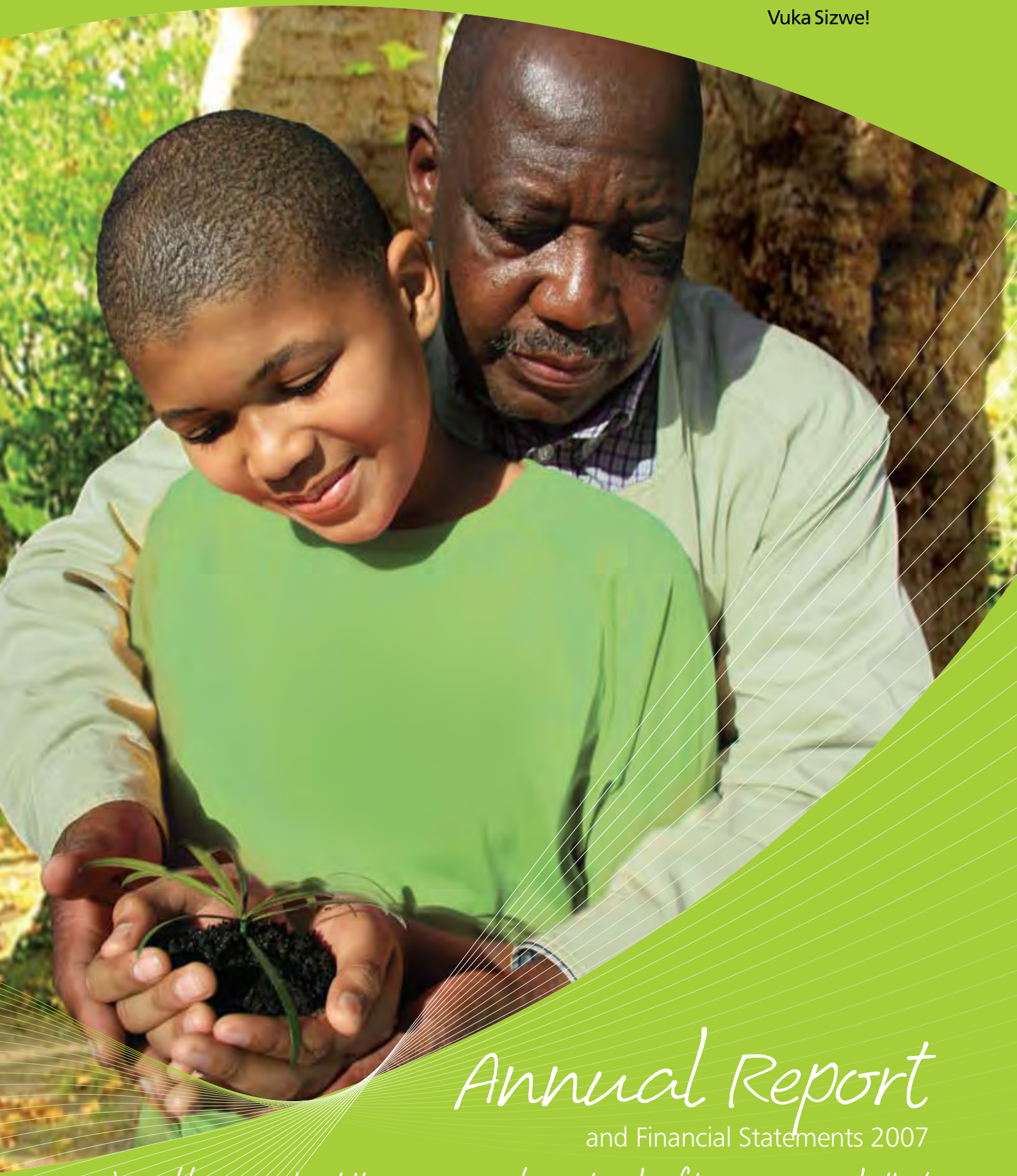
SABC
Vuka Sizwe!



Annual Report

and Financial Statements 2007

'To address poverty at its core, we need a uniquely African green revolution'.
- Kofi Annan

Vuka Sizwe!

South Africa, with its multiplicity of cultures and the type of rights its citizenry enjoys, has become an example to many nations around the world. The 'South Africa Way' of doing things has lately been equated to a world standard of building lasting peace and a lasting nation amongst otherwise diverse cultures. It is against this backdrop that the continuance of such a cause should be championed by a giant such as the SABC, because the SABC exists for the greater public good. The SABC is thus driven by what would be of greatest benefit to South Africa and all South Africans.

The SABC also exists to support, sustain and advance the democracy we live in, in a country rich in diversity. The SABC is more than a broadcaster. It is the electronic memory and consciousness of the South African nation. It is the archive and repository of the hopes, dreams and aspirations of millions of South Africans. This is where South Africa 'happens', where our history occurs, this is the keeper of the South African story – past, present and future.

It is for this very reason that the SABC, as its new strategic vision suggests, has engineered the drive to maximise the empowerment of the South African citizenry under the notion of Broadcasting for Total Citizen Empowerment. This notion suggests that the SABC has taken upon itself the role of an enabler, one who forms partnerships with people and engages them to become, and one who engages people to take a higher ground in society.

With the dynamics of the society changing, with more and more South Africans becoming conscious of their environment, as well as growing a greater understanding of who they are, the SABC, within the auspices of Broadcasting for Total Citizen Empowerment, has embarked on a journey to:

'Inspire the Nation! to Rise! and take its destiny into its own hands.'

A nation in action is a winning nation. Therefore, the time has come for the **Nation! = (i) Sizwe!** in partnership with the SABC to **Arise = (si) Vuke** and forge ahead a tomorrow that promises an empowered citizenry: **VUKA SIZWE!**

Vuka Sizwe! is a call to action to all South Africans to **Arise** and take their destiny in building a winning **Nation!** into their own hands. A winning nation is a South Africa that is about people who see themselves and their fellow citizens **= UBUNTU as a people who are aware of their environment and choose to assume it as their responsibility**. It is about people rising up to the challenge and the opportunities that present themselves.

Our Vision

Broadcasting for Total Citizen Empowerment.

Our Values

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

Our Mission

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

Our Promise

Vuka South Africa. Vuka Sizwe!

The SABC is South Africa's national public broadcaster.
Almost 24,6 million adults tune in to the SABC's network of 18 radio stations every day and 24,2 million adults watch the three free-to-air television channels.

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This is the 70th Annual Report of the South African Broadcasting Corporation Limited, refered to as 'SABC' 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 to 31 March 2007.

'Lalela nawe abanye bazakulalela.'

- Listen and others will return the gesture

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.*

Governance

The soil - the foundation, where the values lay

Broadcasting Charter

The functions and duties of the SABC are specified in the Broadcasting Act.

In terms of this Act, the SABC, in pursuing its goals and exercising its powers, enjoys freedom of expression and journalistic, creative and programming independence that is guaranteed by the Constitution of the Republic of South Africa.

The SABC must offer, in all South Africa's official languages, a range of informative, educational and entertaining programmes that showcase South African attitudes, opinions, ideas, values, talent and artistic creativity.

Programming must also offer a plurality of views and a variety of news, information and analyses from a South African perspective, and advance the national and public interest.

In terms of the Broadcasting Charter, which is set out in the Broadcasting Act, the objectives of the SABC are:

- to make its services available throughout the Republic.
- to provide sound and television broadcasting services, by analogue or digitally, and to provide sound and television programmes of information, education and entertainment funded by advertisements, subscription, sponsorship, licence fees or any other means of finance.
- to acquire from time to time a licence or licences for such period and subject to such regulations, provisions and licence conditions as may be prescribed by the Independant Communications Authority of South Africa (ICASA).
- to provide, in its public broadcasting services, radio and television programming that informs, educates and entertains.
- to be responsive to audience needs, including the needs of the deaf and the blind, and be able to give account on how it is meeting those needs.
- to provide other services, whether or not broadcasting or programme supply services, such services being ancillary services.
- to provide television and radio programmes and any other material to be transmitted or distributed by the common carrier for free-to-air reception by the public subject to section 33 of the Act.
- to provide to other bodies by such means and methods as may be convenient, services, programmes and materials to be transmitted or distributed by such bodies and to receive from such other bodies services, programmes and materials to be transmitted by stations of the company for reception as above.
- to commission, compile, prepare, edit, make, print, publish, issue, circulate and distribute, with or without charge, such books, magazines, periodicals, journals, printed matter, records, cassettes, compact disks, video tapes, audio-visual and interactive material, whether analogue or digital and whether on media now known or hereafter invented, as may be conducive to any of the objects of the company.
- to establish and maintain libraries and archives containing materials relevant to the objects of the company and to make available to the public such libraries and archives with or without charge.
- to organise, present, produce, provide or subsidise concerts, shows, variety performances, revues, musical and other productions and performances and other entertainment whether live or recorded in connection with the broadcasting and programme supply services of the company or for any purpose incidental thereto.
- to collect news and information in any part of the world and in any manner that may be thought fit and to establish and subscribe to news agencies.
- to carry out research and development work in relation to any technology relevant to the objects of the company and to acquire by operation of law, registration, purchase, assignment, licence or otherwise copyright and designs, trade marks, trade names and any other intellectual, industrial and commercial property rights.
- to nurture South African talent, train people in production skills, and carry out research and development for the benefit of audiences.
- to develop, produce, manufacture, purchase, acquire, use, display, sell, rent or dispose of sound recordings and films and materials and apparatus for use in connection with such sound recordings and films.
- to develop and extend the services of the company beyond the borders of South Africa.

Corporate Goals

'Mosebetsi wa hao wa sehloho ke ho mamela'.

-Your first duty should be to Listen

The current Board of Directors of the SABC was appointed in January 2004. The Board resolved to adopt a series of 12 goals for the SABC which would reinforce the company's mandate and ensure delivery in terms of the Broadcasting Act. The corporate goals underlie all of the SABC's activities and serve to ensure a coherence of these throughout the company. They also are key to the performance management of the company's employees.

The corporate goals of the SABC are to:

- Ensure that the SABC promotes democracy, non-racism, nation-building and empowerment through innovative programming that is informative, entertaining and educational, in all official languages.
- Align the SABC with the Broadcasting Charter, the company's objectives as set out in the Broadcasting Act and the Editorial Policies.
- Create a financially sound company built on a sustainable business model within a specified timeframe that enables it to fulfil its mandate.
- Revitalise the company, particularly the News Division, by making it a place of preferred employment and by attracting, retaining and nurturing the best available talent in the country.
- Ensure full statutory and regulatory compliance by all divisions of the company.
- Ensure appropriate Employment Equity and Black Economic Empowerment policies.
- Create an SABC that enjoys the support and respect of its shareholder, viewers, listeners and other stakeholders.
- Ensure compelling, professional and authoritative news and current affairs programming that tells the South African story accurately, fairly and in a balanced way, while reflecting the world, in particular Africa, to all South Africans in line with the SABC's Editorial Policies.
- Ensure that the SABC plays a meaningful role in supporting the objectives of the African Renaissance and NEPAD.
- Put in place an innovative technology platform and infrastructure that will enable the SABC to deliver on its mandate.
- Conduct an evaluation and monitor the extent to which the SABC's activities are in line with the provisions of the Broadcasting Act and its Editorial Policies.
- Put in place policies for the proper governance of the company, as required by the Broadcasting Act and other legislation.

SABC head office in Auckland Park.

Chairperson's Statement

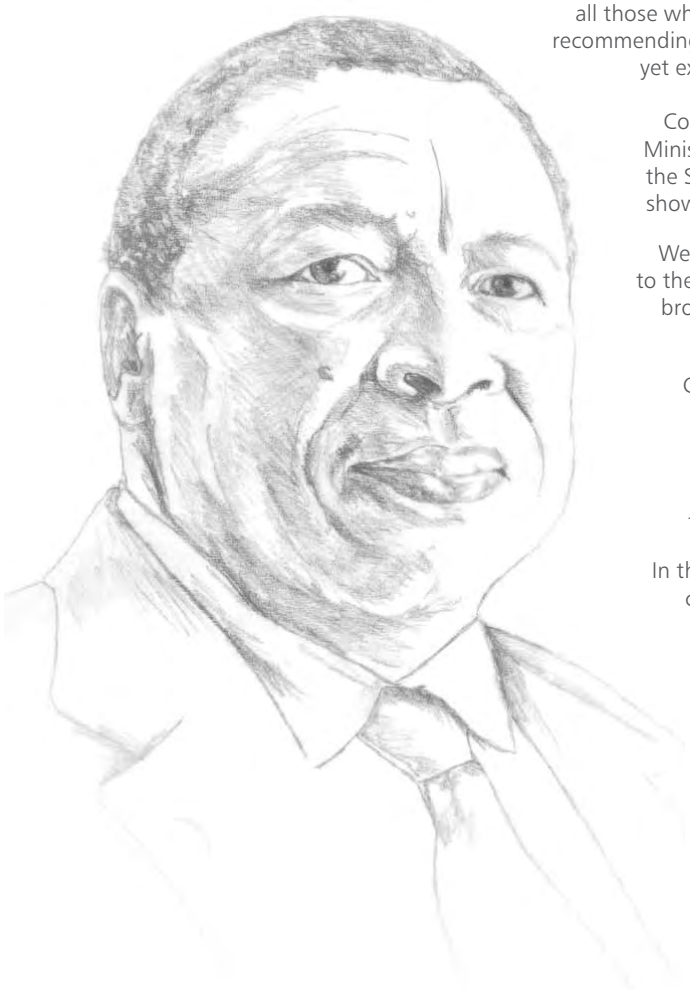
' Indlebe zakho zingamasango aya empumelelweni'.

-Your ears are the doors to success

The time has come for the Board to present SABC's Annual Report and Financial Statements for the financial year ended 31 March 2007.

Once more, and indeed for the last time, the current Board is charged with the task of presenting to Parliament, and through it to the public, an account of the performance of the national public broadcaster. We are presented with an opportunity to report on a financially healthy organisation that has been able to meet its mandate with pride. Though less profitable than the previous year, the transition to a new strategy is being successfully managed and a plan for its implementation is evolving at a good pace. There is no reason, therefore, to doubt that a good foundation for a more profitable next financial year is guaranteed.

It is proper, in view of the fact that the current Board will soon be completing its four year period of unprecedented performance, both financially and in fulfilling its mandate, that we should take this opportunity to thank all those who showed confidence in the Board by nominating, recommending and appointing us to undertake this challenging, yet exciting, rewarding and fulfilling task. Our gratitude goes to Parliament and its Portfolio Committee on Communications, the President Mr Thabo Mbeki, our Minister of Communications, management and staff of the SABC, and the country's citizens for the confidence shown and the support rendered us during our tenure.



We do hope that all will agree that this Report attests to the organisation's discharging both the public service broadcasting mandate and its fiduciary responsibility.

The management of the SABC is guided by its Corporate Goals, intended to ensure organisational delivery on the mandate of producing, procuring and broadcasting programmes that entertain, inform and educate its audiences; and within the parameters of the regulatory framework as set by, the Constitution, the Broadcasting Act and ICASA.

In the financial year that ended on 31 March 2007, we continued to produce programming that promotes nation building, democracy, and empowerment through the production of compelling news and current affairs as well as programming that tells the South African and African stories. The news gathering networks have been extended through visits to Nigeria, Senegal, DRC and the African Diaspora, namely the Caribbean and Brazil, with the objective of establishing regional news bureaus, in line with our Corporate Goals of bringing the world to our people in support of the African Renaissance and NEPAD. This activity was very well received by the leadership and potential partners of these countries.

The Corporation has also, during this period, met with a number of political parties, to broaden understanding of the SABC mandate and to listen to them as important stakeholders of the public broadcaster. This is part of the strategy of the Board to strengthen relations with a wide spectrum of stakeholders, where very frank exchange of information is made. During this period conversations with internal stakeholders, the staff, management and union representatives was also undertaken. A further contribution to our stakeholder management was fulfilled through an engagement with our independent producers both at SABC Board and management level in the interest of ensuring a sustainable relationship between the SABC and its clients and the creation of a common vision.

In order to ensure the financial sustainability and an understanding of the challenges of funding of the SABC, the Board was able to create a public platform, through the PBS Colloquium to debate and the issue of the funding of the public Broadcaster, and has accordingly been consulting and engaging with Parliament and the Shareholder on the establishment of a more sustainable funding model. On the year's financial performance, the SABC continued to make a profit although not to the same extent as the year before, largely because of a need to consolidate the implementation of our strategy as well as putting in place ways and means of improving the performance of the staff.

Moving on to issues of corporate governance for the year under review, the Board instituted ten committees to ensure the organisation's delivery on its mandate and compliance with relevant policies and legislation in a context of adequate checks and balances. The committee structure which is the tool of monitoring and evaluation was reviewed in order to ensure that it can bring stronger scrutiny to the work of the organisation. Procurement and Risk committees of the Board were established which will set the organisation on the road to even better corporate governance, and a management structure was put in place to ensure implementation of the Board's mandate.

