannel playout centre pre-implementation	**-**	5 140
Documentation archive	**-**	3 359
Richard's Bay news bureau	**-**	2 990
Henley news production and news computer systems	**-**	2 329
Radiopark M1 studio upgrade	**-**	2 226
Total	**44 059**	**83 692**

5 INVESTMENT PROPERTIES

	2011	2010
Deemed Cost	**34 567**	34 567
Accumulated depreciation	**(1 839)**	(1 334)
Carrying amount	**32 728**	33 233
Carrying amount at 1 April	**33 233**	34 944
Depreciation charge for the year	**(505)**	(505)
Impairment charge for the year	**-**	(1 206)
Carrying amount at 31 March	**32 728**	33 233
Fair value of investment properties	**103 626**	98 526

Fair value of investment properties

The fair values of investment properties is determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties.

The fair values were determined by JHI Property Services for the South African properties and for the London property they were determined by NB Real Estate, on 31 March 2011 and 20 April 2011 respectively.

Information on investment properties

Investment properties comprise a number of commercial and residential properties that are leased to third parties. These leases are for non-cancellable periods ranging from 1 to 3 years. Subsequent renewals are negotiated with the lessee.

Information in respect of investment properties is contained in the register of fixed property which is available for inspection at the registered office of the Group.

6 COMPUTER SOFTWARE

	GROUP AND COMPANY		
	Computer software R'000	*Capital work-in-progress R'000	Total R'000
At 31 March 2011			
Cost	**377 343**	-	**377 343**
Accumulated amortisation and impairment losses	**(166 192)**	-	**(166 192)**
Carrying amount	**211 151**	-	**211 151**
At 31 March 2010			
Cost	373 612	-	373 612
Accumulated amortisation and impairment losses	(112 751)	-	(112 751)
Carrying amount	260 861	-	260 861
For the year ended 31 March 2011			
Carrying amount at 1 April 2010	**260 861**	-	**260 861**
Additions	**2 363**	-	**2 363**
Transfers from property, plant and equipment and capital work in progress	**1 368**	-	**1 368**
Cost	**1 368**	-	**1 368**
Amortisation charge for the year	**(53 441)**	-	**(53 441)**
Carrying amount at 31 March 2011	**211 151**	-	**211 151**
Cost price of fully amortised assets still in use	**15 346**	-	**15 346**
For the year ended 31 March 2010			
Carrying amount at 1 April 2009	212 668	-	212 668
Additions	26 333	-	26 333
Transfers to/(from) property, plant and equipment and capital work in progress	(555)	-	(555)
Cost	(555)	(32 304)	(32 859)
Accumulated amortisation and impairment losses	-	32 304	32 304
Transfers to/(from) property, plant and equipment and capital work in progress	81 455	-	81 455
Cost	47 980	32 304	80 284
Accumulated amortisation and impairment losses	33 475	(32 304)	1 171
Amortisation charge for the year	(59 040)	-	(59 040)
Carrying amount at 31 March 2010	260 861	-	260 861
Cost price of fully amortised assets still in use	15 033	-	15 033

**Transfers between computer software and property, plant and equipment occur when these assets are capitalised. This occurs because the fixed asset register is not split on a component basis, but on an overall project basis.*

7 DEFINED BENEFIT ASSET

The Group's Pension Fund is a funded defined benefit pension fund, that is registered and governed in terms of the Pension Funds Act, No. 24 of 1956 and Pension Funds Second Amendment Act, No. 39 of 2001. It provides pension fund benefits for all it's members. The financial position of the fund is examined and reported upon by the Fund's valuator at intervals not exceeding three years. The last statutory valuation of the Fund was performed at 31 December 2008, in which the valuator reported that the Fund was in a sound financial position subject to the continuation of the current contribution rates, and that its assets exceeded its liabilities. The next statutory valuation will take place before 31 December 2011. The results of the valuation undertaken in 31 December 2003 and approved in 2007 have been used to determine the extent of the surplus for the purpose of a surplus apportionment in terms of the Pension Fund Second Amendment Act, No. 39 of 2001.

The defined benefit pension plan is valued annually on the 31 March, using the Projected Unit Credit Method for the financial statements. These valuations are performed by Actuaries and the results are as follows:	GROUP AND COMPANY 2011 R'000	2010 R'000
Opening balance	**285 819**	320 598
Actuarial (loss)/gain recognised in statement of comprehensive income	**(38 690)**	19 945
Amounts recognised in the income statement	**(83 162)**	(134 973)
Employer Contributions	**62 666**	80 249
Closing balance	**226 633**	285 819

7 DEFINED BENEFIT ASSET (continued)

	GROUP AND COMPANY	
	2011 R'000	2010 R'000
The amounts recognised in the statement of financial position are determined as follows:		
Present value of funded obligations	**(5 932 902)**	(5 718 895)
Fair value of plan assets	**6 937 326**	6 476 210
Funded status of the plan	**1 004 424**	757 315
Unrecognised due to paragraph 58 limit of IAS 19 - Employee benefits	**(777 791)**	(471 496)
Asset recognised in the statement of financial position	**226 633**	285 819
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**5 718 895**	5 066 772
Current service cost	**171 998**	192 599
Interest cost	**509 987**	453 739
Actuarial gain/(loss)	**(188 950)**	249 939
Benefits paid	**(332 733)**	(295 268)
Employee contributions	**53 705**	51 114
Closing defined benefit obligation	**5 932 902**	5 718 895
Changes in the fair value of plan assets are as follows:		
Fair value of plan assets at the beginning of the year	**6 476 210**	5 406 796
Employee contributions	**53 705**	51 114
Employer contributions	**62 666**	80 249
Benefit payments	**(332 733)**	(295 268)
Expected return on plan assets	**598 823**	511 365
Actuarial gain	**78 655**	721 954
Fair value of plan assets at the end of the year	**6 937 326**	6 476 210
The amounts recognised in the income statement are determined as follows:	**(83 162)**	(134 973)
Current service cost	**(171 998)**	(192 599)
Interest cost	**(509 987)**	(453 739)
Expected return on plan assets	**598 823**	511 365
Items recognised in the statement of comprehensive income are determined as follows:	**(38 690)**	19 945
Actuarial gain	**267 605**	472 015
Change in paragraph 58 limitation	**(306 295)**	(452 070)
Net periodic pension charge	**(121 852)**	(115 028)
The principal actuarial assumptions at the statement of financial position date (expressed as weighted averages) are as follows:	%	%
Discount rate at 31 March	**9.0**	9.0
Expected return on plan assets at 31 March	**9.3**	9.4
Inflation	**5.8**	5.8
Future salary increases	**7.3**	7.3
Future pension increases	**4.8**	4.8

	GROUP AND COMPANY			
	2011		2010	
Plan assets comprise:	R'000	%	R'000	%
Domestic Equity	**4 362 228**	**62.9**	3 740 735	57.8
Bonds	**889 009**	**12.8**	830 266	12.8
Cash	**370 997**	**5.3**	512 875	7.9
Foreign Assets	**1 152 995**	**16.6**	1 189 938	18.4
Hedged Assets	**162 097**	**2.4**	202 396	3.1
	6 937 326	**100.0**	6 476 210	100.0

The overall expected long-term rate of return on assets is 10.2% (2010: 9.4%). The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns without adjustments.

7 *DEFINED BENEFIT ASSET (continued)*

	GROUP AND COMPANY				
	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000
Defined benefit obligation	**(5 932 902)**	(5 718 895)	(5 066 772)	(5 344 393)	(5 277 663)
Plan assets	**6 937 326**	6 476 210	5 406 796	6 557 089	6 233 008
Surplus	**1 004 424**	757 315	340 024	1 212 696	955 345

During the financial year under review, management estimated that an amount of R75 million will be incurred towards the contribution into the defined benefit pension plan. The utilisation of this will be through a "pension fund holiday". The group contribution rate was 7% (2010: 7%) instead of the recommended 16.3% (2010: 20.4%).

8 INVESTMENT IN SUBSIDIARIES

COMPANY	Nature of business	Issued share capital (number)	% Held	Shares at cost 2011 R'000	Shares at cost 2010 R'000
SABC Airwave Travel (Proprietary) Limited	Travel agency	2	100	- *	- *
Astrasat (Proprietary) Limited	Dormant	1	100	- *	- *
Auckland Programme Trade B.V. *(incorporated in the Netherlands)*	Trading in TV programmes	40	100	**71**	71
Rugby Broadcasting (Proprietary) Limited	Dormant	1	100	- *	- *
Skenia Telematics (Proprietary) Limited	Dormant	1	100	- *	- *
Shares at cost				**71**	71
Directors' valuation				**13 143**	16 004

**Shares at cost of R1.*

9 AVAILABLE-FOR-SALE FINANCIAL ASSET

Fair value Hierarchy

The available for sale assets listed below are analysed by hierarchy levels defined as follows:

Level 1: Quoted prices in active markets for identical assets
Level 3: Inputs for the asset that are not based on observable market data

Level 1

Sanlam shares
Listed - 143 257 (2009: 143 257) Sanlam Limited*

	GROUP AND COMPANY 2011 R'000	GROUP AND COMPANY 2010 R'000
Balance on 1 April	**3 565**	2 414
Fair value adjustment recognised in the statement of other comprehensive income	**391**	1 151
	3 956	3 565

Level 3

Equity instruments:- Programme, film and sports rights**	Percentage holding in deals	2011 R'000	2010 R'000
		891	9 460
Behind the Rainbow	**15%**	-	1 000
In the time of Mandela***	**15%**	-	500
People of the Eland***	**15%**	**6**	1 260
Mr Bones 2	**15%**	**173**	4 000
Bang Bang Club***	**7.50%**	**712**	2 700
Balance 31 March		**4 847**	13 025

*The available-for-sale financial assets were revalued at year end. There were no disposals or impairment on available-for-sale financial assets during the year under review.

**The equity instrument were assessed for impairment at year end and the carrying amount has been adjusted for the impairment. Refer to note 31. There were no disposals during the year under review and the carrying amount of the available-for-sale financial assets closely approximates the fair value at year end.

***These equity instruments related to payments already made on equity rights for programmes and films that are not fully completed as at 31 March 2011. Additional payments will still be executed post year end amounting to R 0.4 million and is included as programme commitments.

10 PREPAYMENTS

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Programme, film and sports rights	**198 146**	319 814	**198 146**	319 814
Other	**23 586**	16 563	**23 550**	16 526
	221 732	336 377	**221 696**	336 340
Less: Current portion	**(119 961)**	(221 316)	**(119 925)**	(221 279)
Non-current portion	**101 771**	115 061	**101 771**	115 061

11 PROGRAMME, FILM AND SPORTS RIGHTS

	GROUP AND COMPANY			
	Acquired programme, film and sports rights R'000	Originated programme, film and sports rights R'000	Work-in-progress R'000	Total R'000
At 31 March 2011				
Cost	**2 169 686**	**4 460 632**	**332 954**	**6 963 272**
Accumulated amortisation and impairment losses	**(1 836 170)**	**(4 139 327)**	**-**	**(5 975 497)**
Provision for programme, film and sports rights impairment losses*	**(47 318)**	**(10 709)**	**-**	**(58 027)**
Carrying amount	**286 198**	**310 596**	**332 954**	**929 748**
At 31 March 2010				
Cost	1 786 671	3 306 878	422 427	5 515 976
Accumulated amortisation and impairment losses	(1 293 692)	(3 269 805)	-	(4 563 497)
Provision for programme, film and sports rights impairment losses*	(51 530)	(1 415)	-	(52 945)
Carrying amount	441 449	35 658	422 427	899 534
For the year ended 31 March 2011				
Carrying amount at 1 April 2010	**441 449**	**35 658**	**422 427**	**899 534**
Additions	**643 098**	**-**	**1 064 281**	**1 707 379**
Transfers	**-**	**1 153 754**	**(1 153 754)**	**-**
Amortisation charge for the year	**(727 656)**	**(869 522)**	**-**	**(1 597 178)**
Impairment charge for the year	**(74 905)**	**-**	**-**	**(74 905)**
Reversal/(raising) provision for write- off	**4 212**	**(9 294)**	**-**	**(5 082)**
Derecognition	**-**	**-**	**-**	**-**
Cost	**(260 083)**	**-**	**-**	**(260 083)**
Accumulated amortisation	**260 083**	**-**	**-**	**260 083**
Carrying amount at 31 March 2011	**286 198**	**310 596**	**332 954**	**929 748**
Cost price of fully amortised assets	**-**	**1 593 509**	**-**	**1 593 509**
For the year ended 31 March 2010				
Carrying amount at 1 April 2009	568 715	154 759	378 845	1 102 319
Additions	696 884	-	750 777	1 447 661
Transfers	-	707 195	(707 195)	-
Amortisation charge for the year	(755 241)	(824 721)	-	(1 579 962)
Impairment charge for the year	(33 670)	(160)	-	(33 830)
Provision for write-off	(35 239)	(1 415)	-	(36 654)
Derecognition	-	-	-	-
Cost	(476 643)	-	-	(476 643)
Accumulated amortisation	476 643	-	-	476 643
Carrying amount at 31 March 2010	441 449	35 658	422 427	899 534
Cost price of fully amortised assets	-	1 593 509	-	1 593 509

**Excess capacity film rights for which the licence period has not yet expired.*

12 INVENTORIES

	GROUP AND COMPANY	
	2011 R'000	2010 R'000
Merchandise and consumables	3 326	3 279
Provision for obsolescence	(591)	(548)
	2 735	2 731

13 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Trade receivables - gross	**1 096 606**	1 130 043	**1 096 606**	1 130 043
Less: Impairment of trade receivables	**(270 087)**	(230 365)	**(270 087)**	(230 288)
Impairment of trade receivables	**(179 710)**	(91 673)	**(179 710)**	(91 596)
Impairment of trade receivables- credit notes	**(90 377)**	(138 692)	**(90 377)**	(138 692)
Trade receivables - net	**826 519**	899 678	**826 519**	899 755
Other receivables	**14 570**	6 079	**6 334**	15 002
	841 089	905 757	**832 853**	914 757

14 HELD - TO - MATURITY INVESTMENTS

	GROUP AND COMPANY	
	2011 R'000	2010 R'000
Short Term Deposits	**591 000**	190 000

During the financial year under review, short term investments were made with approved financial institutions. The periods of investing range from 17 to 135 days. The average interest rate is 5.47% (2010: 6.5%).

15 RESTRICTED CASH

Government Grant	**159 768**	51 908
SABC Foundation Bursary Scheme	**1 289**	1 215
	161 057	53 123

The Government Grant is related to the technology plan for the migration of the SABC from analogue to digital technology (refer to note 21). The SABC Foundation Bursary Scheme is used for bursaries only.

16 CASH AND CASH EQUIVALENTS AND BANK OVERDRAFT

	GROUP		COMPANY	
	2011	2010	2011	2010
Cash and cash equivalents	R'000	R'000	R'000	R'000
Bank balances	**68 155**	25 788	**52 502**	11 004
Call deposits	**36 800**	84 692	**36 800**	84 692
Cash held on foreign bank accounts	**3 798**	4 049	**-**	-
	108 753	114 529	**89 302**	95 696

17 SHARE CAPITAL

	GROUP AND COMPANY	
	2011	2010
Share capital - Authorised and issued	R'000	R'000
1 000 ordinary shares of R 1 each	**1**	1

18 FAIR VALUE ADJUSTMENT RESERVE

Fair value adjustment reserves	**2 454**	2 118

The fair value adjustment reserve relates to available for sale financial assets.

19 PERPETUAL INSTRUMENT

Permanent capital	**27 390**	27 390

On 1 February 1972, the Company's shareholder converted a long-term loan into permanent capital. The permanent capital is not repayable. In terms of the Exchequer Act, No. 66 of 1975, as amended, interest will be payable, in perpetuity, at a rate of 6.5% per annum on the capital amount. The instrument represents a financial liability (in the form of perpetual debt) under IAS 32 - *Financial Instruments:* Presentation, because of the underlying obligation to deliver cash in the form of future payments to the Company's shareholder.

20 INTEREST-BEARING LOANS AND BORROWINGS

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Unsecured				
Loan from Auckland Programme Trade B.V. used to buy sports rights bearing interest at 5% per annum. The loan has no fixed terms of repayment.	-	-	**12 537**	12 606
Long term loan obtained from Nedbank repayable in five years with a moratorium on the capital repayment for the first two years. Interest is charged at the Johannesburg Interbank rate (JIBAR) currently 7.30% (2010: 8.7%) per annum at 31 March 2011.	**1 000 000**	1 000 000	**1 000 000**	1 000 000
*** Secured**				
Wesbank finance lease facility for a high definition outside broadcast vehicle (OB Vans) payable over five years at a rate of 5.65% (2010: 7.15%) per annum. The lease is repayable in monthly payments of R0,97 million with a final balloon payment of R28,1 million due in September 2014.	**58 558**	66 123	**58 558**	66 123
Rand Merchant Bank finance lease facility for a high definition television outside broadcast vehicle payable over five years at a projected rate of 10.73% (2010: 10.73%) per annum. The lease is repayable in monthly payments of R1,2 million with a final balloon payment of R27,2 million due in August 2014.	**60 339**	66 768	**60 339**	66 768
Hewlett Packard lease for desktop equipment under finance lease payable over three years at a rate of 6% (2010: 6%) per annum. The lease was repayable in monthly payments of R0,04 million with the last payment made in June 2010.	-	104	-	104
The GIS system for the collection of outstanding TV licence fees payable over three years at a rate of 11.67% (2010: 11.67%). The lease is repayable in monthly payments of R0,025 million. The last payment was made in March 2010.	-	347	-	347
Nedbank instalment sale facilities for desktop computer equipment payable over four years at a rate between 6.25% and 7% (2010:7.25%) per anum. The lease is repayable in monthly payments of R0,8 million with the last payment due in May 2013.	**13 017**	21 951	**13 017**	21 951
Nedbank instalment sale facility for PABX equipment payable over five years at a rate of 6.25% (2010:7.25%) per annum. The lease is repayable in monthly payments of R0,003 million with the last payment due in December 2013.	**91**	120	**91**	120
Nedbank lease for copier equipment under finance lease repayable over 29 months at a rate of 6.25% (2010:7.25%) per annum. The lease is repayable in monthly payments of R0,07 million with a final balloon payment to be made in 2012 of R0,195 million.	**195**	868	**195**	868
Wesbank finance lease facility for a high definition television outside broadcast vehicle payable over five years at a projected 5.65% (2010: 7.15%) per annum. The lease is repayable in monthly payments of R1,6 million with a final baloon payment of R44,1 million due in February 2015.	**103 397**	96 477	**103 397**	96 477
Rand Merchant Bank finance lease facility for a high definition television outside broadcast vehicle payable over five years at a projected rate of 9.81% (2010: 9.81%) per annum. The lease is repayable in monthly payments of R2,0 million with a final balloon payment of R32,3 million due in January 2015.	**105 120**	96 477	**105 120**	96 477
Nedbank instalment sale facility for vehicles payable over five years at a rate of 7.5% per annum. The lease is repayable in monthly payments of R0,12 million with the last payment due in May 2015	**4 952**	-	**4 952**	-
Total	**1 345 669**	1 349 235	**1 358 206**	1 361 841
Current portion transferred to current liabilities	**(166 524)**	(46 342)	**(166 524)**	(46 342)
Non-current portion	**1 179 145**	1 302 893	**1 191 682**	1 315 499

** secured assets are reflected on note 4*

20 *INTEREST-BEARING LOANS AND BORROWINGS (continued)*	2011			2010		
	Minimum lease payments R'000	**Interest R'000**	**Principal R'000**	**Minimum lease payments R'000**	**Interest R'000**	**Principal R'000**
	GROUP					
Finance lease liabilities:						
Less than one year	**69 508**	**(23 926)**	**45 582**	61 860	(24 460)	37 400
Later than one year but not later than five years	**326 742**	**(44 715)**	**282 027**	273 624	(74 290)	199 334
More than five years	**-**	**-**	**-**	93 035	(2 605)	90 430
	396 250	**(68 641)**	**327 609**	428 519	(101 355)	327 164
Instalment sale liabilities:						
Less than one year	**10 719**	**(888)**	**9 831**	10 234	(1 292)	8 942
Later than one year but not later than five years	**8 857**	**(628)**	**8 229**	13 962	(833)	13 129
	19 576	**(1 516)**	**18 060**	24 196	(2 125)	22 071
Total	**415 826**	**(70 157)**	**345 669**	452 715	(103 480)	349 235
	COMPANY					
Finance lease liabilities:						
Less than one year	**69 508**	**(23 926)**	**45 582**	61 860	(24 460)	37 400
Later than one year but not later than five years	**326 742**	**(44 715)**	**282 027**	273 624	(74 290)	199 334
More than five years	**-**	**-**	**-**	93 035	(2 605)	90 430
	396 250	**(68 641)**	**327 609**	428 519	(101 355)	327 164
Instalment sale liabilities:						
Less than one year	**10 719**	**(888)**	**9 831**	10 234	(1 292)	8 942
Later than one year but not later than five years	**8 857**	**(628)**	**8 229**	13 962	(833)	13 129
	19 576	**(1 516)**	**18 060**	24 196	(2 125)	22 071
Loan from subsidiary:	**12 537**	**-**	**12 537**	12 606	-	12 606
Total	**428 363**	**(70 157)**	**358 206**	465 321	(103 480)	361 841

21 DEFERRED GOVERNMENT GRANT

	GROUP AND COMPANY	
	2011 R'000	**2010 R'000**
Balance on 1 April	**450 959**	383 285
Amounts received during the year	**131 579**	131 579
Amount recognised in the income statement in line with amortisation and depreciation of assets acquired with the grant (see note 27).	**(75 371)**	(63 905)
Balance on 31 March	**507 167**	450 959
Less: Current portion	**(71 574)**	(71 574)
Non-current portion	**435 593**	379 385

In February 2005, the Department of Communications and National Treasury committed an amount of R700 million including VAT to the Group over a period of five years, in order to facilitate key improvements to infrastructure within the Group. The money is intended to fund the Group's detailed modernisation and information technology plan, which includes the migration from analogue to digital technology. During the year 2010/2011 an additional amount of R150 million including VAT was contributed by the Department of Communication, with the total received amounting to R850 million.