Pertinent to the Board's exercise of compliance with governance requirements is ensuring that the company puts a formal risk assessment procedure in place. Accordingly, a Risk Assessment Plan for the Corporation was approved by the Board in March 2007, and was therefore in the process of being implemented at the end of the year under review. An appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective as required by the PFMA is being introduced.

Of primary importance to the Board during the year in question, the Board addressed issues of corporate governance. With a new company secretariat, it worked to fashion corporate tools such as the Board Charter and the revision of the delegation of authority began in earnest at the same time. To drive the implementation of the corporate goals, the Board has developed a tool to monitor and measure delivery on the organisation's mandate. The Board was able to approve a Performance Management System that is aimed at ensuring the improvement of performance by every individual in the organisation. This will improve not only the performance of the organisation, but will ensure effective delivery of the mandate.

The strategy for retention and making the SABC an employer of choice was further developed through the establishment of the Wellness Centre, among others, by our people division. It has always been clear to the Board and Executive that the SABC was not going to be able to match the salaries of the private sector, but that the improvement of the work environment will make the SABC an employer of choice. The introduction of the Wellness Centre is bound to contribute enormously to the welfare of SABC's employees.

As we prepare to hand over the baton to our successors we do so confident that they inherit solid building blocks upon which they can continue to consolidate the public service and nation-building mandate of the SABC.

Sonwabo Eddie Funde

Chairperson

Board Members

Sonwabo Eddie Funde (Chairperson) (1)

M.Sc. (Electrical Engineering) (St. Pietersburg Polytechnic); Certificate in Finance & Accounting (Witwatersrand)

Sonwabo Eddie Funde holds credentials that qualify him as an M.Sc. Electrical Engineering graduate from the St. Petersburg Polytechnical Institute in Russia (1975).

He underwent further training in public policy and change management at the Civil Service College in the UK (1992), the United States Information Agency (USIA) Programme on Government Management and Training (1992), and the Executive Candidates Programme on the Public Service at Wits University (1993).

Mr Funde has also undergone training in Telecommunications Policy and Regulation at the Adam Smith Institute (UK) in 1997 and at the United States Telecommunications Training Institute (USTTI) in Washington in 1998. He later completed the Certificate Programme in Finance and Accounting at Wits Business School (2001).

Mr Funde is currently the Executive Chairperson of Sizanani Knowledge Management Services (SKMS) and its international arm, Kemilinks International (Pty) Ltd, Chairperson of Global Web Intact, and Radix SA.

He serves in a non-executive capacity as Chairperson of the South African Broadcasting Corporation (SABC), the Business Process enabling South Africa (BPeSA), and is President of the South African Communications Forum (SACF). He has served for a while now as a member of the Presidential National Commission on Information Society and Development (PNC on ISAD), the Board of Trustees of the Independent Development Trust (IDT) and a director of Murray and Roberts Holdings Limited.

His career has included being Executive Director and later Chairperson of the IDT, Deputy Chairperson of the South African Telecommunications Authority (SATRA), and Founder Chairperson the Telecommunications Regulators Association of Southern Africa (TRASA).

Christine Qunta (Deputy Chairperson) (2)

B.A.; LL.B. (New South Wales, Sydney, Australia)

Christine Qunta, the Deputy Chairperson of the SABC Board, is a senior partner in the law firm Qunta Incorporated, a firm specialising in corporate and commercial law, intellectual property, competition law and policy, and petroleum law. Christine is a respected newspaper columnist, and is also the author of a number of publications, including *Who's Afraid of Affirmative Action: A Survival Guide for Black Professionals*; *Women in Southern Africa (ed.)* and *Heroes and Other Treasurers* (an anthology of poetry). She has served as a member of the Competition Tribunal and as director of the Road Accident Fund.

Prof Alison Gillwald (3)

M.A. (Politics) (Natal); B.Journalism (Rhodes)

Professor Alison Gillwald is currently the Research Director of the Learning Information Networking and Knowledge (LINK) Centre, Graduate School of Public and Development Management at the University of the Witwatersrand. Widely published in the areas of telecommunications and broadcasting policy and regulation, as well as gender and politics, she has served as an adviser and consultant to bodies such as the South African Ministry of Communications, the International Telecommunications Union, the Commonwealth Telecommunications Organisation, ICASA and the Southern African Development Bank.

'Baetapele ba ka moso ba reetsa baetapele ba gompieno.'

- The leaders of tomorrow Listen to the leaders of today

1.

2.

3.

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7.

Fadila Lagadien (4)

MBA (Liverpool, UK)

Fadila Lagadien is a highly successful disabled businessperson and disability rights activist. She plays a critical role in ensuring full integration of disabled people into the mainstream of South African Society. She is former convener of the Community Constituency of the National Economic Development and Labour Council (NEDLAC). Fadila also serves on the Board of Intersite Limited.

Andrew Maralack (5)

B.Comm. (Hons) (Western Cape); CA (SA)

Andrew Maralack is a versatile and dynamic businessperson who brings to the Board the benefit of his broad commercial and professional experience and his well-honed business judgment. He is a Partner of SizweNtsaluba VSP, a leading audit and business consulting firm. Andrew is also a member of the South African Institute of Chartered Accountants and a former board member of the Companies and Intellectual Property Registration Office (CIPRO).

Prof Thami Mazwai (6)

MBA (Henley, UK); PMD (Harvard); Senior Management Development Programme (Templeton College, Oxford University)

Thami Mazwai is adjunct Professor of Entrepreneurship and SME Development at the University of Fort Hare, Eastern Cape, and is an experienced journalist. He is a mentor of the National Small Business Advisory Council (NSBAC). He is chairman of African Enterprises Television. Professor Thami Mazwai is the Chief Executive of Mafube Publishing, and Chairperson of Indyebo Investments (Pty) Ltd. The Black Management Forum recognised him for his contribution to the transformation of the media and he is also a fellow of the Print Media Association. He is founder Chairperson of the Black Editors' Forum and of the National Editors' Forum. He is also the former Vice-President of the International Federation of Journalists. He was awarded the Rosholt Award for Outstanding Executive Journalism in 1990. He serves as a board member of the South African Chapter of the African Renaissance.

Andile Mbeki (7)

MBA (De Montfort,UK); M.Sc. (St Cloud, USA); B.Ed. (UPE); Diploma in Education (Algoa College)

Andile Mbeki is a businessman, youth activist and a community leader who has a strong passion for youth development, entrepreneurship and innovation. He has served, and continues to serve, in various executive and advisory capacities in a number of statutory bodies and NGOs. Previously he served in the following capacities: Skills Development Manager of the Department of Agriculture; board member of PAETA (now AgriSETA); member of the South African Public Service Trainer's Association; advisory board member of Maximum Dynamics; advisory panel member of the Films and Publications Board; freelance for the SABC who presented youth radio programmes and co-ordinated youth television programmes; worked extensively in the field of training and development for 14 year; lecturing and management of human resource development processes. Current capacities include: a member of the Black Management Forum; member of the Junior Chamber International (JCI: World Federation of Young Leaders and Entrepreneurs); Minister of Youth and Conscious Development in Peace Government Southern Africa; Board of Trustees for youth development of the North West Province; advisory board member of Future Leaders; chairman of Round Up Foundation; and member of national Task Team against Child Pornography. He is an active member of the SABC Board who is passionate about youth affairs and affectionately known as 'The Young Lion'.

8.

Kanyisiwe Mkonza (8)

B.A. (Witwatersrand); Dip. Strategic Management (Damelin); Certificate in Non-Profit Management (New School for Social Research, New York)

Kanyi Mkonza is the current Chairperson of the Media Development and Diversity Agency, an independent management and community development consultant and the former deputy director of media liaison for the City of Johannesburg. She served on the executive committee of the National Community Radio Forum and on the Board of the National Electronic Media Institute for South Africa.

9.

Cecil Msomi (9)

Dip. Mass Communication (Zimbabwe)

Cecil Msomi, a highly respected journalist, served as a reporter and bureau chief for the Ziana news agency. He has worked as News Editor and Regional Editor for the SABC in KwaZulu-Natal. He played a leading role in putting up and guiding the editorial teams that successfully covered the World AIDS Conference, World Racism Conference, World Economic Forum, the launch of the African Union and other major international conferences in Durban. He has worked as a TV anchor in a prime-time News and Current Affairs show for the then Zimbabwe Broadcasting Corporation in the 1980's. While Regional Editor in KwaZulu-Natal, Cecil skillfully developed and mentored a number of junior reporters who now occupy senior editorial positions in both South Africa's electronic and print media. He is the Chairperson of the National Broadcasting Consultative Colloquium and is a director of a media consultancy agency.

10.

Prof Derrick Swartz (10)

B.A. (Western Cape); M.A. and Ph.D. (Essex, UK)

Professor Derrick Swartz is currently Vice-chancellor and Principal of the University of Fort Hare. His fields of expertise include public sector management, development theory and organisational change, and higher education. His current research interest is on the role of higher education in economic development. Apart from previous work in the Presidential Review Commission (PRC) and advisory services to the Eastern Cape Provincial Administration, Derrick currently also serves on various other non-profit boards including Freedom Park Trust, Liliesleaf Trust, Higher Education South Africa (HESA) and Fort Hare Foundation.

11.

Ashwin Trikamjee (11)

B.Iuris (University of South Africa)

Ashwin Trikamjee is a practising attorney and senior partner in a major Durban law firm. He is also a practising Hindu priest and a respected sports executive, having had major involvement with soccer since the 1970s. As the longest-serving council member of the SA Soccer Federation, and a former Chairperson of the National Soccer League, and Vice-President of the South African Football Association (SAFA), Ashwin was instrumental in the unification of soccer in South Africa. He was also the former Secretary General of the International Bar Association for Southern Africa and a council member. He serves on various religious and cultural bodies. He is the President of the South African Hindu Maha Sabha, past Vice-President of the Hindu Council of Africa as well as Chairperson of the National Religious Leaders' Forum. Ashwin also serves on the boards of various companies, and is the Chairperson of the KwaZulu-Natal Gaming Board and of FICHA Limited.

Executive members of the Board

Dali Mpofu (Group Chief Executive Officer) (12)

B.Proc.; LL.B. (Witswatersrand); Certificate in Finance and Accounting

Advocate Daluxolo (Dali) Christopher Mpofu, the new Chairperson of the Board of the Proudly South African Campaign, boasts an illustrious law career and brings a wealth of broad experience in the Information and Communication Technologies and Broadcasting sectors.

Dali commenced his corporate career in 1987 as a Candidate Attorney at Kathleen Satchwell Attorneys. He then moved on to work for the ANC as Deputy Head of the Social Welfare Department. In 1993 he was admitted as Advocate of the High Court of South Africa. He practised law as a member of the Johannesburg Bar for seven years before joining the private sector in 2000.

In 1996 and 1997, Advocate Mpofu held the position of Trainee International Advocacy Teacher at Grays Inn, London - a prestigious body for barristers in the United Kingdom. In 2000 he was appointed by the Minister of Justice to the position of Acting Judge in the Labour Court of South Africa. Later in the same year, he was appointed Group Executive Director for Corporate Affairs by the Altron Group, a Proudly South African, Information and Communications Technology company. He held this position until his appointment as Group Chief Executive Officer at the South African Broadcasting Corporation in August 2005.


12.

In 2003 he was appointed Chairperson of the ICT BEE Charter working group. In 2004 Advocate Mpofu was awarded Businessman of the Year status by the highly reputed Black Business Quarterly Magazine.

His passion for sustainable rural development can be seen by his former Board Chairpersonship of Renewable Energy Technologies (Rentech), a company specialising in renewable energy, especially in rural areas.

A person of honour and integrity, Advocate Mpofu served as the inaugural Chairperson of the National Anti-Corruption Forum, which is now chaired by the Minister for Public Service and Administration. He served on the Council of Johannesburg University as a Ministerial representative. He is also the President of Southern African Broadcasters Association (SABA) and Board Chairperson of Proudly South African.


13.

Robin Nicholson (Chief Financial Officer) (13)

B.Com.; LL.B.; B.Acc. (Witwatersrand); CA (SA)

Robin Nicholson was appointed as the Chief Financial Officer of the SABC on 1 July 2001 from his former position as the Chief Financial Officer of Primedia Ltd where he gained in-depth knowledge of the media industry. He was previously the Finance Director with Glaxo Wellcome (SA) Ltd. Robin has held a number of Board positions including a non-executive directorship of Medicredit, the Chairpersonship of Druggists Distributors, and directorships of various medical aid and provident funds.


14.

Charlotte Mampane (Acting Chief Operating Officer) (14)

B.A. (UNIN); B.A. (Hons.) (UNISA); EDP (Witwatersrand);
Master of Management (P&DM-Witwatersrand)

Charlotte Mampane is a Group Executive in the Group CEO's office and Regions. Her responsibilities include, among others, providing strategic leadership to the office of the Group CEO in areas of Strategy, Risk, Communications, Procurement and Regions as well as a link between the different areas of the business and the office of the Group CEO. She worked as Head of Regions from 2002 – 2005. Formerly she was Chief Executive – Radio, having joined the SABC from the IBA and TELKOM. Charlotte serves as non-executive director of Astral Foods and the National Film and Video Foundation.


15.

Solly Mokoetle (Chief Operating Officer) (15)

M.A. Journ. (Carleton University, Canada)

Solly Mokoetle, was appointed to the position of Chief Operating Officer of the SABC on 1 January 2001. Between April and July 2005, Solly acted in the position of Group Chief Executive Officer of the SABC. With more than 20 years' experience in radio and television production and management, he joined the SABC from the Canadian Broadcasting Corporation in 1994 as senior general manager in charge of Regional Radio Services; he serves as senior general manager of Special Projects (Television), represented the SABC at the IBA Triple Inquiry hearings and was the former head of Corporate Strategic Planning of the SABC. His contract expired in December 2006.

Group CEO's Statement

'Ngokulalela, unika abanye ithuba lokukhululeka, bathuthuke, bagogode.'

- Through listening you allow others to unfold, develop and expand

The cornerstone of the SABC is its people – ranging from the Board, via Executive Management, to the general staff, all of whom I thank for the achievements of the year under review. These are the people who give life to the mandate, the vision and the corporate goals of the SABC – all of which characterise the organisation's approach to its obligations to the people of South Africa.

Our mandate is to provide public service broadcasting to the people of our country. Our vision, emanating therefrom, is Broadcasting for Total Citizen Empowerment. Our corporate goals, pursuant thereto, revolve around nation-building content, healthy relationships with stakeholders, financial sustainability, our people, implying human capital empowerment, innovative and effective technologies, corporate governance and compliance, and performance monitoring for excellence.

As the pages hereafter reflect, we once more report an organisation on the move, an organisation characterised by progress in performance, and an organisation whose performance exemplifies its mandate, its vision and its goals.

Look at the above and consider the following:

We have united the organisation into clusters operating within a uniform vision which views our audiences and viewers not as consumers but as citizens to whom we owe total empowerment in line with the transformation of our society. That empowerment encapsulates the imparting of information, the education and entertainment of our citizens through socially-conscious and multi-voice content so that they can interface with and benefit from the country's freedom and democracy. It also entails the creation of forums for engagement between the SABC and the citizenry, as our feedback sessions with the public and civil society organisations attest. Citizen empowerment means the celebration of nationhood, the growth and development of local content and the development of a single South African identity while valuing our diversity.

If the statistics in this Annual Report are anything to go by, then we are indeed making strides in our citizen empowerment mandate, for the citizens have ensured that SABC1 and SABC2 are first and second respectively in the Sunday Times/Markinor Viewership Survey, while SABC3 is fourth. They have also confirmed our dominance of the airwaves by giving us the top six, and eight of the top ten, radio brand positions in the country.

These are independent accounts of the growth of the SABC as the trusted companion of choice by more and more South Africans.

We believe this to be a direct result of our increasingly relevant programming built upon the positive imaging of people, and set to culminate in high-level sports coverage: we will broadcast the FIFA Soccer World Cup in 2010, the gatekeeper broadcast rights of which we secured over our competition. With soccer being the sport of choice for the majority of South Africans, and its role in facilitating social cohesion, we stand to advance our delivery in terms of our public service broadcast mandate.

People

The empowerment of our First Citizens (i.e. our employees) has been based on a refocused HR strategy. This includes, critically, skills development and a conscious plan to retain staff in key positions through succession management, among other interventions. Employee wellness is also a central feature of this plan, as is the filling in of strategic vacancies so that there may be sufficient operational leadership for staff guidance and support.

All this has been implemented within the context of accountability, first, at the level of top and senior management. We have therefore reviewed and implemented the Performance Management System, and 95% of performance contracts are in place for top and senior management.