22 DEFERRED TAX

Deferred tax is attributable to the following:	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Deferred Tax Liabilities				
Property, plant and equipment	**140 016**	173 961	**140 085**	173 961
Investment properties	**9 163**	-	**9 163**	-
Finance lease asset	**87 824**	74 115	**87 824**	74 115
Defined benefit asset	**63 457**	80 029	**63 457**	80 029
Programme, film and sports rights	**167 102**	133 458	**167 102**	133 458
Computer Software	**59 122**	19 556	**59 122**	19 556
Available-for-sale financial assets	**412**	412	**412**	412
Prepayments	**539**	1 804	**539**	1 804
Total liabilities	**527 635**	483 335	**527 704**	483 335
Deferred Tax Assets				
Finance leases	**(91 730)**	(91 606)	**(91 730)**	(91 606)
Investment properties	-	(434)	-	(434)
Straight-lining of operating leases	**(309)**	(326)	**(309)**	(326)
Employee benefits	**(201 015)**	(176 008)	**(201 015)**	(176 008)
Deferred income	**(36 497)**	(58 225)	**(36 497)**	(58 225)
Other payables and provisions	**(101 555)**	(100 688)	**(101 185)**	(100 530)
Estimated tax loss utilised	**(96 529)**	(56 048)	**(96 968)**	(56 206)
Total assets	**(527 635)**	(483 335)	**(527 704)**	(483 335)
Total deferred tax	-	-	-	-

All movements in the temporary differences described above, have been recognised in income statement and statement of comprehensive income, as follows:

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Deferred tax liability on 1 April	-	-	-	-
Deferred tax recognised in the income statement	**(33 201)**	2 281	**(33 201)**	2 281
Prior year adjustment	-	-	-	-
Deferred tax recognised in the statement of other comprehensive income	**33 201**	(2 281)	**33 201**	(2 281)
Deferred tax (asset)/liability on 31 March	-	-	-	-
Estimated tax loss	**392 056**	266 285	**391 456**	266 389
Utilised during the current financial year	**(96 529)**	(56 048)	**(96 968)**	(56 206)
Available for utilisation in future years	**295 527**	210 237	**294 488**	210 183

23 EMPLOYEE BENEFITS

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Non-current statement of financial position obligations for:				
Post-employment medical benefits	**552 969**	478 942	**552 969**	478 942
Employee incentive	-	19 000	-	19 000
Leave pay	**11 322**	11 241	**11 322**	11 241
	564 291	509 183	**564 291**	509 183
Current statement of financial position obligations for:				
Employee incentive	**23 717**	22 716	**23 717**	22 716
Leave pay	**137 170**	119 548	**137 040**	119 418
	160 887	142 264	**160 757**	142 134
Total statement of financial position obligations for employee benefits	**725 178**	651 447	**725 048**	651 317
Income Statement (See also note 29):				
Post-employment medical benefits	**55 103**	51 651	**55 103**	51 651
Provision for arrear past service cost	-	37 000	-	37 000
Employee incentive	**39 548**	22 307	**39 548**	22 307
Leave pay	**29 563**	12 571	**29 563**	12 571
	124 214	123 529	**124 214**	123 529

Post-employment medical benefits

The Group provides a varying subsidy towards medical aid contributions payable by employees who elect to remain on the medical aid scheme after retirement. This subsidy is unfunded and is provided for based on actuarial valuations performed annually. The valuation assumes a varying subsidy of 60%; 75% and 100% consistent with the 2010 valuation scenario.

The amount recognised in the statement of financial position is determined as follows:	GROUP AND COMPANY 2011 R'000	GROUP AND COMPANY 2010 R'000
Present value of unfunded obligations		
Post-employment medical benefits	**552 969**	478 942
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**478 942**	394 432
Current service cost	**12 243**	16 362
Interest cost	**42 860**	35 289
Subsidy payments	**(19 299)**	(16 513)
*Post-employment medical benefit - past service cost (paid) / raised	**(41 858)**	37 000
Actuarial loss	**80 081**	12 372
Closing defined benefit obligation	**552 969**	478 942

23 EMPLOYEE BENEFITS (continued)

Post-employment medical benefits (continued)

	GROUP AND COMPANY	
	2011 R'000	2010 R'000
The amount recognised in the income statement is determined as follows:	**55 103**	88 651
Current service cost	**12 243**	16 362
Interest cost	**42 860**	35 289
*Post-employment medical benefit - past service cost	**-**	37 000
The amount recognised in statement of comprehensive income is determined as follows:		
Actuarial loss	**80 081**	12 372
Total, included in employee compensation and benefit expenses, *including items recognised in other comprehensive income*	**135 184**	101 023

* During the current financial year, the SABC made the settlement payment to pensioners resulting from a decision to curtail their benefits as a result of a court decision in 2010.

The principal actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:

	%	%
Discount rate at 31 March	**9.2%**	9.0%
Medical inflation rate per annum	**7.9%**	6.9%
Take-up rate by retired employees	**80.0%**	80.0%

	GROUP AND COMPANY				
	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000
Post employment medical benefits obligation	(552 969)	(478 942)	(394 432)	(368 908)	(213 966)

Employee incentive and long-term leave pay

Certain of the Group's employee incentive programmes and employee leave arrangements provide for benefits not payable wholly within twelve months after the reporting date. These arrangements are therefore classified as "other non-current employee benefits" and the liabilities in respect thereof are measured on the same basis as the Group's obligations in respect of its post-employment benefit plans, with certain simplified assumptions. The liability in respect of employee incentives also requires certain assumptions regarding the Group's future performance.

The principal actuarial assumptions in respect of long-term leave pay at the reporting date (expressed as weighted averages) are as follows:	GROUP AND COMPANY	
	2011 %	2010 %
Discount rate at 31 March	**8.6%**	8.1%
Rate of salary increase	**8.2%**	7.3%
Employee turnover rate	**8.6%**	8.8%

24 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Trade payables				
- local	**36 904**	7 723	**36 673**	7 062
- foreign	**31 327**	85 978	**31 327**	85 978
Other payables*	**115 959**	207 116	**90 477**	202 834
Accrued expenses	**864 255**	439 789	**862 719**	438 310
	1 048 445	740 606	**1 021 196**	734 184

**included in other payables is VAT amounts owing to SARS and payroll related payables.*

25 DEFERRED INCOME

	GROUP AND COMPANY	
	2011 R'000	2010 R'000
TV Licence fees received in advance	**45 139**	44 600
Sponsorships received in advance	**85 207**	175 206
	130 346	219 806

26 PROVISIONS

*Legal claims**

Balance at 1 April	**88 070**	50 296
Provisions raised during the year	**(35 738)**	37 774
Balance at 31 March	**52 332**	88 070

*Legal claims against the SABC were instituted by various people and a provision has been raised in that regard. Certain of these matters are before the courts and others we are attempting to settle out of court. Management estimates the potential outcome of these legal claims based on the most objective evidence on hand from internal and external legal advisors until such time that ultimate legal resolution has been finalised. (also refer to note 41 on Contingencies). Legal claims includes amounts in addition to amounts accrued for under trade and other payables.

27 REVENUE

	Note	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Total Advertising revenue		**3 569 692**	2 992 507	**3 569 692**	2 992 507
Advertising		**3 504 715**	2 944 613	**3 504 715**	2 944 613
Trade exchanges (non-monetary exchanges)		**64 977**	47 894	**64 977**	47 894
Business enterprise and facilities revenue		**40 224**	47 064	**40 224**	47 064
Sponsorships		**483 937**	445 324	**483 937**	445 324
License fees		**872 050**	868 173	**872 050**	868 173
Government grants					
- for educational and local programmes		**69 886**	241 654	**69 886**	241 654
- for technology assets	*21*	**75 371**	63 905	**75 371**	63 905
* Other revenue		**119 164**	80 485	**119 164**	80 485
		5 230 324	4 739 112	**5 230 324**	4 739 112

*Included in other revenue is facilities revenue, programme rights exploitation revenue and mobile revenue.

28 OTHER INCOME

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Rental income	**6 820**	6 352	**6 820**	6 352
Management fees	**39 727**	34 957	**39 727**	34 957
Travel commission	**1 507**	3 582	**529**	418
Other sundry income	**15 064**	6 986	**15 064**	6 986
	63 118	51 877	**62 140**	48 713

29 EMPLOYEE COMPENSATION AND BENEFIT EXPENSE

	Note	GROUP AND COMPANY 2011 R'000	GROUP AND COMPANY 2010 R'000
Cost of employment		**1 664 286**	1 494 982
Defined benefit pension fund recognised in the income statement	*7*	**(83 162)**	134 973
Post-employment medical benefits, including past service cost		**55 103**	88 651
Post-employment medical benefit - past service cost	*23*	**-**	37 000
Post-employment medical benefits	*23*	**55 103**	51 651
Employee incentive	*23*	**39 548**	22 307
Leave pay	*23*	**29 563**	12 571
The amounts recognised in the income statement		**1 705 338**	1 753 484
Items recognised in statement of comprehensive income:		**118 771**	(7 573)
Actuarial gain- Post-retirement medical aid liability	*23*	**80 081**	12 372
Actuarial (gain) - Pension fund defined benefit	*7*	**(267 605)**	(472 015)
Change in paragraph 58 limitation of IAS 19-Employee benefits	*7*	**306 295**	452 070
		1 824 109	1 745 911

Included in these amounts are directors' emoluments which are disclosed in more detail in note 42.

30 PROFESSIONAL AND CONSULTING FEES

	Note	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Audit fees		**15 489**	12 148	**15 489**	12 148
- current year		**9 235**	8 000	**9 235**	8 000
- prior years		**6 254**	4 148	**6 254**	4 148
Consulting fees		**151 632**	126 070	**147 511**	122 311
Managerial		**70 335**	61 310	**66 214**	57 551
Projects		**38 346**	13 306	**38 346**	13 306
Technical		**42 951**	51 454	**42 951**	51 454
		167 121	138 218	**163 000**	134 459

31 OTHER EXPENSES

	Note	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Other expenses include the following charges:					
Operating lease charges		**54 960**	59 504	**54 960**	59 504
Buildings		**9 287**	10 760	**9 287**	10 760
Equipment		**11 779**	12 406	**11 779**	12 406
Vehicles		**9 656**	12 415	**9 656**	12 415
Software		**24 238**	23 923	**24 238**	23 923
Impairment of prepayments		**-**	35 850	**-**	35 850
Impairment of available for sale financial assets	*9*	**8 569**	-	**8 569**	-
Depreciation of investment properties	*5*	**505**	505	**505**	505
Reversal of legal claims	*26*	**(40 000)**	-	**(40 000)**	-
Legal claim provision raised	*26*	**4 262**	37 774	**4 262**	37 774
Impairment of investment properties	*5*	**-**	1 206	**-**	1 206
Consumables - write down to net realisable value	*12*	**43**	511	**43**	511

		GROUP		COMPANY	
		2011	2010	2011	2010
	Note	R'000	R'000	R'000	R'000
32 OTHER (LOSSES)/GAINS					
(Loss)/profit on sale of property, plant and equipment		**(1 280)**	2 309	**(1 280)**	2 309
33 NET FINANCING LOSS					
Interest received		**28 493**	26 703	**28 177**	25 764
Banking institutions		**28 493**	9 100	**28 177**	8 161
South African Revenue Services		**-**	17 603	**-**	17 603
Dividend received		**149**	-	**149**	-
Net foreign exchange gain on monetary items		**7 348**	13 915	**7 348**	13 915
Foreign exchange gain		**6 781**	49 868	**7 260**	53 949
Finance income		**42 771**	90 486	**42 934**	93 628
Interest paid		**(117 942)**	(125 003)	**(118 375)**	(124 973)
Independent third parties		**(91 490)**	(113 064)	**(91 923)**	(113 034)
Shareholder - permanent capital		**(1 780)**	(1 780)	**(1 780)**	(1 780)
Finance leases		**(24 672)**	(10 159)	**(24 672)**	(10 159)
Foreign exchange loss		**(9 366)**	(43 416)	**(9 700)**	(43 574)
Finance expense		**(127 308)**	(168 419)	**(128 075)**	(168 547)
Net financing loss		**(84 537)**	(77 933)	**(85 141)**	(74 919)
34 INCOME TAX EXPENSE					
Income tax recognised in the income statement					
Current tax income/(expense)	*36*	**23 340**	(2 960)	**23 716**	(2 900)
Deferred tax (income)/expense relating to temporary differences		**(33 201)**	2 281	**(33 201)**	2 281
		(9 861)	(679)	**(9 485)**	(619)
Reconciliation of effective tax expense:					
Loss before income tax		**(119 410)**	(491 794)	**(116 925)**	(486 932)
Income tax using the company tax rate		**33 435**	137 702	**32 739**	136 341
Non-taxable income		**30 852**	31 671	**30 852**	31 671
Non-deductible expenses		**(1 549)**	(10 636)	**(1 919)**	(10 636)
Prior year adjustment		**(23 340)**	2 960	**(23 716)**	2 900
Prior year deferred tax adjustment		**246 268**	47 860	**247 047**	49 288
Effects of unused tax losses and tax offsets not recognised		**(295 527)**	(210 237)	**(294 488)**	(210 183)
Effective tax expense		**(9 861)**	(679)	**(9 485)**	(619)
Income tax recognised in the statement of other comprehensive income:					
Pension fund		**10 833**	(5 584)	**10 833**	(5 584)
Post-employment medical benefits		**22 423**	3 464	**22 423**	3 464
Available-for-sale financial assets		**(55)**	(161)	**(55)**	(161)
		33 201	(2 281)	**33 201**	(2 281)
Reconciliation of effective tax expense:					
Comprehensive (loss)/gain before income tax		**(118 380)**	8 724	**(118 380)**	8 724
Income tax using the company tax rate		**33 146**	(2 443)	**33 146**	(2 443)
Rate differences on available for sale assets		**55**	162	**55**	162
Effective tax expense		**33 201**	(2 281)	**33 201**	(2 281)

35 CASH GENERATED/ (UTILISED) BY/ FROM OPERATIONS

		GROUP		COMPANY	
		2011	2010	2011	2010
	Note	R'000	R'000	R'000	R'000
Reconciliation of loss for the year to cash generated/(utilised) by operations:					
Loss for the year		**(129 271)**	(492 473)	**(126 410)**	(487 551)
Adjustments for:					
Amortisation of programme, film and sports rights	*11*	**1 597 178**	1 579 962	**1 597 178**	1 579 962
Impairment of programme, film and sports rights	*11*	**79 987**	70 484	**79 987**	70 484
Amortisation of computer software	*6*	**53 441**	59 040	**53 441**	59 040
Impairment of prepayments	*31*	**-**	35 850	**-**	35 850
Amount recognised in income statement in line with amortisation and depreciation of assets acquired with the grant.	*21*	**(75 371)**	(63 905)	**(75 371)**	(63 905)
Depreciation of property, plant and equipment	*4*	**218 967**	194 379	**218 957**	194 328
Depreciation of investment properties	*5*	**505**	505	**505**	505
Provision for consumables obsolescence	*31*	**43**	511	**43**	511
Impairment of trade receivables	*13*	**39 722**	72 530	**39 799**	72 530
Impairment of available for sale financial assets	*31*	**8 569**	-	**8 569**	-
Loss/(profit) on disposal of property, plant and equipment	*32*	**1 280**	(2 309)	**1 280**	(2 309)
Impairment of investment property	*5*	**-**	1 206	**-**	1 206
Interest received	*33*	**(28 493)**	(26 703)	**(28 177)**	(25 764)
Dividends received	*33*	**(149)**	-	**(149)**	-
Interest paid	*33*	**117 942**	125 003	**118 375**	124 973
Foreign exchange loss		**251**	10 654	**-**	-
Legal claims reversed	*31*	**(40 000)**	-	**(40 000)**	-
Provisions raised	*31*	**4 262**	37 774	**4 262**	37 774
Income tax expense/(income)	*34*	**9 861**	679	**9 485**	619
Operating profit before payment for acquisition of programme, film and sports rights		**1 858 724**	1 603 187	**1 861 774**	1 598 253
Payments for acquisition of programme, film and sports rights	*11*	**(1 707 379)**	(1 447 661)	**(1 707 379)**	(1 447 661)
Operating profit/(loss) before changes in working capital, employee benefits		**151 345**	155 526	**154 395**	150 592
Decrease in derivative financial instruments		**-**	(15 913)	**-**	(15 913)
Decrease/(increase) in prepayments	*10*	**114 645**	(55 008)	**114 644**	(55 024)
(Increase)/decrease in inventories	*12*	**(47)**	1 600	**(47)**	1 600
Decrease/(increase) in trade and other receivables	*13*	**24 946**	(268)	**42 105**	(1 713)
Increase in employee benefits	*23*	**14 146**	126 449	**14 146**	126 450
Increase/(decrease) in trade and other payables	*24*	**307 839**	(500 242)	**287 012**	(504 988)
(Decrease)/increase in deferred income	*25*	**(89 460)**	61 268	**(89 460)**	61 268
(Increase)/decrease in other non-current assets		**(232)**	(265)	**-**	19
Cash generated/(utilised) by operations		**523 182**	(226 853)	**522 795**	(237 709)

36 INCOME TAXES REFUNDED

	Note	GROUP 2011	GROUP 2010	COMPANY 2011	COMPANY 2010
Balance at 1 April		**23 860**	(89 595)	**23 717**	(89 695)
Current taxation	*34*	**(23 340)**	2 960	**(23 716)**	2 900
Balance at 31 March		**(57 198)**	(23 860)	**(57 015)**	(23 717)
Taxation refunded		**(56 678)**	(110 495)	**(57 014)**	(110 512)

37 PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	Note	GROUP 2011	GROUP 2010	COMPANY 2011	COMPANY 2010
Disposals	*4*	**1 280**	3 733	**1 280**	3 733
(Loss)/profit on sale of property, plant and equipment	*32*	**(1 280)**	2 309	**(1 280)**	2 309
		-	6 042	**-**	6 042

38 FINANCIAL INSTRUMENTS

Overview

The Group has exposure to credit risk, liquidity risk and market risk, that consists of interest rate and currency risk that arise out of the normal course of business.

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.

The Group Audit Committee is tasked with overseeing how management monitors compliance with the Group's policies and procedures and the reviews of the adequacy of the internal audit monitoring of these risks. 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.

38 FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

The Group has established a credit policy under which each new significant customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Credit risk is measured individually within each division and reviewed regularly.

Allowance for impairment

Trade receivables that are less than three months past due are not considered to be impaired.

Trade receivables that are past due but relate to Government clients or of which we hold security, insurance or any other types of collateral is held are also not considered to be impaired.

The majority of the Group's trade receivables are due for maturity within 45 days and largely comprise amounts receivable from advertising agencies.

Cash and cash equivalents

Investments are acquired only in liquid securities and only with counterparties that have credit ratings equal to or better than the Group. Transactions involving derivative financial instruments are with counterparties with sound credit ratings.

Guarantees

The Group's policy is to provide financial guarantees to wholly owned subsidiaries. As at 31 March 2011 and 31 March 2010 no guarantees were outstanding.