Externally we continually devise different and creative ways in which to connect effectively with our stakeholders within South Africa, the continent and more recently the globe.

Operations

Operationally we have concluded all plans for the launch of a 24-hours News Channel, and we envisage its going on air locally during the second month of the next fiscal year. This will give effect to our content corporate goal, specifically ensuring the creation of an SABC that reflects the world, in particular

Africa, in line with the organisation' s editorial policies, and an SABC that plays a meaningful role in supporting the African Renaissance and NEPAD. Additional to this we also rolled out news bureaus in strategic locations around the continent and the world, in the process increasing our news offerings, including over weekends. Plans for the establishment of an SABC Agency are at an advanced stage.

At a much broader level we finalised and instituted an industry development strategy, in terms of which we have already launched some key industry development projects, including a partnership with the music industry for a comprehensive developmental approach to the sector. This initiative has received enthusiastic support of key industry players.

Technology

On the technology front we have continued our implementation of the Technology Strategy, with approximately 40% of the projects successfully delivered.

Pursuant to public service broadcasting in terms of our mandate, we have increased technological investment in African language stations. The technology, which includes portable satellite internet protocol solutions, has enhanced our capacity to deliver quality drama, sport, current affairs and news bulletins in all African languages. Because of this technology, as well, we are in a position to acquire content from wider geographical areas in South Africa and the African continent.

At the end of the period under review we received the sudden resignation of our Acting Chief Technology Officer. The process of recruiting a new CTO has been intensified and should be finalised before the end of the calendar year.

Funding and Financial Health

For as long as the SABC has to rely largely on advertising and not the public purse for revenue, funding will remain an ongoing challenge.

It is heartening to report, despite the challenge, that during the year under review we set ourselves the goal of a 10% revenue growth in TV and 10.5% in radio, both of which we comfortably exceeded as the figures of 11.1% for TV and 14% for radio show.

The over-reliance of the SABC on commercial funding in relation to other sources is in my view the single most important issue facing the corporation and all those who care for a true public service broadcaster which is accountable to the public and neither inherently

susceptible to commercial nor state power. Currently the funding mix is 77% commercial funding, 18% licence fee, 2% government and 3% 'other funding'.

Although we obviously did not budget to repeat the historic 100% surplus or profit growth rate achieved in the last fiscal year, we are pleased with the R183 million surplus achieved. When viewed against massive technology investment in preparation for the new era and competition, substantially increased ICASA obligations (which we mostlyexceeded), ambitions local and international network expansion, as well as the already mentioned strides in universal access, it is a significant achievement that we generated a surplus at all. This achievement is further emphasised by the fact that revenue growth was at a modest 8% due to interest rate increases in the period – a factor which traditionally affects the spending patterns of advertisers as well as the compliance rates in respect of TV Licence payments.

The surplus achieved this year provides us with a more realistic base from which to launch a sustained growth path for the SABC in the next three or so years – in which period our ambitions are to achieve surpluses well over the half-a-billion rand mark.

Many challenges lie ahead, 2010 is looming larger and closer, new competition is at the door, but the SABC's commitment to building a single and transforming nation under the banner of Vuka Sizwe! will unflinchingly be pursued, sparing neither strength nor courage and with the requisite fortitude and resilience of a leadership single minded in the achievement of the strategic vision of Broadcasting for Total Citizen Empowerment.

Governance

A key challenge pertaining to governance is compliance, particularly with ICASA regulations. We continue to meet our obligations in this regard, as our exceeding ICASA-set TV and radio quotas during the year under review demonstrates.

In terms of annual information-sharing we have been partly successful in that we have held an annual session with provincial governments but not with ICASA and the Department of Communications (DoC).

The organisation has put in place necessary structures previously lacking in the pursuit of a governance compliant organisation. The Board has established a Risk Committee. This is a welcome and long overdue step. In turn we have employed a new Head of Risk and Strategy management and a Head of Procurement, both of whom report to the Office of the Group CEO. In addition, the Head of Internal Audit now sits as a permanent invitee on the monthly meetings of the Group Executive Committee. This serves to demystify the important work of Internal Audit but also to reinforce a

Members of the extended Top 75 during a Strategic breakaway session at Sun City.

preventative and remedial approach to non-compliance as opposed to one which is solely punitive after the fact.

Economic Empowerment

Besides empowerment through entertainment, education and information for democratic participation, we have economically empowered our citizens in line with the country's BBBEE legislation, with 55% of all commissions being those of companies that are black owned and/or black female owned.

We have also formalised and increased our engagement with the independent production sector, resulting in more local content, as per the ICASA guidelines, and greater economic benefits for the independent producers.

During fiscal year 2007/2008 the SABC will be focusing on a supplier and enterprise development initiative to ensure that our suppliers support BEE initiatives. Our brand new Group Procurement Policy requires that all our service providers will have to undergo a BEE rating process, for us to do business with them.

This will ensure our support for local industry in the area of content and any other goods and services procured by the SABC.

Regulatory Environment

The year under review ushered in the Electronic Communications Act (ECA), convergence, and – with the publication of the country's digital migration strategy – digitisation. These resulted in new competition both in radio and television.

As a major player in the industry, we participated in each of these important processes, including – together with Sentech – in the pay TV licence process, as well as in the Minister's Digital Migration Working Group. The finalisation of the pay TV licensing process – and we are one of the applicants – is expected by November 2007 and the Minister has announced that DTT migration is set to begin in November 2008.

Universal Access

Our interest in regulatory processes is motivated by our obligation, from a mandate point of view, to progressively increase access to a point of universality in our country. To this end we have, during the 2006/2007 financial year, either switched on new transmitters or upgraded existing transmitters in places such as Bethlehem, Ulundi, Nelspruit, Louwsburg, Elandsheights, Enshatshongo, Butterworth, Queenstown, King Williamstown, Lady Frere, Cofimvaba, Qokama, Port Elizabeth and Durban.

The significant investment in transmitters has made it possible for us to reach an additional 2 677 331 citizens who had no access to public broadcasting services before. Plans are in place to increase this even more in the new fiscal year. This is easily our most important achievement of the year under review.

Conclusion

Public service broadcasters worldwide are grappling with balancing public service mandates with revenue generation and demand for quality programming in a highly competitive sector. We have also been exposed to the same challenge but have enjoyed the intellectual, creative and other demands it has placed upon us.

Over the past year we have seen our Board, Executive management and staff rise to the challenge and reach heights many would have considered impossible. In the process the shareholder, Parliament, other stakeholders and the public as a whole appreciated and supported our efforts, thus making our task less onerous. For this we are grateful to them all, and we recommit ourselves to continue serving the country in line with the mandate set us and our vision to broadcast for total citizen empowerment.

Thanks to all those whose hard work and leadership ensured that we continue to earn international achievement awards and remain a world leader and pioneer in many aspects of public service broadcasting.

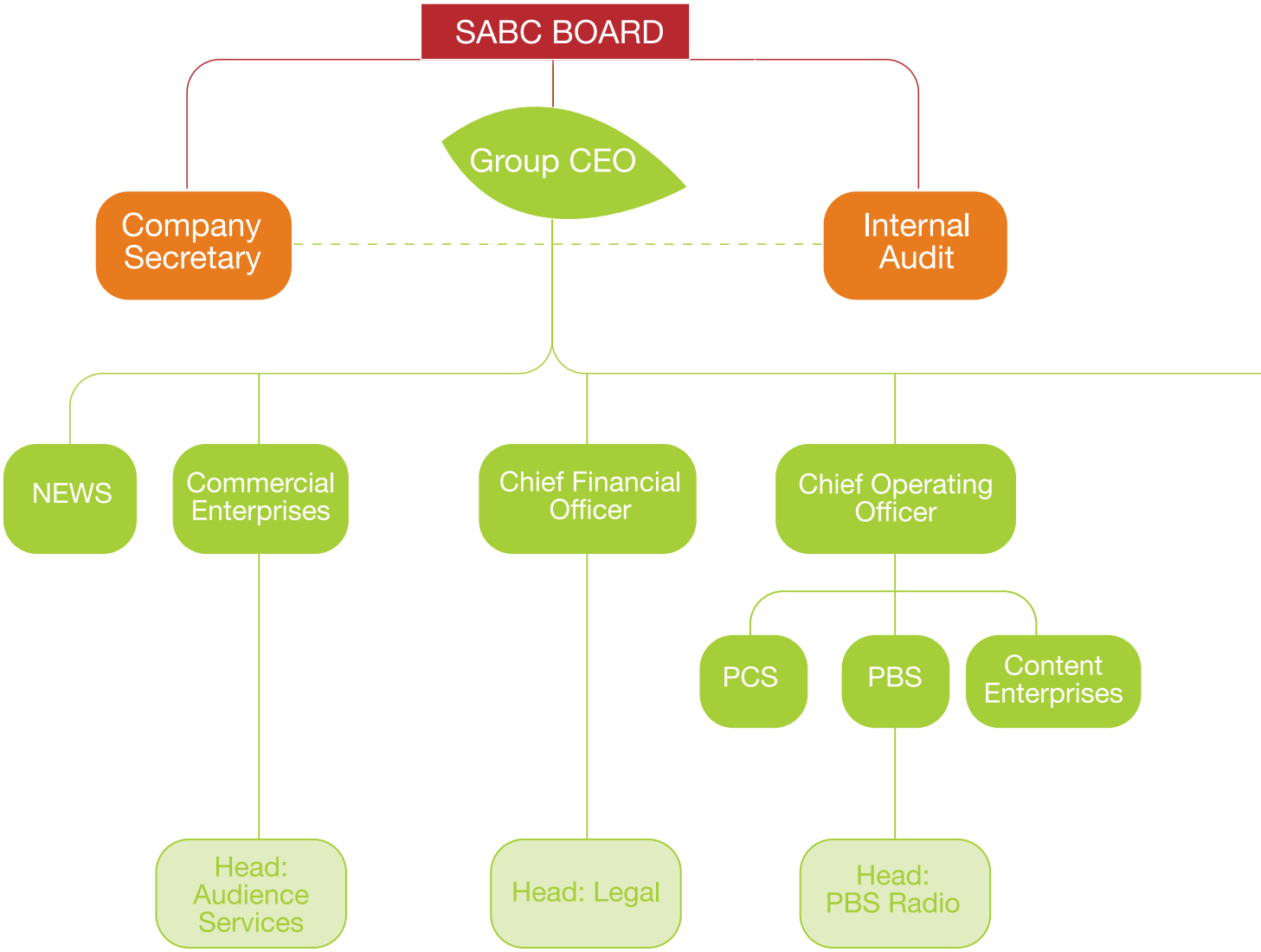
Thank you all.

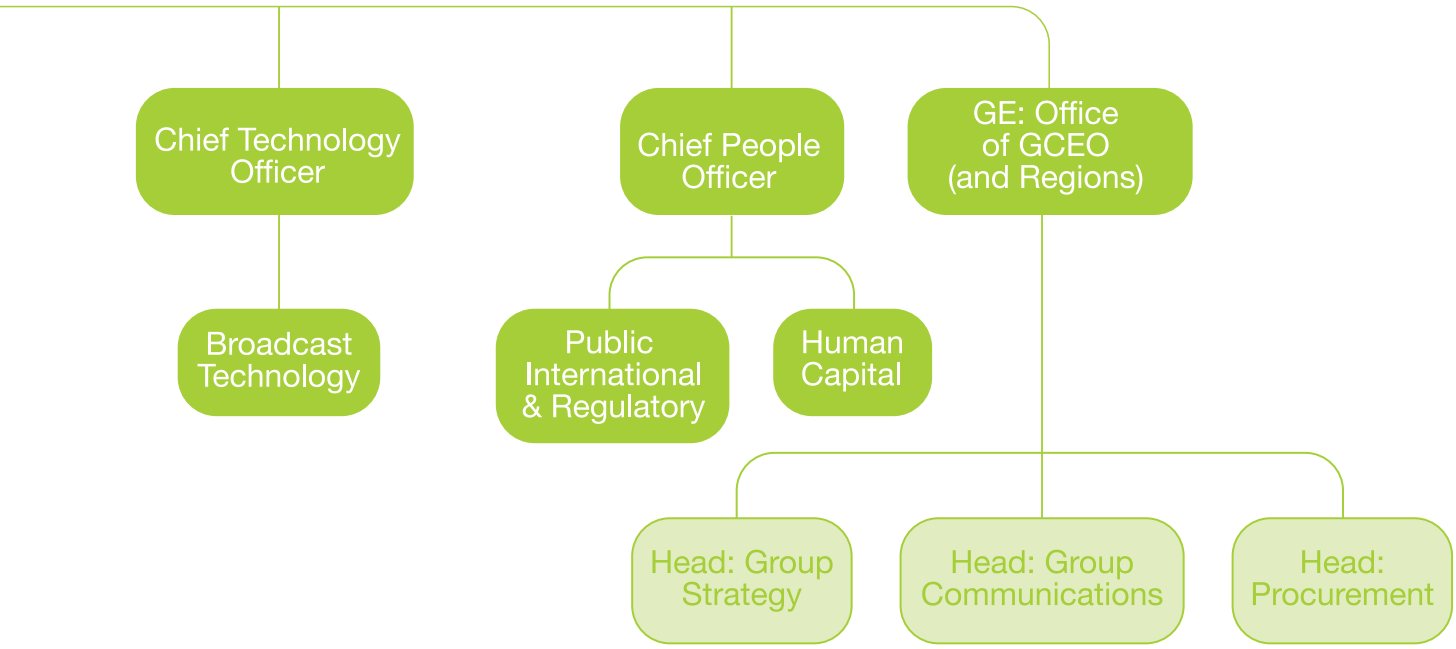
Adv. Daluxolo Mpofu
Group Chief Executive Officer

Organisational Structure

'Loko lava nga dyuhala swinene va kota ku tsundzuka, vantshwa va ta yingisela.'

- If the very old will remember, the young will listen




Chief Technology Officer
Chief People Officer
GE: Office of GCEO (and Regions)
Broadcast Technology
Public International & Regulatory
Human Capital
Head: Group Strategy
Head: Group Communications
Head: Procurement

Executive Members

Dali Mpofu (1)

(Group Chief Executive Officer)

Joined the SABC on 1 August 2005. Also see biography on page 12 of this report.

Robin Nicholson (2)

(Chief Financial Officer)

Joined the SABC on 1 July 2001. Also see biography on page 13 of this report.

Charlotte Mampane (3)

(Acting Chief Operating Officer and Group Executive in the Group CEO's office and Regions)

Also see biography on page 13 of this report.

Lulama Mokhobo (4)

(Group Executive: PBS)

B.A. (Botswana); Dip. Ed. (Swaziland); M.Sc. (Utah State, USA)

Lulama Mokhobo joined the SABC in October 2005 as Head of PBS TV and later became Group Executive of PBS Radio and TV. Lulama is Group Executive for Public Broadcasting Services, which includes the TV channels SABC1 and SABC2, plus 15 terrestrial radio stations and 1 satellite/internet based station. She has extensive experience in broadcasting strategy design and technology, content development and media management, having operated within the sector over a period spanning two decades. She sits as a non-executive member of a number of bodies including the Nelson Mandela Children's Fund, the Peace Island Project and the listed mining company Miranda Minerals Holdings. She is a previous chairperson of the Independent Producers Organisation and previous Board Member of Sentech, the state-owned satellite signal distributor.

Pearl Luthuli (5)

(Group Executive: PCS)

Senior Executive Programme (Wits and Harvard Business Schools); B.A. in Communication and Business Administration (William Paterson, New Jersey, U.S.A.); Certificates in Television and Radio Broadcasting Management (USTTI, USA); Journalism & Public Relations (Africa Literature Centre, Zambia).

Pearl Luthuli joined the SABC on 1 October 2005 as Chief Executive of Public Commercial Broadcasting Services. She is responsible for directing the corporation's commercial television and radio services.

Pearl has extensive experience in the media industry, having worked as a journalist for *World* and *Post* newspapers, Editor for *True Love* magazine and publisher for *Tribute* and *De Kat* magazines. She previously also worked for the SABC as Corporate Affairs and Publicity Manager for CCV TV.

In 2004, she conceived, directed and published *Enterprising Women*, a magazine on the empowerment of women in the first ten years of the new democracy. She has served on several Boards including Moribo Leisure, South African Tourism, South African National Library and Landelahni Human Resources Group.

Mvuzo Mbebe (6)

(Group Executive: Content Enterprises)

B.Pharm. (Rhodes); B.Sc. (Hons) (Statistical Analysis) (UWC); M.Pharm. (UWC); Post Dip. Management (through Henley)

Mvuzo joined the SABC in 2001 as the managing director of the SABC's Sports division. He worked part-time as a Pharmacology lecturer and Residence Programme Co-ordinator at UWC. He played leadership roles in different institutions and organisations especially in sports, e.g. ASA, SASSU, SAACON to name a few. He was the first co-Secretary General for Athletics South Africa, and later appointed as the first Chief Executive Officer of the NSC. His sport knowledge extends beyond South Africa. He was Chairperson of SCSA Zone VI Marketing and Finance Committee. He led a delegation from ASA that successfully bid for the World Cross Country

'Kulalela kuyindlela lenemandla yekuheha nalebalulekile ekukhulumisaneni kweliciniso.'