	GROUP		COMPANY	
The Group considers its maximum exposure to credit risk to be as follows:	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Available-for-sale financial assets	**4 847**	13 025	**4 847**	13 025
Trade and other receivables	**841 089**	905 757	**832 853**	914 757
Held-to-maturity investments	**591 000**	190 000	**591 000**	190 000
Restricted cash	**161 057**	53 123	**161 057**	53 123
Cash and cash equivalents	**108 753**	114 529	**89 302**	95 696
	1 706 746	1 276 434	**1 679 059**	1 266 601

Trade receivables:	2011 R'000			2010 R'000		
	Fully Performing	Past due but not impaired	Impaired	Fully Performing	Past due but not impaired	Impaired
	GROUP					
Government	**26 757**	**13 156**	**43 983**	12 161	32 930	48 487
Agencies	**685 649**	**41 652**	**139 252**	571 121	64 893	111 357
Direct clients	**33 327**	**25 978**	**86 852**	18 450	200 123	70 521
	745 733	**80 786**	**270 087**	601 732	297 946	230 365
	COMPANY					
Government	**26 757**	**13 156**	**43 983**	12 161	32 930	48 471
Agencies	**685 649**	**41 652**	**139 252**	571 121	64 893	111 317
Direct clients	**33 327**	**25 978**	**86 852**	18 527	200 123	70 500
	745 733	**80 786**	**270 087**	601 809	297 946	230 288

	GROUP		COMPANY	
Age analysis of past due but not impaired is the following:	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Past due 0 to 30 days but not impaired	**33 368**	118 994	**33 368**	118 994
Past due 31 to 90 days but not impaired	**10 834**	34 282	**10 834**	34 282
91 to 120 days	**4 089**	16 933	**4 089**	16 933
121 days to 1 year	**32 495**	127 737	**32 495**	127 737
	80 786	297 946	**80 786**	297 946
Age analysis of the impaired trade receivables is the following:				
Past due	-	4 456	-	4 904
Past due 0 to 30 days	-	399	-	439
Past due 31 to 90 days	**12 059**	114	**12 059**	125
91 to 120 days	**36 664**	127	**36 664**	8 072
121 days to 1 year	**221 364**	225 269	**221 364**	216 748
	270 087	230 365	**270 087**	230 288

38 *FINANCIAL INSTRUMENTS (continued)*

Credit risk (continued)

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Movements on the impairment of trade receivables are as follows:				
Opening balance - 1 April	**230 365**	157 835	**230 288**	157 758
Written off as uncollectible (impaired)	**(407)**	(48 013)	**(407)**	(48 013)
Impairment raised	**40 129**	120 543	**40 206**	120 543
Closing balance - 31 March	**270 087**	230 365	**270 087**	230 288
The Group does hold collateral as security. The nature and fair value of the collateral are as follows:				
Official Government Orders	**43 069**	39 727	**43 069**	39 727
Insurance Cover	**789 917**	692 235	**789 917**	692 235
MCC Security	**189 702**	1 190	**189 702**	1 190
	1 022 688	733 152	**1 022 688**	733 152

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its cash flow requirements with a three month forecast. The Group has borrowing facilities amounting to R829 million (2010: R829 million) which include short-term banking facilities as well as asset-based finance facilities.

	Carrying amount R'000	Contractual cash flow R'000	Up to 6 months R'000	6 months to 1 year R'000	1 year to 3 years R'000	Thereafter R'000
			GROUP			
Non-derivative financial liabilities			2011			
Trade payables - Local	**36 904**	**36 904**	**36 904**	-	-	-
Trade payables - Foreign	**31 327**	**31 327**	**31 327**	-	-	-
Other payables	**115 959**	**115 959**	**115 959**	-	-	-
Accruals	**864 255**	**864 255**	**864 255**	-	-	-
Loan obtained with government guarantee	**1 000 000**	**1 155 289**	**144 644**	**32 356**	**978 289**	-
Loans and borrowings	**345 669**	**415 828**	**40 114**	**40 114**	**167 800**	**167 800**
Perpetual debt instrument	**27 390**	**27 390**	**890**	**890**	**3 560**	**22 050**
	2 421 504	**2 646 952**	**1 234 093**	**73 360**	**1 149 649**	**189 850**
Non-derivative financial liabilities			2010			
Trade payables - Local	7 723	7 723	7 723	-	-	-
Trade payables - Foreign	85 978	85 978	85 978	-	-	-
Other payables	207 116	207 116	207 116	-	-	-
Accruals	439 789	439 789	439 789	-	-	-
Loan obtained with government guarantee	1 000 000	1 280 809	43 710	43 710	963 862	229 527
Loans and borrowings	349 235	452 715	36 260	34 748	186 160	195 547
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
	2 117 231	2 501 520	821 466	79 348	1 153 582	447 124
Maturity analysis, due in:			COMPANY			
			2011			
Non-derivative financial liabilities						
Trade payables - Local	**36 673**	**36 673**	**36 673**	-	-	-
Trade payables - Foreign	**31 327**	**31 327**	**31 327**	-	-	-
Other payables	**90 477**	**90 477**	**90 477**	-	-	-
Accruals	**862 719**	**862 719**	**862 719**	-	-	-
Loan obtained with government guarantee	**1 000 000**	**1 155 289**	**144 644**	**32 356**	**978 289**	-
Loans and borrowings	**345 669**	**415 826**	**40 114**	**40 114**	**167 800**	**167 800**
Perpetual debt instrument	**27 390**	**27 390**	**890**	**890**	**3 560**	**22 050**
Loans from subsidiaries	**12 537**	**12 537**	**-**	**12 537**	**-**	**-**
	2 406 792	**2 632 238**	**1 206 844**	**85 897**	**1 149 649**	**189 850**
			2010			
Non-derivative financial liabilities						
Trade payables - Local	7 062	7 062	7 062	-	-	-
Trade payables - Foreign	85 978	85 978	85 978	-	-	-
Other payables	202 834	202 834	202 834	-	-	-
Accruals	438 310	438 310	438 310	-	-	-
Loan obtained with government guarantee	1 000 000	1 280 809	43 710	43 710	963 862	229 527
Loans and borrowings	349 235	452 715	36 260	34 748	186 160	195 547
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
Loans from subsidiaries	12 606	12 606	-	12 606	-	-
	2 123 415	2 507 704	815 044	91 954	1 153 582	447 124

38 FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Foreign currency risk arises primarily from international programming rights that are procured in foreign currency and the procurement, implementation and maintenance of the broadcasting infrastructure. Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group uses forward contracts to manage foreign currency risk arising from future commercial transactions and recognised assets and liabilities and is responsible for managing the net position in each foreign currency.

The Group's risk management policy is to economically hedge between 0% to 50% of firm commitments for the subsequent 12 months. The Group has not applied hedge accounting for these forward currency contracts. The Group only covers known commitments and does not speculate in foreign currency. The percentage cover for less than one year is 74%.

The Group's exposure to foreign currency risk was as follows based on notional amounts:	US Dollar '000	Euro '000	CHF '000	GBP '000	Rand '000
			GROUP		
			2011		
Foreign cash and cash equivalents	**33**	**(3)**	**413**	**60**	**3 798**
Trade payables	**(4 676)**	**-**	**-**	**-**	**(31 327)**
Gross financial position exposure	**(4 643)**	**(3)**	**413**	**60**	**(27 529)**
Net financial position exposure	**(4 643)**	**(3)**	**413**	**60**	**(27 529)**
			2010		
Foreign cash and cash equivalents	67	10	330	-	4 049
Trade payables	(11 698)	-	-	-	(85 978)
Gross financial position exposure	(11 631)	10	330	-	(81 929)
Net financial position exposure	(11 631)	10	330	-	(81 929)
			COMPANY		
			2011		
Interest-bearing borrowings	**-**	**(1 306)**	**-**	**-**	**(12 537)**
Trade payables	**(4 676)**	**-**	**-**	**-**	**(31 327)**
Gross financial position exposure	**(4 676)**	**(1 306)**	**-**	**-**	**(43 864)**
Net financial position exposure	**(4 676)**	**(1 306)**	**-**	**-**	**(43 864)**
			2010		
Interest-bearing borrowings	-	(1 269)	-	-	(12 606)
Trade payables	(11 698)	-	-	-	(85 978)
Gross financial position exposure	(11 698)	(1 269)	-	-	(98 584)
Net financial position exposure	(11 698)	(1 269)	-	-	(98 584)

The following significant exchange rates applied during the year:	**GROUP AND COMPANY**			
	Average rate		**Reporting date spot rate**	
	2011	**2010**	**2011**	**2010**
USD 1	**7.21**	7.82	**6.70**	7.35
Euro 1	**9.48**	11.04	**9.60**	9.93
CHF 1	**0.14**	0.14	**0.14**	0.14
GBP 1	**11.17**	12.48	**10.88**	11.10

Sensitivity analysis

A 10% strengthening of the Rand against the following currencies at 31 March would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2010. Due to the nature of the transactions, there is no effect on equity.

	GROUP		**COMPANY**	
	2011 R'000	**2010 R'000**	**2011 R'000**	2010 R'000
		Profit or (loss)		
USD	**2 753**	8 193	**4 386**	9 858

A 10% weakening of the Rand against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's income and operating cash flows are substantially dependent on changes in market interest rates. The interest rates of finance leases to which the Group is a lessee are fixed at inception of the lease or variable over the term of the lease, and therefore expose the Group to fair value interest rate risk.

38 *FINANCIAL INSTRUMENTS (continued)*

Market risk (continued)

At reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	GROUP		COMPANY	
	2011	2010	2011	20109
	R'000	R'000	R'000	R'000
	Carrying amount			
Fixed rate instruments				
Loans from subsidiaries	-	-	**(12 537)**	(12 606)
Finance lease liabilities	**(165 459)**	(163 245)	**(165 459)**	(163 245)
Perpetual debt instrument	**(27 390)**	(27 390)	**(27 390)**	(27 390)
	(192 849)	(190 635)	**(205 386)**	(203 241)
Variable rate instruments				
Long term loan obtained with government guarantee	**(1 000 000)**	(1 000 000)	**(1 000 000)**	(1 000 000)
Held-to-maturity investment	**591 000**	190 000	**591 000**	190 000
Finance lease liabilities	**(162 150)**	(162 600)	**(162 150)**	(162 600)
Instalment sale liabilities	**(18 060)**	(22 071)	**(18 060)**	(22 071)
Cash and cash equivalents	**108 753**	114 529	**89 302**	95 696
	(480 457)	(880 142)	**(499 908)**	(898 975)

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2010. Due to the nature of the transactions, there is no effect on equity.

	Profit/loss 100 bp increase			
Variable rate instruments	**6 803**	13 492	**6 994**	13 492

A decrease of 100 basis points in interest rates at the reporting date would have had the equal but opposite effect on the above amounts, on the basis that all other variables remain constant.

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than a forced or liquidation sale. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(i) *Loans and receivables, held-to-maturity investments, perpetual debt instrument and interest-bearing loans and borrowings*

The fair value of these financial instruments is determined by reference to market-related interest rates for financial instruments with similar maturities, and without deducting any transaction costs.

(ii) *Trade and other receivables, cash and cash equivalents and trade and other payables*

The carrying amount of these financial assets and liabilities approximates fair value due to the relatively short term maturity of these financial instruments.

(iii) *Derivative financial instruments*

The fair value of derivative financial instruments is based upon market valuations, being the present value of quoted forward rates.

	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	R'000	R'000	R'000	R'000
	GROUP			
Financial assets				
Available-for-sale financial assets	**4 847**	**4 847**	13 025	13 025
Trade and other receivables	**841 089**	**841 089**	905 757	905 757
Held-to-maturity investments	**591 000**	**591 000**	190 000	190 000
Restricted cash	**161 057**	**161 057**	53 123	53 123
Cash and cash equivalents	**108 753**	**108 753**	114 529	114 529
Total financial assets	**1 706 746**	**1 706 746**	1 276 434	1 276 434
Financial liabilities				
Perpetual instrument	**(27 390)**	**(19 782)**	(27 390)	(17 804)
Interest-bearing loans and borrowings	**(1 345 669)**	**(1 341 838)**	(1 349 235)	(1 347 513)
Trade and other payables	**(1 048 445)**	**(1 048 445)**	(740 606)	(740 606)
Total financial liabilities	**(2 421 504)**	**(2 410 065)**	(2 117 231)	(2 105 923)
Net financial liabilities	**(714 758)**	**(703 319)**	(840 797)	(829 489)

38 FINANCIAL INSTRUMENTS (continued)

	2011 Carrying amount R'000	2011 Fair value R'000	2010 Carrying amount R'000	2010 Fair value R'000
	COMPANY			
Financial assets				
Available-for-sale financial assets	**4 847**	**4 847**	13 025	13 025
Trade and other receivables	**832 853**	**832 853**	914 757	914 757
Held-to-maturity investments	**591 000**	**591 000**	190 000	190 000
Restricted cash	**161 057**	**161 057**	53 123	53 123
Cash and cash equivalents	**89 302**	**89 302**	95 696	95 696
Total financial assets	**1 679 059**	**1 679 059**	1 266 601	1 266 601
Financial liabilities				
Perpetual instrument	**(27 390)**	**(19 782)**	(27 390)	(17 804)
Interest-bearing loans and borrowings	**(1 358 206)**	**(1 354 375)**	(1 361 841)	(1 360 119)
Trade and other payables	**(1 021 196)**	**(1 021 196)**	(734 184)	(734 184)
Total financial liabilities	**(2 406 792)**	**(2 395 353)**	(2 123 415)	(2 112 107)
Net financial liabilities	**(727 733)**	**(716 294)**	(856 814)	(845 506)

The fair value of trade and other payables equals their carrying amount as the impact of discounting is not significant.

Capital management

The Group's share capital is 100% owned by the Government. The Group does not hold any other form of share capital. There are no changes expected in the Group's approach to capital management during the year.

Borrowing facilities

The unutilised borrowing facilities include general short-term banking facilities, asset-based finance facilities as well as guarantee facilities.

Included in normal guarantees, the Group has guarantees against a housing scheme to the value of R1 million (2010: R1 million).

	GROUP AND COMPANY 2011 R'000	2010 R'000
General short-term banking facilities		
Rand Merchant Bank	**90 000**	90 000
Nedbank	**100 000**	100 000
Absa Corporate and Merchant Bank	**183 600**	183 600
Total	**373 600**	373 600
Unutilised	**373 600**	373 600
Asset finance		
Provided	**455 000**	455 000
Utilised	**(316 592)**	(156 281)
Unutilised	**138 408**	298 719
Guarantees		
Provided	**84 360**	101 088
Utilised	**(745)**	(5 066)
Unutilised	**83 615**	96 022

39 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2011	2010
Less than one year	**1 782**	690
Between one and five years	**2 090**	907
	3 872	1 597

The Group has various lease agreements for equipment and premises. Some of these lease agreements contain renewal and/or purchase options. None of the lease agreements include contingent rentals.

During the year ended 31 March 2011, R55 million was recognised as an expense in the income statement in respect of operating leases (2010: R60 million).

39 OPERATING LEASES (continued)

	GROUP AND COMPANY 2011 R'000	2010 R'000
Leases as lessor		
The Group leases out certain of its investment properties under operating leases, (refer note 5). The future minimum lease receipts under non-cancellable leases are as follows:		
Less than one year	**3 419**	3 140
Between one and five years	**7 239**	6 440
	10 658	9 580

During the year ended 31 March 2011, R7 million was recognised as rental income in the income statement (2010: R6 million) and R2.5 million in respect of repairs and maintenance was recognised as an expense in the income statement relating to investment property (2010: R3 million).

40 COMMITMENTS

	2011 R'000	2010 R'000
Capital commitments		
Contracted for	**99 975**	94 214
Approved but not contracted for	**772 694**	377 066
	872 669	471 280
Programme, film and sports rights	**1 103 198**	1 372 400
Total purchase commitments	**1 975 867**	1 843 680
The capital commitment is to be financed as follows:		
Internally generated funds	**693 264**	409 105
Existing credit facilities	**19 637**	10 267
Government funding	**159 768**	51 908
	872 669	471 280

Commitments for programme, film and sports rights will be funded internally.
The local commitments and the currency exposure on foreign programme, film and sports rights at 31 March 2011 is as follows:

	Local Commitments R'000	Foreign commitments '000	Foreign commitments R'000	Total R'000
Year ending 31 March 2012	**663 346**	**27 020**	**188 109**	**851 455**
Local	**663 346**	**-**	**7 075**	**670 421**
Foreign - US Dollar	**-**	**27 020**	**181 034**	**181 034**
Year ending 31 March 2013	**21 179**	**13 749**	**94 293**	**115 472**
Local	**21 179**	**-**	**-**	**21 179**
Foreign - US Dollar	**-**	**12 999**	**87 093**	**87 093**
Foreign - Euro	**-**	**750**	**7 200**	**7 200**
Year ending 31 March 2014	**42 936**	**9 550**	**63 985**	**106 921**
Local	**42 936**	**-**	**-**	**42 936**
Foreign - US Dollar	**-**	**9 550**	**63 985**	**63 985**
Year ending 31 March 2015	**-**	**3 550**	**25 960**	**25 960**
Foreign - US Dollar	**-**	**2 800**	**18 760**	**18 760**
Foreign - Euro	**-**	**750**	**7 200**	**7 200**
Total commitments	**727 461**	**53 869**	**372 347**	**1 099 808**

The Group has committed R10 million to the SABC Foundation for educating future generations.

41 CONTINGENCIES

Contingent liabilities comprise claims lodged by third parties against the Group and Company which, in some cases, may be reduced by a counter-claim for insurance. Some of these claims actual cash flow expectancy has been provided for in the legal provision. The claims details are as follows:

(i) The Government Employee Pension Fund ('GEPF') represented by the Public Investment Corporation ('PIC') instituted a claim of approximately R337 million plus interest against the SABC. The claim arose from the cancellation of a purported lease agreement for certain assets previously leased by Bophuthatswana Broadcasting Corporation. There have been various interlocutory applications and rulings, none of which has been lost by the SABC. The SABC has, in the course of proceedings, joined certain third parties as respondents. Although the matter is awaiting a trial date, and while maintaining that it is not liable to GEPF, the SABC is engaging PIC in efforts to resolve the matter amicably following previous unsuccessful settlement offers that the SABC made.

(ii) Trustco (Proprietary) Limited ('Trustco') instituted a claim against the SABC for an alleged breach of contract relating to a wireless agreement for a game show on SABC 2. The SABC had lost the case on the merits following which the arbitrator ruled on the quantum of damages. Trustco had claimed an amount ranging between R3 million and R140 million. The arbitrator ruled that the SABC should pay Trustco damages in the amount of R24 million plus interest. Both parties are appealing the decision of the arbitrator with the SABC, in the main, contending that the contract is illegal and therefore unenforceable. The SABC is also opposing Trustco's appeal.

41 CONTINGENCIES (continued)

(ii) Digital Horizon had sued the SABC for awarding a tender to a party allegedly in breach of its tender processes. The value of the tender was in excess of R400 million. After several interlocutory applications, the matter was postponed sine die at the instance of Digital Horizon. Digital Horizon have abandoned the application and have instead issued a new claim for damages against the SABC for an amount R148 million.

(iii) SAMPRA have referred a dispute to the Copyright Tribunal against several radio stations including the SABC for payment of needle-time, a new royalty right introduced when the Copyright Act was amended. The dispute revolves around the rate SAMPRA wants to charge for the royalty and the time period from which the radio stations are liable to pay. The radio stations are opposing the claim under the auspices of the National Association of Broadcasters. The matter has been set down for July 2011. Refer to note 2(a)(ix).

Contingent assets comprise claims lodged by the SABC against third parties.

(i) The SABC is suing one of its sport content suppliers for breach of contract. The SABC had licensed and paid for certain content from the supplier which the SABC could not use as the content had already been licensed to another third party. Following the supplier's refusal to have the matter heard by an arbitration tribunal as provided in the contract, the SABC instituted action that the supplier be compelled to submit to arbitration. The award is awaited.

(ii) The SABC is suing A1 and the third party that guaranteed performance for breach of contract in respect of the A1 GP motor races which A1 failed to organise. The SABC is claiming payment of the contract fee it had paid. Default judgment has been awarded in favour of the SABC.

42 RELATED PARTIES

The Group is 100% controlled by its Shareholder, the Government, represented by the Department of Communications.

The Group is a Schedule 2 public entity in terms of the Public Finance Management Act, no 1 of 1999 as amended. The related party disclosure is in terms of the requirements of IAS 24 - Related Parties Disclosures and the specific guidance given by the South African Institute of Chartered Accountants.

The related parties of the Group consist mainly of government departments, state-owned enterprises, other public entities in the national sphere of government and key management personnel of the Company or its shareholder and close family members of these related parties. The related parties of the Company also include its subsidiaries (see note 8). The list of public entities in the national sphere of government was provided by National Treasury on their website www.treasury.gov.za.