- To listen is a powerful means of influence and essential to a true conversation


1.


2.


3.


4.


5.


6.


7.


8.


9.

Championship in 1996 and the 1998 World Cup in Athletics to be held in South Africa. He was the first Chef De Mission of the South African Team to attend the All Africa Games in 1995, part of the management team for the first South African teams to attend the Commonwealth Games in Victoria in 1994 and the World Student Games in Buffalo in 1993. He was a Director for the 7th All Africa Games Organising Committee in 1999 responsible for Marketing and Medical and Doping Games Services.

He has served on the following boards: UNITRA Foundation, Primedia, Africa Speaks, Thuo Investment, the Agency and NSC Investment (Pty) Ltd. Mvuzo was the Managing Director: SABC Sport for three years. He was then promoted as the Group Executive: Content Enterprises at the SABC.

Gab Mampone (7)

(Group Executive: Commercial Enterprises)

MBA (De Monteforte University); MAP (WBS); B.A. (Hons) (Wits University); Chartered Marketer CM (SA); Global EDP (GIBS)

Gab Mampone is a Group Executive of Commercial Enterprises. Prior to holding this position, Gab Mampone worked as the General Manager of SABC Radio Airtime Sales since 1998. His responsibilities include, among others, implementation of marketing, pricing and revenue generating strategies, amd developing and cultivation of business relationships with advertising agencies, clients, station and channel management and also senior SABC management. He is also responsible for the development and implementation of strategic plans geared to ensure sustainable commercial delivery of SABC's marketable brands.

In 1999 Gab was appointed as an Audit Committee member of the Government Communications and Information Services (GCIS). He also sits in the audit committees of MDDA and IMC. He is a member of the Marketing Excellence Awards Council.

Dr Patience Naves (8)

(Group Executive: Human Capital Services)

B.A. (Social work) (Zululand): B.A. (Hons) (UNISA); M.A. Clinical Social Work (RAU); Ph.D. (RAU); EDP (Strategic Management) (School of Social Research, New York); EDP (Witwatersrand); Utility Management Graduate Programme (Global Utilities Institute); Change Management (Organisational Development Research Institute); Certificate Programme in Strategic Human Resources Management (UJ)

Pat Naves started her career as a social worker where she acquired extensive project management and community development skills. She subsequently moved to Eskom where she gained valuable experience as an Employee Wellbeing Officer. She also worked as a Human Resources practitioner in the fields of training, diversity management, performance management and industrial relations.

Her other positions included stints as an Executive Trainee at Phillip Morris and Kraft General Foods prior to taking up her position as the General Manager, People Management Specialists Services for the ABSA Group. Pat joined the SABC as its Director of Human Capital on 1 August 2005.

Phumelele Ntombela-Nzimande (9)

(Group Executive: Policy and Regulatory Affairs)

B.A. (Social Science); B.A. (Hons) (Natal)

Phumelele joined the SABC from the Department of Communications where she served as Deputy Director-General: Strategic Policy Co-ordination, Inter-governmental Relations and International Relations. In her capacity as the Director of Policy and Regulatory Affairs of the SABC, she is responsible for providing regulatory and policy compliance and leadership, as well as the development of the company's public and international affairs portfolios. Phumelele was formerly a Deputy Chairperson of the Commission on Gender Equality. She serves on a number of Boards and advisory councils including the Human Sciences Research Council and the Council of the University of KwaZulu-Natal.

10.

Dr Snuki Zikalala (10)

(Group Executive: SABC News and Current Affairs)

B.A. (Hons) (Witwatersrand); Ph.D. Journalism (Sofia University, Bulgaria)

Snuki Zikalala joined the SABC in 1993 as labour correspondent. He subsequently held the position of deputy editor-in-chief of Radio and Television News to which he was promoted in 1998. He was also the acting editor of SABC Africa and the executive editor of SABC News in 2001. Snuki joined the Department of Labour as senior executive manager of communications for a brief stint between 2002 and 2004, after which he rejoined the SABC as its Head of News.

11.

Solly Mokoetle (11)

(Chief Operating Officer)

M.A. Journ. (Carleton University, Canada)

Joined the SABC in 1994. Also see biography on page 13 of this report.

His contract expired in December 2006.

12.

Sharoda Rapeti (12)

(Group Executive: Technology and Acting Chief Technical Officer)

MBA (Cum Laude) (Wales, UK); National and Higher Diplomas in Electronic Engineering (ML Sultan Technikon, Durban).

Sharoda joined the SABC in 1988 as the regional manager of facilities in KwaZulu-Natal. Her role was subsequently expanded to include responsibility for the management of IT Projects (1998) and the management of Digital Technology Development (1999). Sharoda was appointed as the managing director of technology in 2001. She is the Vice-president of the Engineering Council of South Africa, Deputy Chairperson of the Council for the Built Environment established by the Ministry of Public Works and a non-executive director of Mercantile Bank Limited.

She resigned from the service of the SABC in March 2007.

The following members also attend on a regular basis because of their strategic role in the organisation:

13.

Anton Heunis (13)

(Head: Audience Services)

B.Comm. (RAU); Dip. O & M

Anton joined the SABC as Organisations and Methods Officer in 1979. He has since held a number of senior management and executive roles in the company, including that of senior personnel officer (1983), manager of HR planning and information (1989), HR manager of strategic services (1991) and group manager of human resources (1995). Anton took up the position of senior general manager of the audience services division in 1999. He is registered with the South African Board for Personnel Practice.

14.

Kaizer Kganyago (14)

(Head: Group Communications)

B.A. (Unisa); Secondary Teachers Diploma (Kwena Moloto College, Seshego)

Kaizer joined the SABC in 2006 as the Head: Group Communication in the office of the Group Chief Executive Officer. He was formerly the spokesperson for the Ministry of Justice. He also served as a spokesperson for the Khampepe Commission of Enquiry on the mandate and location of the DSO (Scorpions).

Kaizer has experience in the publishing industry as he has served as a publisher for both Kagiso Publishers and Nason Publishers.

Thami Ntenteni (15)

(Head: PBS Radio)

B.A. (Communications) (UNISA)

Thami was formerly a director of communications in the office of the Deputy President. He joined the SABC in 2001 as a management consultant to the Group Chief Executive Officer and was later appointed to the position of executive editor of Channel Africa. He played a caretaker role as Acting Head of PBS Radio for much of the 2005/2006 financial year and was subsequently appointed to this position in a permanent capacity.

15.

Mabela Satekge (16)

(Head: Group Procurement)

MDP (UNISA); Certificate in Marketing Management and Marketing Research (UNISA))

Mabela Satekge joined the SABC on 1 January 2007 as the Head of Procurement. He has also been acting in the position of Head of Regions since April 2007. His responsibilities include providing procurement strategic leadership across the SABC, Broad-based Black Economic Empowerment support and Enterprise Development, as well as enhancing procurement best practices in the organisation. He has held a number of senior management and executive roles including that of the Director of Procurement for the City of Cape Town, Head of Procurement for BoE Bank and National Contracts Manager for Eskom. He has broad and deep understanding of black economic empowerment and strategic sourcing initiatives. He has delivered numerous papers on preferential procurement and supply chain management. He served on a National Treasury task team to develop

Supply Chain Management regulations and a Property Management disposal policy for municipalities, and also served as chairperson of various tender committees.

16.

Mafika Sihlali (17)

(Head: Legal)

Sihlali joined the SABC as Head of Legal services.

Previously he was a partner in Sihlali and Molefe Attorneys.

17.

Elsje Oosthuizen (18)

(Head: Internal Audit)

B.Comm. (University of Pretoria); Diploma in Criminal Justice & Auditing (RAU)

Elsje is Head of Internal Audit responsible for Internal and Forensic Auditing within the SABC, and for providing the Board with an independent assurance that the internal control, governance and risk management processes are effective and efficient. She joined the SABC in 2002 as a part of a co-sourcing arrangement to establish an Internal Division. She was appointed during 2006 as the Head of Internal Audit.

18.

Ramani Naidoo (19)

(Company Secretary)

B.A. (Rhodes); LL.B. (Natal); Certificate in Mergers and Acquisitions (University of Pretoria)

Appointed as Company Secretary on 1 November 2005, Ramani Naidoo is an Attorney, Notary Public and Conveyancer of the High Court of South Africa. She spent a number of years in private legal practice before taking up a position with the Airports Company

South Africa as its Company Secretary and Head of Legal Services. She has subsequently been the Legal Services Manager for the Southern Sun Group, a Senior Manager of

Private Equity for Gensec Bank and a Director of Edward Nathan (Pty) Limited where she practised in the firm's specialist Corporate Governance division. She is the author of *Corporate Governance – An Essential Guide for South African Companies* (2002), *The Effective Directors' Guide* (2004) and the six month course in corporate governance offered through UNISA's Centre for Corporate Citizenship. Ramani is a non-executive director of African Bank Investments Limited, Allied Technologies Limited (Altech), and a member of the advisory council of UNISA's Centre for Corporate Citizenship.

19.

CFO's Report

'Successful people do more listening than talking.'

The 2007 financial year was a watershed year for the SABC in relation to the delivery of the new licence conditions and the expansion of the SABC mandate. Investments in programmes and broadcast costs impacted heavily on the profitability of the SABC, including the broadcast of the FIFA World Cup Football and the initial phases of the ICC Cricket World Cup, as well as expanding its News and Current Affairs services.

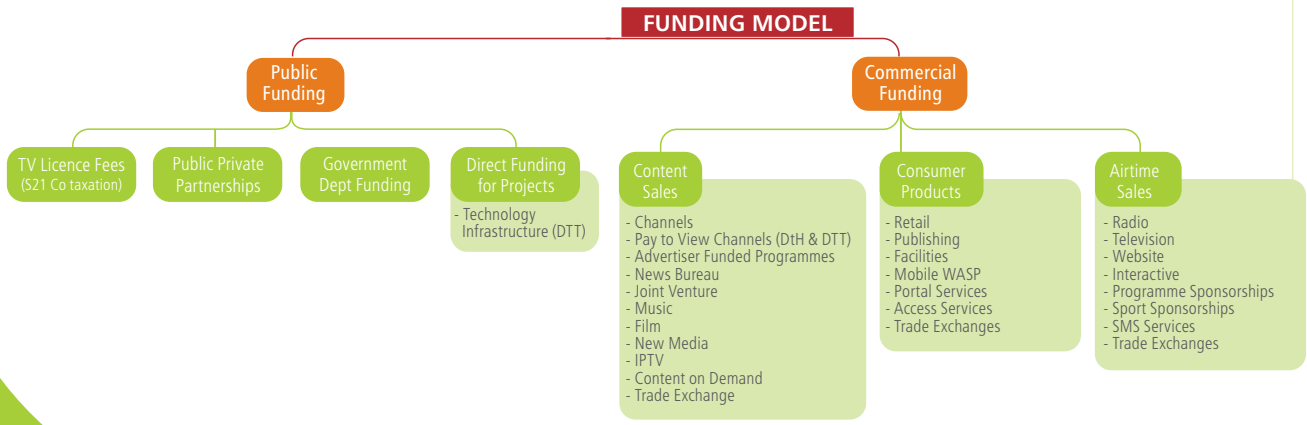
While the changes have been extensive and required significant Investments, the resulting disruption of the schedule also had a significant effect on Television revenue. Audience share of Television showed a decline of 0.6% in the year (source: TAMS). The changes impacted audience share in key timeslots and this loss of share resulted in a slowdown in revenue growth for Television.

The year under review also saw the introduction of a new management team in Commercial Enterprises, which resulted in some expected under-performance relative to potential.

The continued implementation of the technology strategy was stepped up with significant investments in both broadcast technologies and information infrastructure and systems. Investments were also made in the capacity to implement technology investments with greater efficiency and quality going forward.

Group Income Statements	2007 R'000	2006 R'000	2005 R'000
	Post IFRS		
Revenue and other income	**4 313 829**	3 970 218	3 419 519
Profit before net financing income, income tax, depreciation, amortisation and impairment	**399 207**	648 274	403 958
Depreciation, amortisation, impairment of property, plant and equipment and computer software	**(188 460)**	(132 843)	(131 237)
Net financing income	**48 316**	30 371	17 443
Income tax expense	**(76 300)**	(162 924)	(96 153)
Profit for the year	**182 763**	382 878	194 011

Funding Model and Mix



During the year the SABC refined the structure of the funding model without deviating from the requirements of the Broadcasting Act. The revised segmentation examines the SABC from a number of dimensions but seeks to ensure that:

- The public nature of the mandate is maintained and receives appropriate funding.
- No cross subsidisation of commercial activities with public monies is undertaken by the SABC.
- The value of public funding is increased.
- The financial risk implicit in an advertise-funded model is addressed, with regard to financial volatility and potential adverse impacts on editorial independence.
- A greater focus is placed on efficiency and cost reductions.
- The funding model begins to align with the Electronic Convergence Act.

The SABC has also commenced with an examination of the public value added by the SABC as a precursor to expanding public funding. This will be completed in the next financial year and will further inform the public funding segment.

Table One Comment

Revenue	2007	2006	2005
Revenue Analysis (R million)			
Commercial	**3 297**	3 054	2 670
Licence	**760**	739	568
Other revenue	**127**	100	96
Government	**84**	50	49
Per Group Annual Financial Statements	**4 268**	3 943	3 383
Expressed as a % of Total Revenue			
Commercial	**77**	77	79
Licence	**18**	19	17
Other revenue	**3**	3	3
Government	**2**	1	1
Total %	**100**	100	100
% Growth Year on Year			
% Revenue	**8**	17	25
% Expenses	**19**	10	13

Total revenue grew by 8.2% in the year. Commercial revenue growth was 8%. TV licence income grew by only 2.8%. Other revenue increased by 27%.

The overall funding mix remained within the range of 75% from commercial activities, 18% from TV licence fees and between 5% and 7% from government grants and other revenue. This analysis includes the amortisation of the Technology grant, (see note 22 in the annual financial statements).

Television audiences declined by 1.7% during prime time (source: TAMS), while radio declinded by just under 1% (source: TAMS).

TV Licences

Licence revenue grew by 3%. The prior year base included the full impact of dealer compliance penalties of R12m. Like on like TV licence collections grew by 4.5%.

No rate increase was received in the year. Should this trend continue, growth in net revenue will begin to decline and is likely even to decline as a percentage of revenue. This will further exacerbate the funding mix conundrum in which the SABC finds itself.

Collection costs continue to increase as a percentage of revenue because the compliance costs of debt collection reflect a higher percentage of the total costs of collection.

Operational Expenditure	2007	2006	2005
Expenditure Analysis (R million)			
Amortisation and impairment of programme, film and sports rights, and broadcast costs	**1 570**	1 343	1 319
Signal distribution and linking costs	**332**	315	300
Employee compensation and benefit expenses	**1 080**	990	816
Depreciation and impairment of property, plant and equipment	**148**	129	128
Amortisation and impairment of computer software	**40**	4	3
Marketing costs	**254**	179	139
Direct licence collection costs	**120**	109	75
Other expenses (including amortisation and impairment of computer software)	**559**	386	368
Per Group Annual Financial Statements	**4 103**	3 455	3 148
Expenditure Analysis % Increase Year on Year			
Amortisation and impairment of programme, film and sports rights, and broadcast costs	**17**	2	15
Signal distribution and linking costs	**5**	5	5
Employee compensation and benefit expenses	**9**	21	6
Depreciation and impairment of property, plant and equipment	**15**	1	52
Marketing costs	**42**	29	7
Direct licence collection costs	**10**	45	19
Other expenses (including amortisation and impairment of computer software)	**54**	5	26
Total expenditure % increase year on year	**19**	10	13

PBS

The PBS division continued the good growth of the last few years, recording revenue growth of 8%. This was driven by lower growth on SABC1 following the fall in audience share occasioned by the implementation of the new licence conditions. In particular the move of "The Bold and the Beautiful" impacted negatively on the division although largely offset for the whole of the SABC by the gains on SABC3.

Operating expenditure grew by 7% in the year as a result of increased content expenditure and marketing on the new positioning of the platforms. Significant investments in the human resource capacity of PBS radio were also made in the year.

Consequently profit for the year improved by 8%.

PCS

PCS grew revenue by 9% in the year. Operational expenditure growth was marginally ahead of revenue growth and as a consequence profit for the year grew by 7%.

PCS Television increased the investment in local content and grew operating expenditures by 6%. Revenue growth was 9%. Profit for the year grew by 10%.