The Group with regards to government related entities is required to disclose the nature and amount of each individually significant transaction and for other transactions that are collectively but not individually significant, a quantitative or qualitative indication of their extent.

(i) Transactions with subsidiaries

	COMPANY			
	2011		2010	
	Amount of transactions R'000	Amounts owed to subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000
SABC Airwave (Proprietary) Limited trading as Airwave Travel	**9 734**	**(941)**	18 970	6 543
Auckland Programme Trade B.V. (incorporated in the Netherlands)	**69**	**(12 537)**	3 036	(12 606)
	9 803	**(13 478)**	22 006	(6 063)

Related party relationships exist between the Company and its wholly-owned subsidiaries, Airwave Travel and Auckland Programme Trade B.V. The Company has entered into a number of transactions with Airwave Travel for bookings and accommodation for business trips. Transactions entered into are in the normal course of business and on an arm's length basis. Amounts due and owing are settled accordingly. Auckland Programme Trade B.V. is managed by Orange Field Trust, Netherlands and transactions within this subsidiary are limited to administration costs and exchange differences arising from the translation of items into Rand (its functional currency under IAS 21 - The Effects of Changes in Foreign Exchange Rates). Goods and services are bought/sold to subsidiaries on an arm's length basis at market related prices.

(ii) Significant Transactions with government related entities

	GROUP AND COMPANY	
Included in Revenue are the following:	2011 R'000	2010 R'000
Aggregate of all transactions that are collectively significant		
Independent Electoral Commission	**13 993**	(19 802)
Aggregate Sales to other government related entities not listed above	**100 435**	(99 348)
	114 428	(119 150)

	GROUP		COMPANY	
Purchases of goods and services	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Aggregate of all transactions that are collectively significant				
South African Post Office Limited	**38 225**	23 751	**38 225**	23 751
Telkom South Africa Limited	**38 317**	44 186	**38 317**	44 186
Sentech Limited	**520 752**	497 418	**520 752**	497 418
South African Revenue Service	**758 963**	475 376	**759 621**	475 376
- Income Tax	**-**	(128 115)	**-**	(128 115)
- Value-Added-Taxes	**381 368**	243 776	**382 006**	243 776
- Employee taxes (Pay-As-You-Earn ("PAYE"))	**377 615**	359 715	**377 615**	359 715
Aggregate Purchases from other government related entities	**4 981**	2 990	**4 981**	2 990
	1 361 258	1 043 721	**1 361 896**	1 043 721

Goods and services are sold to related parties on an arm's length basis at market related prices.

42 RELATED PARTIES (continued)

Goods and services are purchased from related parties on an arms length basis at market related prices.

(iii) Grants and Sponsorships

		GROUP AND COMPANY			
		2011		2010	
	Note	Amount of transactions R'000	Outstanding balance R'000	Amount of transactions R'000	Outstand-ing balance R'000
Government grants recognised in revenue	*27*	**145 257**	**-**	305 559	-
Deferred government grant	*21*	**-**	**507 167**	-	450 959
		145 257	**507 167**	305 559	450 959
(iv) Interest payments					
Shareholder - permanent capital		**1 780**	**27 390**	1 780	27 390
(v) Employee benefit payments					
SABC Pension fund		**(121 852)**	**226 633**	(115 028)	285 819
SABC Medical aid scheme		**(135 395)**	**-**	(126 425)	-
		(257 247)	**226 633**	(241 453)	285 819

(vi) Administered projects

The Group has been delegated with the responsibility by the Department of Communications to administer Channel Africa and the Community Radio Project, which are sub-divisions of the Department of Communications. The net amount of administered projects of R1 million (2010: R2 million) is included in trade and other payables and or trade and other receivables.

	GROUP AND COMPANY					
	Opening balance R'000	Funds received R'000	Applied to expenditure R'000	Applied to net assets R'000	Interest accrued R'000	Closing balance R'000
For the year ended 31 March 2011						
Channel Africa	**(2 004)**	**38 896**	**(40 618)**	**-**	**-**	**(3 726)**
Community Radio Project	**(8 552)**	**15 333**	**(1 135)**	**(3)**	**586**	**6 229**
	(10 556)	**54 229**	**(41 753)**	**(3)**	**586**	**2 503**
For the year ended 31 March 2010						
Channel Africa	158	36 192	(38 354)	-	-	(2 004)
Community Radio Project	(2 278)	6 726	(7 047)	(6 500)	547	(8 552)
	(2 120)	42 918	(45 401)	(6 500)	547	(10 556)

	2011 R'000	2010 R'000
(vii) Administered funds		
Bank balances of Community Radio Project	**26 072**	11 292

(viii) Service contracts for executive directors

	Q.S.S.M. Mokoetle	R.A. Nicholson
Service contract		
- start date	01 January 2010	01 July 2001
- end date	01 February 2011	30 June 2011
Service period	1 year and 1 month	10 years
Remaining	-	3 months

42 RELATED PARTIES (continued)

(xi) Directors' and key management personnel compensation

Remuneration paid to the person in any capacity

Year ended 31 March 2011	Service as	Service period in months	Basic salary R'000	Bonuses** and commissions R'000	Expenses and other allowances R'000	Employer's contribution to pension fund, medical aid and other ~ R'000	Total R'000
Members of the Accounting Authority							
Non-executive directors							
Dr. B.B. Ngubane	Board Chairperson	12	-	-	444	-	444
Mr. D. Niddrie	Board Member	7	-	-	178	-	178
Mr. CS. Gina	Board Member	12	-	-	340	-	340
Ms. C. O'Neil	Board Member	12	-	-	253	-	253
Mr. P.P. Green	Board Member	12	-	-	192	-	192
Ms. B. Masekela	Board Member	7	-	-	98	-	98
Mr. P.J. Harris	Board Member	12	-	-	248	-	248
Ms. F. Sekha	Board Member	6	-	-	210	-	210
Ms. M. Mello	Board Member	7	-	-	143	-	143
Ms. N. Motsepe	Board Member	12	-	-	203	-	203
Mr. D.K. Golding	Board Member	12	-	-	282	-	282
Ms. S. Vos	Board Member	12	-	-	221	-	221
Executive directors							
Mr. S.M. Mokoetle	Group Chief Executive Officer*	10	5 244	2	242	327	5 815
Mr. R.A. Nicholson	Acting Group Chief Executive Officer and Chief Financial Officer	12	1 647	1 392	765	326	4 130
Senior Management							
L.P. Nage	Acting Chief Financial Officer	5	358		112	62	533
T. Melk	Company Secretary	12	1 092	2	478	181	1 753
G. L. Mampone	Group Executive	12	1 173	2	669	212	2 056
R. Waghorn	Group Executive	12	2 442	2	1 285	17	3 746
T.C.C. Mampane	Acting Chief Operating Officer	7	880	450	162	151	1 643
N. M. Mofokeng	Group Executive	12	1 056	2	248	186	1 492
L.P. Mokhobo	Group Executive	3	388	516	507	64	1 474
P. Ntombela-Nzimande	Group Executive*	12	3 756	460	310	178	4 703
K Kganyago	Group Executive	12	726	73	268	109	1 176
M. B. Sathekge	Group Executive	7	382	60	233	73	748
S.J. Mathebula	Acting Group Executive	9	459	41	244	97	842
B.L. Tugwana	Acting Group Executive	5	398		117	60	575
L Ntloko	Acting Group Executive	12	930	125	339	39	1 433
M.J. Ndaba	Acting Group Executive	3	450	-	-	-	450
N Sibisi	Acting Group Executive	10	728	2	303	142	1 174
R Morobe	Acting Group Executive	9	618	116	171	110	1 014
C.K. Seokane	Acting Group Executive	12	480	112	282	90	964
T. Ntenteni	Group Executive	12	1 194	375	414	196	2 179
A. Heunis	Group Executive	12	1 180	1 141	278	213	2 812
I Tseisi	Group Executive	12	1 736	72	311	297	2 415
P. Molefe	Group Executive	12	1 341	110	303	241	1 996
W. Mkhize	Acting Group Executive	3	177	-	68	31	276
Total remuneration			28 832	5 054	10 922	3 403	48 211

** - Included in basic salary is compensation paid in respect of loss of office and retirement from office*
*** - Bonuses paid out in 2011 were previously accrued for. See note 23.*
~ - Excluding contributions obtained from pension fund holiday.