PCS Radio reported little movement in profit for the year mainly due to the under-performance of Good Hope FM.

Strategic Shared Services

Significant cost increases arose in the shared services areas of the SABC. These were driven by:

- increased investments in content production infrastructure within News and Content Enterprises;
- increased project management costs to assist with the roll-out of the digital production infrastructure and other major projects;
- increases in group costs to deal with expanded regulatory costs and Corporate Services;
- significant increases in marketing expenditures were also required as the various platforms repositioned their offerings and rolled out the enhanced mandate.

Analysis of Content Spend

Foreign content costs continued to decline in line with the revised local content mandate, with spend on foreign content now 17% of total spend.

Balance Sheets

Current and non-current assets	2007 R'000	2006 R'000	2005 R'000
Property plant and equipment, investment property and computer software	**1 270 997**	1 223 227	1 156 945
Loans and receivables	**5 300**	18 037	18 037
Other non-current assets	**102 918**	85 589	62 855
Bank balances, cash and resticted cash	**712 115**	145 894	50 742
Programme, film and sports rights	**541 723**	301 939	267 470
Trade and other receivables	**696 402**	695 675	595 129
Available-for-sale and held-to-maturity instruments	**102 865**	726 363	320 432
Other current assets	**118 415**	110 795	157 245
Total Assets	**3 550 735**	3 307 519	2 628 855
Equity and Reserves	**2 139 397**	1 956 205	1 572 854
Interest-bearing liabilities	**47 577**	68 127	83 533
Other non-current liabilities	**158 974**	100 779	457
Deferred tax	**103 145**	66 029	137 383
Employee benefits	**335 273**	319 899	252 940
Current portion of interest-bearing debt	**30 790**	28 617	27 066
Other current liabilities	**735 579**	767 863	554 622
Total Liabilities	**1 411 338**	1 351 314	1 056 001
Total Equity and Liabilities	**3 550 735**	3 307 519	2 628 855

The balance sheet continued to grow modestly in the year. Capital expenditures include spend on assets for which the SABC receives state funding. State funding is recognised in the income statement in line with the accounting policy (see accounting policy note 1(s)(v) of the annual financial statements for full details).

Future capital expenditures are forecast to increase ahead of Digital Terrestrial Transmission (DTT) and increases in digital satellite services. New media investments will also require funding as well as the increase in regional television.

Working Capital

The increase in trade receivables is in line with revenue growth. Only Government departments extended the time to collect payments during the year. This continues to be a key area of focus. Impairments of non- recoverable debts are considered to be adequate.

Local content investments continued to grow in line with the increased local production costs and volume of projects. The full IFRS impact has now been accounted for.

Liabilities and Contingencies

There are no significant liabilities that are subject to estimates under IFRS. Post-retirement medical aid and defined benefits continue to receive attention in order to strengthen the long term health of the balance sheet. The Board has approved a comprehensive strategy to resolve the liabilities and the long standing disputes in this area. Significant progress should be made once the pension fund surplus apportionment is approved.

Various legal contingencies have been brought to account for the first time following a comprehensive review of the legal disputes. This resulted in a charge of R19m in the year. (see note 27 to the annual financial statements). In particular your attention is drawn to note 24 on defined benefits and note 39 on contingencies.

Cash Flows

Group Cash Flows	2007 R'000	2006 R'000	2005 R'000
Net cash from operating activities	**64 177**	615 103	166 730
Net cash from investing activities	**396 617**	(597 506)	(209 503)
Net cash from financing activities	**100 921**	77 505	12 401
Cash and cash equivalents at beginning of year	**145 028**	49 926	80 298
Cash from foreign subsidiaries	**814**	-	-
Cash and cash equivalents at end of year	**707 557**	145 028	49 926
Capital expenditure	**(245 126)**	(198 275)	(118 193)

The SABC continues to generate strong cash flows from operations. The increase in working capital requirements has been noted above and is receiving attention. Rights costs are expected to continue to increase with the advent of even more competition in the Television environment.

The cash and near cash reserves of the Company are adequate to meet the current needs, if the Government grant for Technology is retained. Additional support will be required in the event that the 2010 commitments are increased and regional Television is implemented in the short term. DTT as noted above is expected to have a significant impact and the costs of dual illumination in particular may prove onerous to the SABC.

Robin Nicholson

Chief Financial Officer

Five Year Financial Review
to 31 March 2007

	2007 R'000	2006 R'000	2005 R'000	2004 R'000	2003 R'000
	Post IFRS			Pre IFRS	
Group Income Statements					
Revenue and other income	**4 313 829**	3 970 218	3 419 519	2 711 926	2 452 068
Profit before net financing income, income tax expense, depreciation, amortisation and impairment	**399 207**	648 274	403 958	18 428	6 864
Provision for State Loan	**-**	-	-	46 216	(115 542)
Depreciation, amortisation impairment of property, plant and equipment and computer software	**(188 460)**	(132 843)	(131 237)	(83 842)	(91 008)
Net financing income	**48 316**	30 371	17 443	20 859	49 865
Income tax expense	**(76 300)**	(162 924)	(96 153)	-	-
Profit/(loss) for the year	**182 763**	382 878	194 011	1 661	(149 821)
Group Balance Sheets					
Property plant and equipment, investment property and computer software	**1 270 997**	1 223 227	1 156 945	467 674	439 964
Loans and receivables	**5 300**	18 037	18 037	18 000	18 000
Other non-current assets	**102 918**	85 589	62 855	231	1 031
Bank balances, cash and restricted cash	**712 115**	145 894	50 742	80 298	25 640
Programme, film and sports rights	**541 723**	301 939	267 470	393 290	344 006
Trade and other receivables	**696 402**	695 675	595 129	503 442	489 531
Available-for-sale and held-to-maturity instruments	**102 865**	726 363	320 432	218 268	254 080
Other current assets	**118 415**	110 795	157 245	5 345	5 368
Total Assets	**3 550 735**	3 307 519	2 628 855	1 686 548	1 577 620
Equity and reserves	**2 139 397**	1 956 205	1 572 854	800 884	795 192
Interest-bearing loans and borrowings	**47 577**	68 127	83 533	57 221	62 290
Other non-current liabilities	**158 974**	100 779	457	-	-
Deferred tax	**103 145**	66 029	137 383	-	-
Employee benefits	**335 273**	319 899	252 940	223 129	216 509
Current portion of interest-bearing debt	**30 790**	28 617	27 066	11 680	23 008
Other current liabilities	**735 579**	767 863	554 622	593 633	480 621
Total Liabilities	**1 411 338**	1 351 314	1 056 001	885 663	782 428
Total Equity and Liabilities	**3 550 735**	3 307 519	2 628 855	1 686 548	1 577 620
Group Cash Flows					
Net cash from operating activities	**64 177**	615 103	166 730	105 942	(180 640)
Net cash from investing activities	**396 617**	(597 506)	(209 503)	(92 011)	19 554
Net cash from financing activities	**100 921**	77 505	12 401	40 727	145 841
Cash and cash equivalents at beginning of year	**145 028**	49 926	80 298	25 640	40 885
Cash from foreign subsidiaries	**814**	-	-	-	-
Cash and cash equivalents at end of year	**707 557**	145 028	49 926	80 298	25 640
Capital expenditure	**(245 126)**	(198 275)	(118 193)	(103 954)	(111 424)

Group statistics

	Post IFRS			Pre IFRS	
Returns and profitability	**2007**	2006	2005	2004	2003
Return on assets (%)	**5.2**	11.6	7.4	0.1	-9.5
EBITDA margin (%)	**9.3**	16.3	11.8	0.7	0.3
Effective tax rate (%)	**29.5**	29.9	33.1	-	-
Solvency and liquidity					
Gearing ratio (times)	**3.7**	5.0	7.0	8.6	10.7
Current ratio (times)	**2.5**	2.3	0.5	0.5	0.5
R'000					
Profit/(loss) for the year	**182 763**	382 878	194 011	1 661	(149 821)
Total Assets	**3 550 735**	3 307 519	2 628 855	1 686 548	1 577 620
Return of assets (%)	**5.2**	**11.6**	**7.4**	**0.1**	**-9.5**
Profit before net financing income, income tax expense, depreciation, amortisation and impairment (EBITDA)	**399 207**	648 274	403 958	18 428	6 864
Revenue and other income	**4 313 829**	3 970 218	3 419 519	2 711 926	2 452 068
EBITDA margin (%)	**9.3**	**16.3**	**11.8**	**0.7**	**0.3**
Equity and reserves	**2 139 397**	1 956 205	1 572 854	800 884	795 192
Interest bearing loans	**78 367**	96 744	110 599	68 901	85 298
Gearing ratio (times)	**3.7**	**5.0**	**7.0**	**8.6**	**10.7**
Current assets	**2 173 955**	1 986 003	1 389 086	1 200 643	1 118 625
Current liabilities	**855 308**	875 110	657 482	605 313	503 629
Current ratio (times)	**2.5**	**2.3**	**0.5**	**0.5**	**0.5**

Basis of Calculations

Returns and profitability	
Return on assets (%)	**Profit/(loss) for the year/ Total assets**
EBITDA margin (%)	**EBITDA / Revenue and other income**
Solvency and liquidity	
Gearing ratio (times)	**Interest bearing loans/Equity and reserves**
Current ratio (times)	**Current assets/ Current liabilities**

Foreign exchange rates

	2007		2006	
	Closing balance	Average rates	Closing balance	Average rates
United States Dollar (USD)	**7.27**	**7.34**	6.19	6.42
British Sterling (GBP)	**14.28**	**14.19**	10.79	11.37
Euro (EUR)	**9.70**	**9.59**	7.51	7.77

Corporate Governance

The SABC Limited ('the company') was established in terms of the Broadcasting Act of 1999, as amended and incorporated in accordance with the Companies Act, No 61 of 1973, as amended. The Minister of Communications is the registered sole shareholder on behalf of the State. The SABC, as one of the major state owned entities, is governed in terms of the Public Finance Management Act of 1999 and the related Treasury regulations.

The SABC is committed to upholding the highest levels of corporate governance and therefore embraces the principles of best governance practice as set out in the 2002 King Report on Corporate Governance for South Africa (King II) and the Protocol on Corporate Governance for State Owned Enterprises (the Protocol). The SABC continued to make major progress in the year under review towards implementing the recommendations of both King II and the Protocol, thereby putting in place a sound governance framework which complies with governance best practice.

Corporate Governance Structures of the SABC

The SABC has a unitary board structure, comprising 12 non-executive directors and 3 executive directors. All of the non-executive directors are independent.

The Board of the SABC is constituted and operates in accordance with the legislative framework referred to above as well as within the structures dictated by the company's Memorandum and Articles of Association,the Board Charter and the Shareholder Compact.

The non-executive directors are nominated by the public and appointed by the President on the recommendations of the Parliamentary Portfolio Committee on Communications (National Assembly) for an initial term not exceeding five years, although non-executive directors whose term has expired may be eligible for re-appointment for a further term. The non-executive directors are drawn from a wide range of backgrounds and interest groups, and bring to the Board the benefit of their diverse skills and experience. Applied collectively, these help to enhance the growth, prosperity and accountability of the company.

The executive directors are appointed by the Board, in consultation with the shareholder, for periods not exceeding four years at a time. New directors are taken through an induction programme designed to enhance their understanding of the SABC's legislative framework, its governance processes, the nature and operations of the business of the SABC and the policies in terms of which the day-to-day activities of the company are managed and governed. Additional training is provided when the need arises.

The Board, which, in terms of the Broadcasting Act and the Public Finance Management Act is the Accounting Authority of the company, meets at least six times a year. Dates of meetings are scheduled annually in advance in a corporate calendar. Special meetings are convened when material issues require the Board's attention.

The Board is headed by an independent, non-executive Chairman.

Governance Framework

The governance framework of the company includes the company's Memorandum and Articles of Association, a Code of Ethics which has been adopted by the Board, a Board Charter which defines in broad terms the roles and responsibilities of the Board, and a series of terms of reference for the various Board Committees The Board Charter and the terms of reference of each of the Board Committees have recently been reviewed to bring them in line with governance best practice both locally and internationally and are available on the company's website (www.sabc.co.za). After the end of the financial year under review, the Board also adopted a new Delegation of Authority framework which is in line with the changes in the organisational structure and the revised strategy of the SABC to take account of the need to train staff and other users. The new Delegation of Authority Framework will be implemented with effect from 1 September 2007.

All of the documents which form part of the governance framework are published on the SABC's intranet where they can be accessed by all staff members.

Public Finance Management Act

As a major public entity in terms of schedule II of the Public Finance Management Act, there are a number of reporting and disclosure requirements with which the SABC must comply. The company complies substantially with the various duties and responsibilities prescribed by the Public Finance Management Act. Most instances of non-compliance which were identified in the preceding year have been successfully remedied .Those which remain areas of concern have been dealt with in the directors' report which forms part of the financial statements.

Company Secretary

The Company Secretary reports directly to the Board of Directors and has a dotted-line administrative accountability to the Group Chief Executive Officer. In terms of the Board Charter, all directors have unrestricted access to the advice and services of the Company Secretary.

Directors are entitled to obtain independent professional advice at the company's expense should they deem this necessary. This is co-ordinated through the office of the Company Secretary.

Relationship with the Shareholder

A three year Corporate Plan has been submitted to the shareholder and the National Treasury in accordance with section 52 of the Public Finance Management Act. The Plan sets out the key performance areas for the SABC and is used by the shareholder to hold the Board accountable against what it sets to perform. The Plan is incorporated into the Shareholder Compact, which is entered into annually between the SABC and the shareholder. The Shareholder Compact for the year under review was agreed with the Department of Communications during the year but a final signed copy is not yet available as it has not yet been signed by the Minister.

Board Committees

As smaller forums constituted with specific expertise, Board Committees have the benefit of being able to interrogate relevant aspects of the company's business in depth, thereby providing appropriate guidance to the Board in its governance of the company. During the year under review the Board rationalised the structure of its committees, leading to the establishment of some new committees and the disbanding of others. Board Committees meet on average five times per year to deal with specific issues within their terms of reference. Special meetings are convened when circumstances require, with specific focus areas, power and authority as the Board deems appropriate. The Board Committees report to the Board at regular intervals on the extent to which their objectives have been achieved.

A brief description of the key focus area of each committee is set out below.

Audit Committee

The main objective of the Audit Committee is to guide the Board in the due fulfilment of its role as the accounting authority of the company. The committee is responsible for ensuring that the SABC's assets are safeguarded and that adequate accounting records and effective systems of internal control are developed and maintained. It ensures that the key risk areas of the entity's operations are covered in the scope of internal and external audits, examines and reviews the financial statements before they are submitted to the Board for approval, and reviews the scope and performance of the external and internal audit functions. The Head of Internal Audit reports directly to the audit Committee. The Chairman of the Audit Committee is an independent non-executive member of the Board.

Finance Committee

This committee monitors and oversees the financial health of the SABC, including the review of budgets, financial business plans, and the annual report. It receives and evaluates the annual budgets of the various divisions of the corporation, ensuring their alignment with the overall strategy of the corporation, prior to recommending them to the Board for approval. It plays a key role in evaluating and advising the Board on new and existing business investments and major capital projects and guides the implementation of the corporation's investment strategy.

Human Resources Committee

The Human Resources Committee assists the Board in defining the roles and responsibilities of the executive and senior management within the company, advises the Board on the adoption of a human resources strategy which will support and underpin the overall strategic direction of the corporation and ensures that appropriate human resources policies and procedures are in place to attract and retain the best skills and to facilitate compliance with all applicable labour legislation.

Remuneration Committee

The Remuneration Committee determines and guides the Board in establishing formal and transparent policies on the remuneration of directors, senior management and staff of the corporation generally.

The committee also determines the parameters of the annual performance agreements of directors and senior executives, having regard to the strategy and objectives of the Company. Remuneration of non-executive directors is approved by the Minister on recommendation from the Board.

Technology Committee

The committee reports to the Board on the extent to which the Technology division has achieved its objectives during the relevant period and ensures that the Company employs technology which enables it to fulfil both its commercial and public broadcasting mandates and corporate goals.

The committee ensures that the technology employed by the Company is appropriate and able to support the strategic objectives of the Board, including in a converged or multi-channel environment, and from time to time receives and evaluates management's analysis of the technology, management, information systems and relevant controls within the Company and advise the Board on their suitability to support the implementation of the planned strategy of the SABC.

News Committee

The primary role of the committee is to assist the Board in setting the editorial policies of the Company, having regard to the need to ensure the editorial integrity of news and current affairs programming presented by the Company.

In line with the corporate goals, the committee ensures that the SABC produces compelling, professional and authoritative news, current affairs and other programming that tells the South African and African story accurately, fairly and in a balanced way to all South Africans in line with its editorial policies and the regulations of ICASA.

Public Broadcasting Services (PBS) Committee

The establishment of the PBS Committee is a requirement of the Broadcasting Act. In discharging its duties, the committee ensures that the PBS division builds up and retains audience share and reach through radio and television programming, and delivers content that is relevant to a wide range of viewers and listeners. It also aims to ensure that the division informs, educates and engages audiences with the challenges of contemporary South Africa, through distinctive informative, educational, entertaining, cultural, religious and children's programmes, and content that showcases South African languages, talent and expression, and ensures that these meet the requirements of the Broadcasting Act and any other legislative and regulatory obligation. This committee has assumed some of the functions of the former Programming Committee which was disbanded by resolution of the Board.

Public Commercial Services (PCS) Committee

The establishment of this committee is likewise a requirement of the Broadcasting Act. In discharging its duties, the committee ensures that the programmes and services of this division subscribe to the public services values. Through the commissions, the commercial services committee provided a significant amount of its programming from the independent sector and ensured that they are operated in an efficient manner. This committee sets policies to ensure that the commissioning of programmes is dealt with in an efficient manner and that the revenues generated for the shareholder are maximised. This committee has assumed some of the functions of the former Programming Committee which was disbanded by resolution of the Board.

Procurement Committee

Transformation remains one of the critical focus areas of the SABC. This committee aims to ensure that historically disadvantaged individuals share equitably in ownership, control and employment in the broadcasting sector. Therefore, the committee is responsible to approve policies and ensure compliance with such policies that will assist the Board in making procurement decisions that are fair, equitable, sound and cost-effective for the corporation.

The committee adjudicates certain tenders and contracts within its delegated level of authority and enforces and continuously monitors compliance and adherence to the Broad-based Black Economic Empowerment Scorecard (BBBEE) by the SABC's suppliers in all relevant areas.

The Committee is also responsible for monitoring and ensuring that the SABC strikes a fair balance between advancing the transformation agenda when acquiring good and services, and obtaining value for money and to advise the Board, other Board committees and the Corporation generally on BBBEE compliance and sound procurement decisions in the acquisition of programmes, goods and services, and capital equipment.

Risk Committee

The primary role of this newly established committee is to advise the Board and oversee the development of a risk management strategy for the Company and to consider the incidence of risk in all areas of the Company's business and to advise the Board on the appropriate mitigation thereof.

The committee is responsible to oversee the development of a risk management strategy, including a fraud risk assessment strategy for the Company to enable the SABC to mitigate its key risks.

Other committees

The following committees were dissolved during the year under review. Their functions have been absorbed in the mandates of other relevant committees:

- 2010,
- Security,
- Black Economic Empowerment.

The Chairperson retains the right to nominate and convene an ad-hoc Board Committee whenever it is deemed necessary to do so in relation to any of the above-mentioned topics.

Executive Committee

The day to day running of the company is managed and administered by the Executive Committee, which consists of the Group Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer, all three of whom are executive members of the Board, and no more than 11 other members. The Executive Committee is accountable to the Board. The Executive Committee applies policy and determines strategies and guidelines for achieving the objectives of the company as determined by the Board.

The Board delegates certain financial and operational authority for the management of day-to-day affairs of the company to the Executive Committee. These powers are set out in the Delegation of Authority Framework which has been recently been reviewed and approved by the Board. This framework is reviewed from time to time to ensure that it remains relevant to the business. The Board is responsible for monitoring management's exercise of its delegated authority on a regular basis.

The Executive Committee, which is chaired by the Group CEO, comprised the following members:

Dali Mpofu	Group Chief Executive Officer
Solly Mokoetle *(contract expired in December 2006)*	Chief Operating Officer
Robin Nicholson	Chief Financial Officer
Charlotte Mampane	Group Exec: GCEO's office and Regions *(Acting COO)*
Lulama Mokhobo	Group Exec: PBS
Pearl Luthuli	Group Exec: PCS
Mvuzo Mbebe	Group Exec: Content Enterprises
Gab Mampone	Group Exec: Commercial Enterprises
Dr Patience Naves	Group Exec: Human Capital Services
Phumelele Ntombela-Nzimande	Group Exec: Policy and Regulatory Affairs
Sharoda Rapeti *(resigned 28 March 2007)*	Group Exec: Technology
Dr Snuki Zikalala	Group Exec: SABC News and Current Affairs
Anton Heunis*	Head: Audience Services
Christopher David*	Chief Legal Adviser *(Acting until July 2006)*
Kaizer Kganyago*	Head: Group Communications
Thami Ntenteni*	Head: PBS Radio
Mabela Satekge*	Head: Procurement
Mafika Sihlali* *(Joined 1 August 2006)*	Head: Legal Services
Elsje Oosthuizen*	Head: Internal Audit
Ramani Naidoo	Company Secretary

In order to comply with the Broadcasting Act, the Group Executive Committee was restructured in April 2006 and now consists of 11 permanent members with the remaining members being invitees. Invitees to the Group Executive Committee are indicated by an asterisk (*).

Code of Ethics

The company has developed a code of ethics that deals, inter alia, with the following:

- the fair and just manner in which the company, as a good corporate citizen, conducts itself when dealing with society;
- the honesty and integrity with which its employees perform their duties.

- the symbolic relationship with its contractual partners and suppliers based on honesty, integrity, transparency, fairness and professionalism in every aspect of its business;

- avoidance by its employees of any situation in which their interests may be in conflict with those of the company.

This code of ethics is currently being reviewed to bring it in line with the whole governance framework of the Company.

Employee Empowerment

The company has developed, and promotes, a policy of corrective action by which:

- Historically disenfranchised and disadvantaged persons (Africans, Indians, Coloureds, women, and people with disabilities) are included in, and are being advanced to, managerial positions. The company offers comprehensive training programmes to its employees to ensure that such advancement is accessible to deserving employees; in addition, there is a bursary scheme that caters for the educational studies of employees.

- Targets set for corrective action, and progress made, are monitored continually, and a report on these matters is presented to the Board.

- The company encourages offering part of its business to black businesses, and those belonging to other historically disadvantaged people. It creates extensive Broad-Based Black Economic Empowerment (BBBEE) opportunities, and actively pursues the objectives of this policy.

Environment, Health and Safety

The company, as a corporate citizen and as a public broadcaster, acknowledges its duty to serve all South African communities. In recognition of its civic and public broadcaster's obligations, the company makes services and programmes accessible to most South Africans.

The methods the company uses for broadcasting do not pose a threat to the environment, nor to the communities the company serves. The company also ensures the safety of all its employees, and of other stakeholders on its premises. This is achieved by ensuring application of the highest organisational health and safety standards. The company's environmental, health and safety methods are checked regularly, and compared with agreed targets and standards required in terms of the applicable environmental health and safety codes and legislation.

Risk Management

The Board is accountable for risk management procedures at the SABC, and uses the risk assessment monitor, as provided by the Risk Committee, as its main source of information to determine the effectiveness of these procedures. More information on risk management is contained in the directors' report.

Internal Controls

The company's management acknowledges its responsibility for all the systems of internal control. In recognition of this, management, in conjunction with the Board, has instituted internal control systems that include written policies and procedures, clearly defined lines of accountability, and delegation of authority based on predetermined levels of risk. The control systems also make provision for comprehensive reporting and analysis against approved standards and budgets. The corporation will be embarking on a process of reviewing all its policies to ensure that they are in line with the governance framework of the corporation and local and international governance best practice.

Effectiveness of the internal control system is monitored through:

- regular management reviews,

- comprehensive review and testing by internal auditors, and

- internal auditors' review.

Non-compliance with Key Legislation

The non-compliance issues identified in the 2006 Annual Report have been resolved and there were no new instances of legislative non-compliance identified during the year under review. Those areas of non-compliance which remain have been dealt with in the directors' report which forms part of the financial statements.

Number of Board and Subcommittee Meetings Held and Attended: April 2006 - March 2007

Meeting type	Meetings held	Funde S E (Chairperson)	Qunta C (Deputy Chairperson)	Gillwald A	Lagadien F	Maralack A	Mazwai T	Mbeki A	Mkonza K	Mokoetle S	Mpofu D	Msomi C	Nicholson R	Swartz D	Trikamjee A	Mampane C
Board	7	6	5	7	4	6	5	7	5	3	7	7	7	7	5	1
Audit	4	3	*	*	2	4	*	2	1	1	4	*	4	*	4	*
Finance	4	3	*	1	*	4	*	3	2	*	4	*	4	1	3	1
Human Resources	4	4	4	*	3	*	*	4	4	2	4	3	3	*	2	*
Remuneration	2	2	2	1	*	2	2	*	2	*	2	2	2	*	2	*
Technology	5	4	0	5	1	1	*	*	*	3	5	5	3	3	*	1
News	5	5	5	*	3	*	2	4	5	1	5	3	4	*	*	*
PBS	5	5	2	4	2	*	*	5	5	3	4	3	3	2	2	1
PCS	6	6	2	*	2	*	*	5	6	5	6	*	4	0	2	1
Procurement	4	1	*	*	*	*	1	1	*	*	1	*	1	*	*	1

**Non-Member* ■ *Non-Member in 2007*

The following ceased to be members of the relevant subcommittees in 2007:

Human Resources Committee
- Funde
- Mokoetle
- Nicholson
- Trikamjee

Remuneration Committee
- Gillwald
- Mkonza
- Mokoetle
- Msomi
- Nicholson
- Trikamjee

Finance Committee
- Funde
- Gillwald
- Lagadien
- Mazwai
- Mokoetle
- Msomi
- Qunta
- Swartz

Audit Committee
- Funde
- Lagadien
- Mokoetle

Public Broadcasting Services (PBS) Committee
- Funde
- Mokoetle
- Nicholson
- Trikamjee

Public Commercial Services (PCS) Committee
- Funde
- Mbeki
- Mokoetle

News Committee
- Funde
- Lagadien
- Mbeki
- Mokoetle

Technology Committee
- Funde
- Lagadien
- Maralack
- Mokoetle
- Nicholson
- Qunta

Performance Management

The new fiscal year was ushered in by a new corporate strategy and vision for the SABC. The organisation has endeavored to implement this strategy and fulfill its vision of 'Broadcasting for Total Citizen Empowerment' through its on and off screen efforts.

The new corporate strategy has identified five key performance areas (KPAs) for the organisation: People, Operations, Technology, Funding and Financial Health, and Governance. Its performance relative to its KPAs is as follows:

	Key Performance Objectives	Performance
		People
1.	Promote issues of national importance and nation building across portfolio of services.	Investments made on content covering topics such as: • Natural History • African Renaissance • Untold African stories • Authentic celebration of diverse languages • Gender equality
2.	Increase programming depicting positive images of people with disabilities.	Achieved through increased investments made on content addressing issues of disability
3.	55% of all commissions from empowered companies.	As of September 2006: • 49, 100% black owned companies commissioned • 28 black female owner companies commissioned • 29 black influenced companies commissioned • 16 white owned companies commissioned
4.	All three television channels to maintain three of top four based on Sunday Times/Markinor survey.	Achieved: • 1st place - SABC1 • 2nd place - SABC2 • 3rd place – eTV • 4th place – SABC3
5.	Top three radio brand positions based on Sunday Times/Markinor survey.	Achieved: • 1st place – Ukhozi FM • 2nd place – Umhlobo Wenene FM • 3rd place – Metro FM • 4th place – Lesedi FM • 5th place – Thobela FM • 6th place – Motsweding FM • 7th place – Jacaranda FM • 8th place – East Coast Radio • 9th place – 5FM • 10th place – Ikwekwezi FM
6.	Annual information sharing directly with public regarding SABC delivery.	• Radio stations and TV channels have had feedback sessions with the public. • Town hall meetings have been held by SABC with the public at large regarding SABC delivery. • Information sharing sessions were held with three spheres of government.
7.	Implement a refocused HR strategy incorporating the recommendations of the HR Audit.	An approved SABC strategy is in the process of implementation.

	Key Performance Objectives	Performance
	People continued	
8.	Review and implement the Performance Management System with a key focus on top and senior management.	A Revitalized Performance Management system was implemented for top and senior management & will be cascaded to middle management in 2007/2008. An SABC incentive scheme for top and senior managers has been implemented.
9.	Fill remaining vacancies, especially strategic GM positions.	80% of strategy vacant positions were filled.
10.	Reposition the SABC approach to employment equity. Implement an integrated EE strategy focusing on skills, gender, disability and performance.	The EE strategy is being implemented with special interventions initiated from time to time.
11.	Create opportunities for employees to grow and develop themselves and focus development on core skills.	Specialised training and development initiatives were put in place including the introduction of personal development plans to enhance personal development.
12.	Finalise the implementation of the parity exercise.	• Parity implementation completed. • Succession management framework has been developed and will ensure retention of staff in key positions.
13.	Initiate programmes and interventions that make the SABC the place to be and an employer of choice.	An Integrated Wellness Programme has been implemented.
	Operations	
1.	Implement Content Hub and new procurement policies and procedures.	Complete
2.	Annual information sharing session with the independent production sector.	Ongoing
3.	Launch of 24 Hours News Channel.	Testing begins early 2007, full launch begins 2008
4.	Finalise and institute industry development strategy.	• Industry development manager appointed. • Key industry development projects launched.
5.	Apply for pay television licence.	Ongoing
	Technology	
1.	Implementation of Technology Strategy projects as per the Recapitalisation Plan funded by government.	Successful delivery of approximately 40% of projects. Still tracking behind rollout schedule due largely to capacity problems. Looking to develop acceleration interventions in new fiscal year.
2.	Prioritise public service broadcasting projects to deliver on mandate.	Increased investment into drama facilities for African language stations and to increase language delivery of current affairs and news bulletins in all African languages.

	Key Performance Objectives	Performance
	Technology continued	
3.	Provide innovative and cost effective solutions to produce and deliver broadcast content.	Deployed portable satellite internet protocol solutions for news and sport in order to acquire content from wider geographical areas in South Africa and the African continent in line with mandate requirement. (This was used extensively and successfully during the last municipal elections. This portable solution is also used to provide quick and easy access to areas to deliver breaking news content as well as to acquire content from rural areas where there is no established telecommunications infrastructure.)
4.	Maintain reliable working systems for old technologies through initiative means until recapitalisation projects are implemented.	• Maintained operational faults impacting on air to below 20 incidents per month per channel using firm standard operational processes. • Improved overall performance and uptime of all critical IT systems to 95% performance
	Funding and financial health	
1.	Achieve revenue growth in TV of 10%, and in Radio of 10.5%.	Achieved TV 11.1%, Radio 14%
2.	Maintain long term expense growth to 2% below revenue growth.	Expense growth is higher than the long term goal, mainly due to increased local content requirements as per amended ICASA licence conditions and improved quality of content
3.	Secure Government financial support: a. General elections b. Education c. Regional TV services	• Education continues to receive support. • Regional TV is awaiting a decision from stakeholders.
4.	Secure annual inflationary linked increases in TV licence fees.	Not achieved.
5.	BBBEE (non-content purchases) procurement of 35% .	• Head of Procurement assumed duty on 2 January 2007. Consolidating procurement policy to align it with legislative framework. • BBBEE Scorecard will ensure accurate reporting.
6.	Develop commercial exploitation strategy production companies.	Consultant report received, in the process of implementing recommendations.
	Governance	
1.	TV and Radio mandate delivery in line with ICASA quotas.	Targets exceeded.
2.	Annual workshop information sharing session with the Department of Communications (DoC).	Not achieved.
3.	Annual information sharing session with ICASA	Not achieved.
4.	Annual information sharing with provincial governments.	Session held with provisional communication officers.

SABC Objectives for the coming fiscal year (2007/2008)

	Key Performance Objectives	Performance
	People	
	• All three television channels to maintain three of top four based on Sunday Times/Markinor survey. • Top three radio brand positions based on Sunday Times/Markinor survey. • Corporate SABC to improve its position within the top five South African brands based on Sunday Times/Markinor survey. • Annual information sharing directly with public regarding SABC delivery. • Gender, equity and other transformation. • Learning and Development. • Ensure disabled friendly environment.	12 months 12 months 12 months 12 months 12 months 12 months 12 months
	Operations	
	• Implement key operational projects with strategic significance (IT and process improvement strategies underlying technology strategy, FS2004). • Annual information sharing session with the independent production sector. • Implement industry development strategy.	Ongoing Ongoing 12 months
	Technology	
	Implementation of Technology Strategy projects as per the Recapitalisation Plan funded by government.	Ongoing
	Funding and Financial Heath	
	• Achieve revenue growth in TV of 11% and Radio of 11.5%. • Maintain expense growth to 7.6%. • Secure Government financial support: a. General Elections b. Education c. Regional TV services d. Secure annual inflationary linked iIncreases in TV licence fees. • BBBEE (non content purchases) procurement of 40%. • Implement commercial exploitation strategy.	12 months 12 months 12 months Ongoing 6 months 12 months
	Governance	
	Ensure adherence to legislative framework: • Monitor compliance to policy procedures. • TV and Radio mandate delivery in line with ICASA quotas. • 60% of all commissions from empowered production companies. • Increase programming depicting positive images of people with disabilities. • Annual workshop information sharing session with the Department of Communications (DoC) • Annual information sharing session with ICASA. • Annual information sharing with provincial governments.	Ongoing Ongoing 12 months 12 months Ongoing Annually Annually Annually

Broadcasting Environment

The roots - the source that draws the energy and ensures growth

Regulatory Environment

'Ho mamedisa ke mokgwa o matla wa puisano, o fetang le wa ho buwa.'