42 *RELATED PARTIES (continued)*

(xi) *Directors' and key management personnel compensation continued*

Year ended 31 March 2010	Service as	Service period in months	Basic salary R'000	Bonuses** and commissions R'000	Expenses and other allowances R'000	Employer's contribution to pension fund, medical aid and other ~ R'000	Total R'000
		Remuneration paid to the person in any capacity					
Members of the Accounting Authority							
Non-executive directors							
Ms. K. Mkonza	Board Chairperson**	3	-	-	68	-	68
Ms. N. Bulbulia	Board Member	3	-	-	22	-	22
Prof A. Gillwald	Board Member	3	-	-	41	-	41
Mr. D.K. Golding	Board Member	6	-	-	112	-	112
Mr. B.B. Khumalo	Board Member	3	-	-	50	-	50
Ms. F. Lagadien	Board Member	3	-	-	32	-	32
Mr. A. Mbeki	Board Member	3	-	-	36	-	36
Ms. G.T. Serobe	Board Member	3	-	-	41	-	41
Mr. A.H. Trikamjee	Board Member	3	-	-	46	-	46
Adv E.F.P Tlakula	Board Member	3	-	-	17	-	17
Ms. I. Charnley	Board Chairperson***	6	-	-	-	-	-
Dr. P. Mtimkulu	Board Member	6	-	-	275	-	275
Mr. L. Sedibe	Board Member	6	-	-	160	-	160
Ms. S. Vos	Board Member#	9	-	-	250	-	250
Ms. L. Lloyd	Board Member	6	-	-	208	-	208
Dr. B.B. Ngubane	Board Chairperson****	3	-	-	136	-	136
Mr. D. Niddrie	Board Member	3	-	-	82	-	82
Mr. C.S. Gina	Board Member	3	-	-	87	-	87
Ms. C. O'Neil	Board Member	3	-	-	88	-	88
Mr. P.P. Green	Board Member	3	-	-	41	-	41
Ms. B. Masekela	Board Member	3	-	-	57	-	57
Mr. P.J. Harris	Board Member##	3	-	-	243	-	243
Ms. F. Sekha	Board Member	3	-	-	70	-	70
Ms. M. Mello	Board Member	3	-	-	78	-	78
Ms. N. Motsepe	Board Member	3	-	-	64	-	64
Executive directors							
Mr. Q.S.M.M. Mokoetle	Group Chief Executive Officer*	3	577	-	66	56	699
Mr. R.A. Nicholson	Chief Financial Officer	12	1 554	-	798	183	2 535
Senior Management							
T. Melk	Company Secretary	12	1 030	-	375	101	1 506
G. L. Mampone	Group Executive and Acting Group Chief Excecutive Officer *****	12	1 106	-	713	140	1 959
R. Waghorn	Group Executive	12	2 303	-	1 334	18	3 655
P. Luthuli	Group Executive	4	517	-	117	65	699
T.C.C. Mampane	Acting Chief Operating Officer	12	1 508	-	268	173	1 949
N. M. Mofokeng	Group Executive	12	967	-	205	115	1 287
M.M. Mbebe	Group Executive	11	1 331	-	257	156	1 744
L.P. Mokhobo	Group Executive	12	1 464	-	251	169	1 884
P. Ntombela-Nzimande	Group Executive	12	1 244	-	340	120	1 704
K Kganyago	Group Executive	12	672	-	229	67	968
M. B. Sathekge	Group Executive	12	822	-	232	113	1 167
S.J. Mathebula	Acting Group Executive	12	567	-	312	91	970
P Naves	Group Executive	8	662	-	186	648	1 496
R Nkwe	Acting Group Executive	9	700	76	165	101	1 042
D Mwelase	Acting Group Executive	3	144	-	46	16	206
L Ntloko	Acting Group Executive	7	535	-	162	22	719
N Ndhlovu	Acting Group Executive	8	451	-	150	64	665
T Dlamini	Acting Group Executive	3	122	-	48	10	180
N Sibisi	Acting Group Executive	5	363	-	134	46	543
R Morobe	Acting Group Executive	4	232	-	71	26	329
S Sithole	Group Executive	10	966	-	305	256	1 527
T. Ntenteni	Group Executive	12	1 127	-	258	125	1 510
A. Heunis	Group Executive	12	1 113	-	260	140	1 513
I Tseisi	Acting Group Executive	2	160	-	54	19	233
P. Molefe	Acting Group Executive	11	680	-	311	99	1 090
S.J. Zikalala	Group Executive	1	121	-	31	473	625
Total remuneration			23 038	76	9 982	3 612	36 708

*** - Board Chairperson until 09 July 2009*

**** - Board Chairperson from 10 July 2009 until 09 January 2010*

***** - Board Chairperson from 10 January 2010*

** - Group Chief Executive from 01 January 2010*

******- Acting Group Chief Executive until 31 December 2009*

~- excluding contributions obtained from pension fund holiday

 # - Served on interim board of directors for six months and three months on the current board of directors

- Include provision for legal services of R180k

43 LICENCE AGREEMENTS

The Group was granted the following Public Television Broadcasting Licences by the Public Service Division of the Independent Communications Authority of South Africa ("ICASA") for the period 23 March 2004 to 22 March 2019: SABC 1 and SABC 2.
The Group was granted the following Commercial Television Broadcasting Licences by the Public Service Division of the Independent Communications Authority of South Africa ("ICASA") for the period 23 March 2004 to 22 March 2019: SABC 3.
The Group was granted the following Public Sound Broadcasting Licences by the Public Service Division of ICASA for the period 23 March 2004 to 22 March 2014: SA FM, RSG, UMHLOBO WENENE FM, UKHOZI FM, LESEDI FM, MOTSWEDING FM, THOBELA FM, LIGWALAGWALA FM, IKWEKWEZI FM, MUNGHANA LONENE FM, PHALAPHALA FM, LOTUS FM, RADIO 2000, X-K FM and TRU FM.
The Group was granted the following Commercial Sound Broadcasting Licences by the Public Service Division of ICASA for the period 23 March 2004 to 22 March 2014: 5 FM, METRO FM and GOOD HOPE FM.
The licence area for all of the licences above is the Republic of South Africa. The licences were granted at no consideration and the Group is required to comply with the applicable regulations as amended from time to time. No subsequent expenditure has been incurred on these licences.

44 EXPENDITURE AND LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURES

(i) All losses through criminal conduct and any irregular expenditure

Section 1 of the Public Finance Management Act, No. 1 of 1999, as amended, defines irregular expenditure as expenditure, other than unauthorised expenditure, incurred in contravention of or that is not incurred in accordance with a requirement of any applicable legislation.

The following amounts have been determined as being irregular expenditure, in terms of section 55(2)(b)(i) of the Public Finance Management Act, No. 1 of 1999, as amended:

Case number	Action taken	Amount identified R'000
Year ended 31 March 2011		
Case 1	No action required*	**2 080**
Case 2	No action required*	**1 665**
Case 3	No action required*	**2 084**
Case 4	No action required*	**2 057**
Case 5	No action required*	**9 835**
Case 6	No action required*	**4 840**
Case 7	No action required*	**2 188**
Case 8	No action required*	**3 667**
Case 9	No action required*	**2 280**
Case 10	Recovery	**2 342**
Case 11	Disciplinary Action	**9 250**
Case 12	Disciplinary Action	**7 900**
Case 13	Disciplinary Action	**2 057**
Aggregate of all other losses not material	Various	**22 851**
Total		**75 096**
Year ended 31 March 2010		
Case 1	Disciplinary action	89 800
Case 2	No action required	2 000
Case 3	No action required	2 000
Case 4	No action required	2 500
Case 5	No action required	1 665
Case 6	Disciplinary action	2 028
Case 7	No action required	1 774
Case 8	No action required	3 027
Case 9	No action required	2 795
Case 10	No action required	40 953
Case 11	Corrective action	8 293
Case 12	Corrective action	1 720
Case 13	Corrective action	1 636
Case 14	Corrective action	6 864
Aggregate of all other losses not material	Various	20 200
Total		187 255

* These amounts relate to expediture incurred whereby there were no contracts in place and the payments were ratified according to the delegated authority (GCEO/CFO).

44 EXPENDITURE AND LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURES (continued)

(ii) Material losses through fruitless and wasteful expenditures

Section 1 of the Public Finance Management Act, No. 1 of 1999, as amended, defines fruitless and wasteful expenditure as expenditure which was made in vain and would have been avoided had reasonable care been exercised.

The following material losses, through fruitless and wasteful expenditure have been identified as being reportable in terms of the materiality framework approved by the Minister of Communications for the year under review:

Case number	Action taken	Losses identified R'000	Losses recovered year to date R'000	Losses written off R'000	Recovery outstanding R'000
Year ended 31 March 2011					
Case 1	Recovery	**2 918**	**(1 200)**	**(1 718)**	**-**
Case 2	Under Investigation	**4 000**	**-**	**(4 000)**	**-**
Case 3	Additional stock impairment	**74 905**	**-**	**(74 905)**	**-**
Case 4	Additional stock impairment	**2 785**	**-**	**(2 785)**	**-**
Aggregate of all other losses not material	Various	**3 701**	**-**	**(3 701)**	**-**
Total		**88 309**	**(1 200)**	**(87 109)**	**-**
Year ended 31 March 2010					
Case 1	No action required	11 174	-	(11 174)	-
Case 2	Losses written off	3 285	-	(3 285)	-
Case 3	Additional stock impairment	33 670	-	(33 670)	
Case 4	Investigation in progress	12 000	-	-	12 000
Aggregate of all other losses not material	Various	10 347	-	-	10 347
Total		70 476	-	(48 129)	22 347

Glossary of Terms
used in the Report

ABMP – African Broadcasters' Media Partnership

ASA – Advertising Standards Authority

AUB – African Union of Broadcasters

BBBEE – Broad-Based Black Economic Empowerment

BCCSA – Broadcasting Complaints Commission of South Africa

BIT – Broadcast Information Technology

CCC – Customer Competency Centre

CCMA – Commission for Conciliation, Mediation and Arbitration

DoC – Department of Communications

DTT – Digital Terrestrial Television

EAP – Employee Assistance Programme

EE – Employment Equity

ER – Employee Relations

ERM – Enterprise Risk Management

EVS – Enumeration Verification System

FIFA – Federation of International Football Associations

FM – Frequency Modulation

GE – Group Executive

HCS – Human Capital Services

HD – High Definition

HDTV – High Definition Television

IAS – International Accounting Standards

ICASA – Independent Communications Authority of South Africa

ICDL – International Committee on Communication

IEC – Independent Electoral Commission

IFRIC – International Financial Reporting Interpretations Committee

IFRS – International Financial Reporting Standards

IMF – Information Management Framework

IPF – Independent Professional's Forum

IT – Information Technology

LOC – Local Organising Committee

LSM – Living Standards Measure

MAPPP-SETA – Media, Advertising, Publishing, Printing, Packaging – Sector Education Training Authority

MHEG – Multimedia and Hypermedia information coding Expert Group

MMF – Middle Managers' Forum

MTEF – Medium Term Expenditure Framework

NCA – National Credit Act

NSF – National Skills Fund

OB – Outside Broadcast

PAYE – Pay As You Earn

PBI – Public Broadcasters International

PBS – Public Broadcast Service

PCC – Portfolio Committee on Communication

PCS – Public Commercial Service

PFMA – Public Finance Management Act

PIC – Public Investment Corporation

PPE – Property, Plant and Equipment

PSBF – Public Service Broadcasting Fund

RBF – Radio Broadcast Facilities

SAARF – South African Advertising Research Foundation

SABA – Southern African Broadcasting Association

SABC – South African Broadcasting Corporation Limited

SABE – Southern African Bond Exchange

SAFTA – South African Film and Television Awards

SAP – System Application and Products in Data Processing

SAP CCC – SAP Customer Competency Centre

SATMA – South African Traditional Music Awards

SETA – Sector Education and Training Authority

STB – Set-top box

TV – Television

TVBMS – TV Broadcast Management System

TVIEC – Television Industry Emergency Coalition

A note on terminology

- *References in this Annual Report to the Broadcasting Act are to the Broadcasting Act, No 4 of 1999, as amended.*
- *References to the Public Finance Management Act (PFMA) are to the Public Finance Management Act, No 1 of 1999, as amended.*
- *References to the Companies Act are to the Companies Act, No 61 of 1973, as amended.*

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Private Bag X1, Auckland Park 2006
Tel: +27 11 714 2219
Fax: +27 11 714 3113

Visit the SABC: www.sabc.co.za

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