- To listen well is a powerful means of communication, even more so than talking

The year 2006/2007 was one in which the broadcasting industry began to look forward – to convergence with the coming into effect of the Electronic Communications Act (ECA), to new competition in both radio and television and to digitisation with the publication of the country's digital migration strategy.

As a major player in the industry, the SABC participated in each of these important processes. Among the highlights were our participation in an application for a pay TV licence, together with Sentech, and our participation in the Minister's Digital Migration Working Group which made detailed recommendations on DTT migration. The finalisation of the pay TV licensing process is expected by November 2007 and the Minister has announced that DTT migration is set to begin in November 2008. The SABC is actively planning to meet the deadlines of these important national projects.

ICASA Issued Amended Licence Conditions for SABC Television and Radio Services

The SABC applied for the amendment of its licences in terms of section 22 of the Broadcasting Act on 31 March 2004. Public hearings for this process were held in September and October 2004 and the final conditions were published by ICASA in June 2005. This left the SABC with under a year to ensure that its services were in a position to comply as the new conditions came into effect on 23 March 2006. This was an enormous challenge, given the steep quotas contained in the conditions. On PBS radio, stations had for the first time to deliver a minimum amount of programming each day across five genres stipulated by ICASA. On television, both the PBS services and the commercial channel were faced with the challenge of meeting African language and minority language quotas for the first time.

The programme quotas meant that the SABC had not only to ensure that its own programming and administrative systems were ready but also that programme suppliers would be in a position to provide the new content required by the conditions. The SABC spent much of 2005 and early 2006 preparing internally for the new quotas and engaging the independent production sector to ensure readiness and a thorough understanding of the new conditions.

This preparation appears to have paid off and although the implementation of the new conditions has not been without difficulties, there has been a high level of compliance with the new conditions. This has led to substantially more public interest value being delivered to the audiences of the SABC's platforms.

For instance, year on year SABC1 increased its local content delivery by 15.94%, SABC2 by 7.07% and SABC3 by 2.29%. The PBS TV channels now deliver between 70% and 80% local content in prime time and across the performance period.

This trend is also mirrored in the channels' language delivery, with between 40 and 50 hours of programming a week being broadcast in languages other than English. In prime time this means that between 60% and 70% of programming is in languages other than English and up to 80% of local programmes now utilise languages other than English.

In spite of this it must be noted that on television, certain of the language quotas proved difficult to meet, particularly the prime time quotas.

The reasons for this are varied and include:

- the lack of sufficient lead-in time to prepare for the quotas;
- the lack of readiness of the production industry to supply programming in the languages required;
- the impact of various sporting events and events of national importance on the channels' schedules;
- the difficulty in ensuring 'other than English language delivery' in certain live programming where guests often prefer to speak in English.

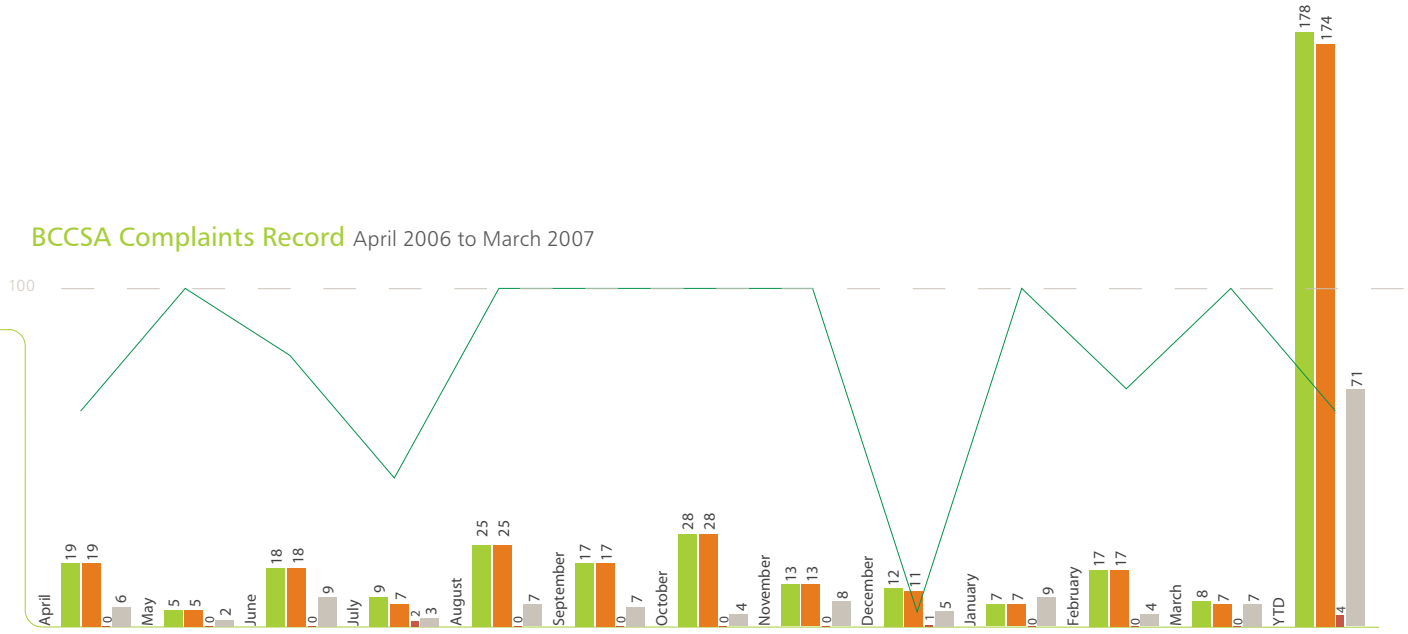
The SABC will in due course be approaching the Authority to consider the issues related to language delivery on SABC television and other compliance matters.

Universal Service

During the 2006/2007 financial year, a number of new transmitters were switched on in line with the SABC's objective to increase access to its services. Substantial gains in audience arise from these expansions:

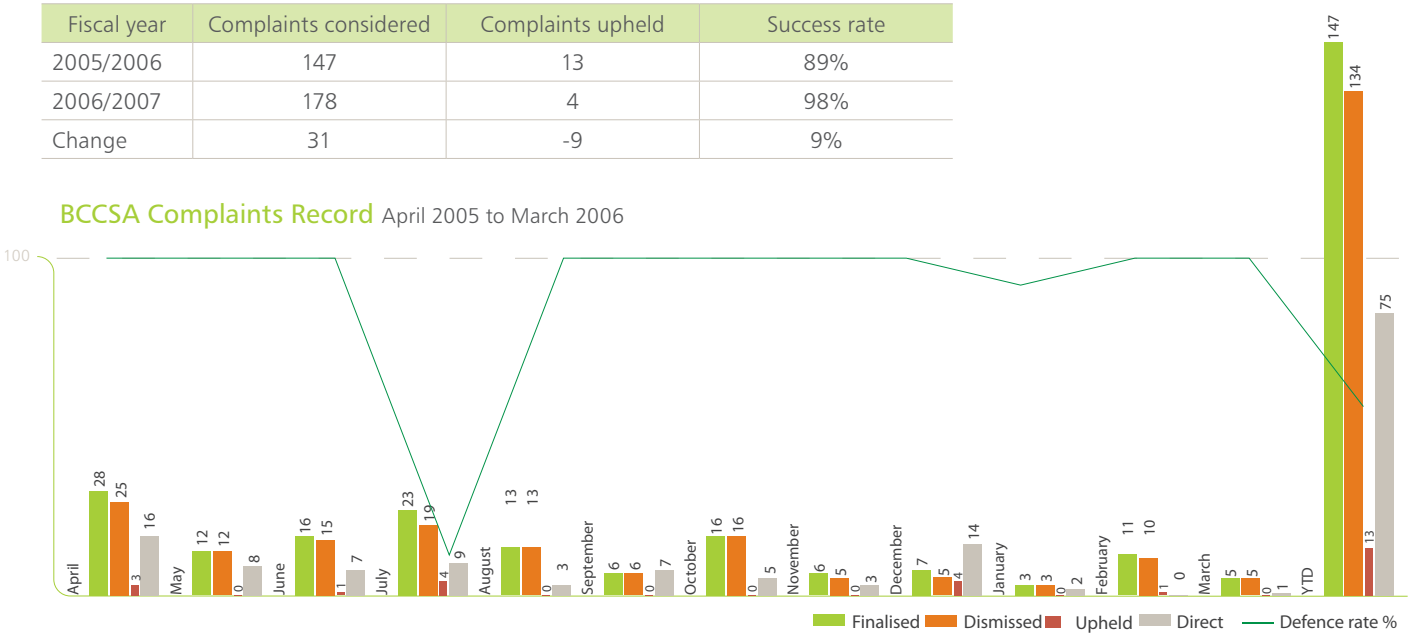
- SABC3 at Bethlehem, Ulundi and the power upgrade of the Nelspruit transmitter, increasing the coverage from 77% to 78.8%-an increase of 737 758 potential viewers.
- SABC1 and SABC2 transmitters at Louwsburg with potential viewer gains for SABC1 of 41 599 and SABC2 of 37 983 viewers.
- SABC1 and SABC2 transmitters at Elandsheights in the Eastern Cape Province, with a gross potential gain for each service of 1 046 848 viewers.

BCCSA Complaints Record April 2006 to March 2007



Fiscal year	Complaints considered	Complaints upheld	Success rate
2005/2006	147	13	89%
2006/2007	178	4	98%
Change	31	-9	9%

BCCSA Complaints Record April 2005 to March 2006



- Umhlobo Wenene FM and Lesedi FM at Kimberley with a potential listerner increase of 13 414 for Umhlobo Wenene FM and 6 204 for Lesedi FM.
- Ukhozi FM transmitter at Louwsburg with an increase of 93 549 potential listeners.
- Lotus FM transmitter at Port Elizabeth with an increase of 10 861 potential listeners.
- Lesedi FM transmitter at Durban with an increase of 17 883 potential listeners.
- Umhlobo Wenene FM coverage expansion in the Eastern Cape was approved by ICASA. This included new transmitters at Elandsheights and Enshatshongo, power upgrades at Butterworth, Queenstown and King Williamstown and new transmitter sites at Lady Frere, Cofimvaba and Qokama. An additional 671 232 IsiXhosa speaking people will gain access to the service with a coverage increase from 77.18% to 83.41%.

Complaints

The SABC again demonstrated its commitment to dealing fully and expeditiously with audience complaints, achieving a 98% success rate in dealing with complaints.

During the fiscal year 2006/2007, 178 complaints against SABC services were finalised by the Broadcasting Complaints Commission of South Africa (BCCSA). Of these complaints, the SABC was found to be in contravention in only four cases, while 174 cases were dismissed. Another 71 cases were referred for direct response as they did not fall within the ambit of the BCCSA.

Compared to the previous fiscal year 2005/2006, the SABC received 31 more cases in 2006/2007. However, our defence rate increased impressively by 9%.

Commercial Enterprises

Industry leaders in a changing market landscape

Through the SABC's new vision, Broadcasting for Total Citizen Empowerment, the SABC has a unique and critical role to play in inspiring and building a winning nation. The success of all SABC brands (TV, Radio, New Media) in the advent of the new convergent space is a source of pride to the Corporation.

The SABC reaches country-wide, into every home and to all walks of life, using all its media platforms: it owns the majority of the South African audience, the biggest share of revenue and has an exceptionally strong sales structure that ensures both national and regional representation.

All units within the Commercial Enterprises Division (Radio and TV Sales, Programme, Sport and Education Sponsorships, SABC Interactive, Merchandising, Audience Services and SABC Mobile) showed exceptional turnovers. Commercial Enterprises generated R3,8 billion in revenue. TV and Radio Advertising and Sponsorship sales accounted for 84% and television licences for 16%.

Following on from the SABC's strategy and vision of 'broadcasting for total citizen empowerment', the Marketing Unit re-launched the corporate brand and unveiled the pay-off line: 'Vuka Sizwe!' The unit performed well. The Corporate Social Investment Department forged partnerships in line with the SABC's values of restoring human dignity and building a common future.

Support divisions, finance, operations and human capital provided control and support. Effectively the Division serviced in excess of 2 053 clients and 149 advertising agencies during the year.

SABC Television Sales

SABC Television Sales is responsible for generating classic and sponsorship revenue for SABC1, SABC2 and SABC3. The Division is represented by offices based in Gauteng, the Western Cape and KwaZulu-Natal.

Over the last three years TV enjoyed phenomenal growth, not only from advertiser support but also in terms of television households. The SABC is best positioned within the market place to embrace this broad audience profile. SABC TV commands two-thirds of the prime time viewership, with audiences during the week increasing to an impressive 70% of all prime time viewership on average.

Despite ICASA regulations stipulating that the Division may not broadcast more than an average of 10 minutes of advertising to the hour, the SABC Television Sales Division produced excellent revenue results, both in terms of classic revenue as well as programme sponsorships. The Division managed to break through the R2 billion mark on classic revenue, showing a 9% growth year on year. Programme Sponsorship revenues grew by 8%.

SABC TV's success can be attributed to numerous successful initiatives across all SABC channels, which continue to deliver high stable ratings: one of the most important factors in guaranteeing advertiser support.

Innovation within Commercial Enterprises is synonymous with the way we do business. Through 'Ad-Splits', television is currently forging new ways of servicing our business partners in all provinces, which will enhance SABC business as well as put local product and brand exposure on the doorstep of our audiences.

SABC Radio Sales

SABC Radio Sales is mandated to procure classic and sponsorship revenue for SABC Radio. Performance was underpinned by investment in educating the industry about the rapidly evolving black middle class, partnering the Unilever Institute on the Black Diamond Study and launching the Truth Programme, an initiative aimed at giving the Industry first hand experience of SABC Radio brands, their listeners and the markets the SABC radio stations serve.

SABC Radio Sales' regional solutions approach was intensified through another bundling of SABC brands to give clients greater communication prospects.

Although investment in the traditional LSM 8-10 markets is still disproportionately high, SABC Radio Sales is encouraged by the rapid growth of the black middle class and the increasing realisation by the advertising industry of the value of this market and its future growth prospects.

As with TV, Radio has also embarked on a new and exciting innovation—'Ad-Splits'—that has revolutionised the way people listen to radio, and how advertising has an impact.

SABC Sport Sales

This business unit is responsible for Radio and TV Sport Sponsorships and classic sales revenue across all platforms, and depends heavily on the range of special sporting events the SABC covers. SABC Sport Sales

achieved targets, with the Soccer World Cup, PSL and Cricket World Cup generating the largest share of revenue. Sport Sales generated an annual revenue of R280 million.

SABC New Media

SABC Interactive was created to offer customised and unique solutions for clients' communication objectives by offering a 360° through-the-line resource. The unit partnered with FNB and Kagiso on a massive CSI project, Heartlines, a project that got South Africans talking about eight values influencing people from all walks of life. The series aired on all SABC TV channels and was widely supported on SABC Radio Stations as well. In partnership with FNB, the imitative ran a 52-week campaign on XK-fm, at which it was first aimed, on financial matters.

SABC Mobile promotes wireless technology and multimedia content and concepts to develop innovative products and services that add value for advertisers, clients and audiences, and ensures increased revenue for the SABC. SABC Mobile embarked upon a number of strategic initiatives to ensure that it is positioned to support convergence trends in the SABC; for example, the unit commissioned a CRM development and a WAP-based Mobile content portal.

SABC Merchandising manages and oversees commercial licensing of almost 3 000 SABC Trademarks for use by third parties. SABC licensing is not restricted to music or FMCG products, but may include the branding of services, including financial and insurance products, road shows and music events. The unit increased its actual revenue compared to the previous year by 87,5% and achieved its target of R15 million. The unit assisted with internet advertising opportunities, introduced SABC branded shelves in retail outlets and introduced new strategies to establish and manage revenue opportunities with SABC branded events.

SABC Audience Services launched an emotive advertising campaign for its TV licences product. The advertising campaign positioned TV licence holders as integral players in inspiring and building a winning nation. (See the full Audience Services report elsewhere in this Report.)

SABC News revamped its on-air imaging across all channels. A primary aim was to create a consistent and unified on-air look for the SABC News brand. The approach to the imaging was to offer simplicity and the contemporary use of subtle African textures and symbols.

SABC Group Marketing is responsible for taking the SABC brand into the hearts and minds of our first citizens, supporting the corporation's vision of broadcasting for total citizen empowerment, restoration of human dignity and building a common future. Throughout the year the unit invested in brand campaigns, brand activation, special projects and partnerships. Highlights on the marketing calendar included:

- SABC Group Marketing re-launched its brand and unveiled a new pay-off line, Vuka Sizwe!, which literally and metaphorically translates into 'Rise, South Africa! Let us build a winning nation together.'
- The unit was the broadcast sponsor of Design Indaba '07. For the first time, the SABC sponsored a master class with international design and communications guru, Martin Lambie-Nairn.

Forging Ahead

The SABC is acutely aware of challenges facing the Public Broadcaster: There is a movement toward repositioning and re-energising the SABC Sales environment in the face of the competition entering the market. New entrants abound in the media space and more and more entrants are following. The SABC is to launch a new satellite platform (SABC News International) that will broadcast News and Current Affairs throughout the world for 24 hours a day. This innovation will provide for telling the Authentic Africa Story from an African and unbiased perspective. The cellular industry is making in-roads in non-traditional media: SABC Commercial Enterprises needs to become the gateway to multimedia consumption. The Division undertakes to improve even further its service to all stakeholders and clients and aggressively to protect our partnerships.

The changes that are happening in technology (DDT and HDTV) and the emergence of new ways of broadcasting have elicited the need for the SABC to invest in technologies that will deliver on new media challenges. The corporation is poised to fuse with and blend into the new broadcasting space and continue to provide impeccable standards and uncompromising quality programming to our dynamic and sophisticated audiences.

Vuka Sizwe! campaign - Rise South Africa! Let us build a winning nation together.

Audience Services

'Go reetsa go tlisa go thaloganya.'
- Listening brings understanding

The Audience Services Division (ASD), the core business of which is the collection and management of television licence fees, forms part of Commercial Enterprises under the Funding Cluster of the SABC. Television licence revenue is one of the major sources of funding for the SABC's public service mandate and, in terms of the Broadcasting Act, No 4 of 1999, as amended, is to be used solely for that purpose. Currently, television licence revenue contributes approximately one-fifth of the SABC's total income.

Highlights

In the last fiscal year the Division embarked on a number of innovative projects aimed at enhancing television licence funding opportunities and customer service efficiencies. Implementation of some of these is continuing into the next fiscal year. Various strategies aimed at ensuring retailer, business and household awareness and compliance paid handsome dividends, as evidenced by a steady and encouraging improvement in compliance at the point of sale of television sets.

Debt collection strategies and initiatives aimed at optimising the recovery of unpaid television licence fees were implemented successfully and are continuing. A new Television Licence Inspectorate Service has been established, with four service providers focusing on two regions each.

The Division had a rewarding public relations and marketing year. A number of new marketing campaigns and PR initiatives were successfully launched and well received by both internal and external stakeholders.

Various technology enhancements to current systems and business processes were successfully implemented and/or are in an advanced state of implementation. Despite major systems problems, the Division managed to over-perform on its customer service level targets for the first three-quarters of the year.

Audience Services continued to make good progress with BEE and EE targets in terms of both quantitative and qualitative measurements. The Division achieved 87% implementation of its Work Skills Plan (WSP). A Total Citizen Empowerment model was developed for the Division and a new strategic positioning was adopted in consultation with internal citizens.

ASD introduced an electronic picture-based product knowledge training system that allows staff members to access training from their desktop PCs and to train at their own pace.

Audience Services made a new appointment, Frank Awuah, as Operations Manager.

Financial and Statistical Information

Measured against its balanced scorecard, Audience Services made good progress during the past year in achieving its strategic objectives. However, compared with the previous three years its 2006/2007 financial performance was rather indifferent:

- Cash collections of R862m for the year were R29m (3%) below budget, representing growth of R35m (4,3%) year on year.
- Operating revenue for the 2006/2007 fiscal year was R760m, which is 3,8% (R30m) below budget. This represents an improvement of 2,9% (R21m) on the previous year.
- During the year under review a total of 678 375 new accounts were created on the TV Licences database of licence holders (9,2% growth).
- Some 2,66m licence holders are paid up to date, 2,56m licence holders are partially paid-up and 88 000 licence holders made no payments at all.

Challenges Faced in the Past Year

The negative impact of interest rate, transport cost and food price increases (cost of living) on households' disposable income affected the collection of licence fees – targets had been under pressure since August 2006. Outdated technical infrastructure in the Call Centre impacted negatively on service delivery.

Special Projects

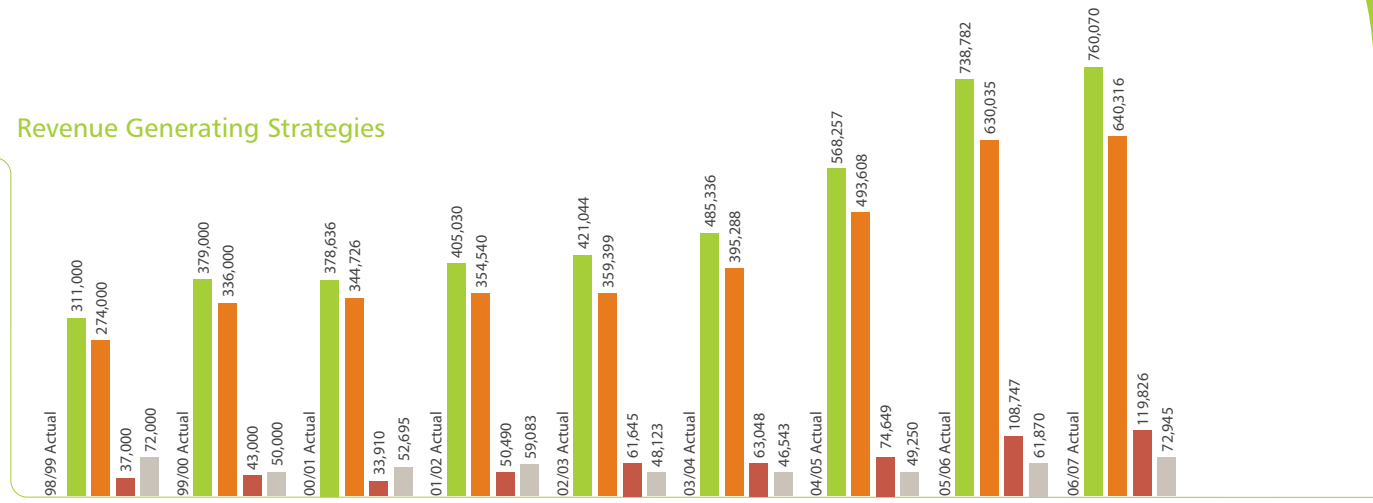
Television Licence Inspectorate Services

Four service providers focusing on two regions each have been appointed to verify TV licence compliance by households and businesses. The inspectorate services are making use of modern GPS / GIS technologies to carry out systematic inspections of licence holders.

Marketing and Awareness Campaigns

The following initiatives were executed during the year under review:

Revenue Generating Strategies



Revenue generating strategies have been yielding excellent results. A steady improvement in collection efficiency since 1999 has resulted in increased television licence revenue. Collection costs and operating expenditure have been contained, despite a marked increase in customer and transaction volumes.

Promotions with incentives

- A database campaign aimed at updating licence holders' address and contact details on the SABC's records was run.
- Regional campaigns to create awareness of TV licences and ASD's regional offices were run.

Marketing campaigns

- 'Pay your Dues' campaign
- 'Less than a Rand a Day' campaign
- 'Business Renewal' campaign
- 'Thanking Viewers' campaign

Public Relations Initiatives

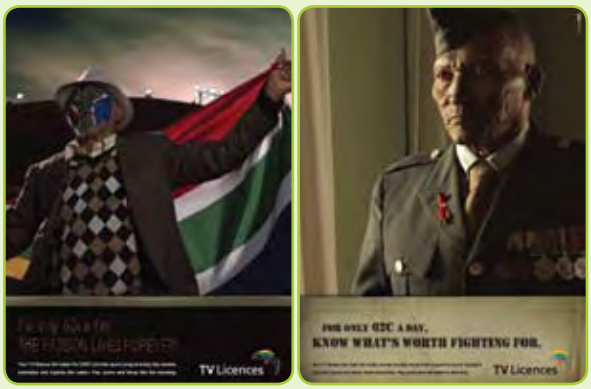
Audience Services participated with SABC Corporate and other SABC brands in the Rand Show in Johannesburg, the Royal Show in Pietermaritzburg and the Grahamstown Arts Festival. Together with the radio service RadioSonderGrense (RSG), ASD participated in the Klein Karoo Nasionale Kunstefees (KKNK) in Oudtshoorn and in the Gariep Festival in Kimberley. ASD also participated with Munghana Lonene FM in an outside broadcast during the Heritage Day celebrations at the Magona Village in Limpopo. Such participation not only serves to enhance awareness but also promotes the image of TV Licences, whose presence at these events was positively received.

As part of Audience Services' Citizen Outreach Programme, customer service and retailer open days were held at all SABC Regional Offices. Such outreach initiatives are aimed at resolving television licence-related queries from the public and at establishing and improving communication platforms to keep regionally based retailers informed of their reporting obligations.

Plans for the New Fiscal year

Initiatives that will be implemented during the 2007/2008 financial year include

- improvement of ASD's technical infrastructure – upgrading of Call Centre infrastructure;
- establishment of centralised processing units – front/back office dispensation;
- embracing and building on the Total Citizen Empowerment culture – implementation of five major initiatives relating to Total Citizen Empowerment;
- 'Live the Brand' campaign – Ambassador programme for ASD staff members;
- enhancement of current television licence legislation (Broadcasting Act and TV Licence Regulations).



TV licence "Less than a Rand a Day"campaign - Sport and Soldier.

People

The trunk - the people hidden behind the scenes, keeping the tree upright

Human Capital Services

The purpose of this report is to provide a high level overview of achievements and challenges by Group Human Capital Services during the 2006/2007 financial year. A statistical overview of movements within the SABC during the above financial year will also be provided.

The SABC is undergoing a process of organisational renewal. This process is driven by the new vision of Broadcasting for Total Citizen Empowerment. The vision focuses on Citizen Empowerment, of which our employees are our first priority. The mission of the SABC therefore broadly emphasises people centeredness.

In responses to the SABC vision-namely Broadcasting for Total Citizen Empowerment-Human Capital Services has focused on providing solutions, products and expertise that will enable the SABC to achieve its Strategic Intent.

It is for this reason that the following vision and mission of the SABC Human Capital Services was adopted for the 2006/2007 financial year.

Vision

To be the best in class HCS products and solutions partner that empowers all stakeholders.

Mission

We will partner with our stakeholders in the provision of unique, sustainable, innovative and value adding Human Capital Services, solutions, products and expertise that will enable the SABC to achieve its Strategic Intent .

Values

The HCS interpretation of the SABC Values that will be applicable on a day to day basis is as follows:

Conversations and Partnerships

- approachability,
- communicate and engage,
- share information,
- empower line management through supporting them with solutions.

Building a Common Future

- common end goal,
- sense of togetherness,
- destroying us-and-them syndrome.

Restoring Human Dignity

- act ethically and with integrity,
- respect of the individual,
- treasure and embrace diversity,
- restore HCS dignity and credibility.

Key SABC Goals related to HCS

People

Make the SABC a place of preferred employment by attracting, retaining and nurturing talent in the Company and the country, while ensuring appropriate compliance with Employment Equity.

Governance

Ensure full statutory compliance of the SABC with the Broadcasting Act, the Charter, editorial policies and other relevant legislation. Put in place systems, policies and procedures, to ensure improved business processes, achieve efficiencies and good governance of the Company.

Performance Monitoring

Monitor, evaluate and reward performance on the implementation of the SABC corporate goals and editorial policies.

Highlights for 2006/2007

- Sexual Harassment Campaign.
- Integrated Wellness Solution implemented across all regions.
- Human Capital Services Leadership Development Programme completed.
- Completed Culture and Climate Survey.
- New Total Rewards Strategy approved.
- Revitilised Performance Management System implemented.
- Improved Incentive scheme in place.

Key Performance Areas

In Employment Relations we set to build a constructive working relationship with our employees whereby the ER policy framework was revised. Education and awareness programmes in respect of grievances and disciplinary procedures were undertaken. A remarkable improvement in employment relations was realised.

'Lalela izidingo zabahlobo bakho, ubafundise indlela yokuthuthuka.'

- Listen to everyone and treasure that which helps you grow

Attraction of Talent: There has been a process improvement, standardisation of processes and introduction of efficiencies and effectiveness across the board on recruitment processes. All HR practitioners/consultants received training on competency based interviewing skills.

Culture and Climate Survey: An organization wide culture and climate survey was undertaken. The results provided the SABC with the basis of understanding change management and transformation issues which are in the process of being addressed.

Succession Management: The first phase of Succession Management was implemented. The data collected will assist us in identifying and retaining scarce and critical skills.

Safety and Environment: By conducting a Culture and Climate Survey, we have developed a housekeeping policy. A set of contractor's safety file guidelines were developed and we presented the Substance Abuse Policy to the People Cluster.

Parity: The implementation of a parity exercise on salaries of staff from bargaining unit to the middle managers was successfully concluded in August 2006.

HR Leadership Programme: A ten day programme on the HR leadership was implemented for all the HR managers, consultants, practitioners and administrators. This intervention repositioned HR to deliver value added products and services.

Training and Development: The focus was on skills analysis and auditing with a view to identifying skills gaps and also building organisational capability. Partnerships were established with different service providers to ensure accelerated skills development interventions.

Revitalized Performance Management Programme: RPM was implemented for top and senior management and performance incentives were based on the outcomes of performance contracts RPM rollout are continuing.

Wellness Solutions: An integrated Wellness Solution was approved for implementation. This includes primary health care, occupational health, alternative healing, Employee Assistance Programmes, HIV/AIDS strategy Implementation. These services were delivered with the assistance of Lifeline and later OCSA who is the official service provider for 2007.

Employment Equity: The EE Beehive Strategy is in place and in the process of implementation. We conducted a situational analysis on disability mainstreaming, as per Department of Communications initiative for all its State owned Enterprises (SOEs).

Remuneration: The Reward Strategy and framework have been finalised. The strategic communication in the total reward framework has been completed. The ad hoc increase process and automatic promotion process have been reviewed. Incentive has been linked to RPM and approved by Group Executive Committee (GEC). There was an extended participation in the incentive scheme linked to RPM to scale codes 125 and 130.

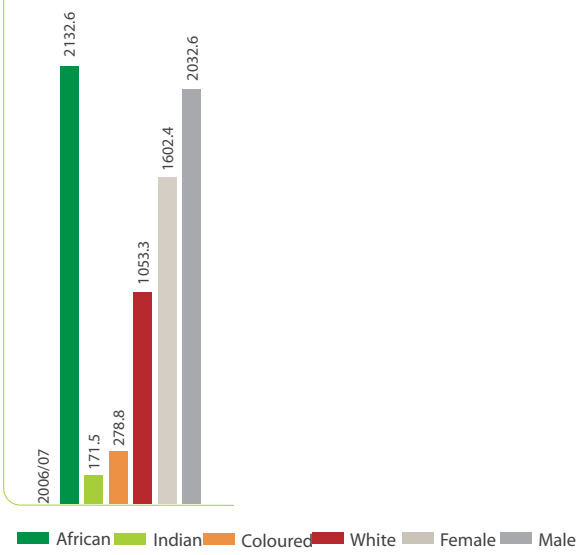
HC Policies: The data card policy has been approved, as has the home equipment policy, in line with SARS requirements. Ad hoc increase requests have been limited to one annual window period; the outsourcing of level 1 and 2 car insurance is completed and revised policies on leave, recruitment, job evaluation, long service and meal allowances have been drafted.

Generations crew working behind the scenes.

SABC staff always willing to assist.

Total Number Of Employees	31 March 07	31 March 06
Permanent Staff	2 999	2 725
Fixed-term Contractors	635	621
Casual Staff and Interns/Students	232	178
Race Analysis (Permanent and Fixed-term Contract Employees Only)		
African	58.67%	54.88%
Indian	4.71%	4.69%
Coloured	7.65%	7.75%
White	28.98%	32.68%
Gender Analysis (Permanent and Fixed-term Contract Employees Only)		
Male	55.92%	57.55%
Female	44.08%	42.45%
Disability Analysis (Permanent and Fixed-term Contract Employees Only)		
Disabled	0.58%	0.44%
Not Disabled	99.42%	99.56%
Age Analysis (Permanent and Fixed-term Contract Employees Only)		
Up to 25 Years	6.14%	4.66%
26-35 Years	31.98%	30.91%
36-45 Years	26.88%	28.39%
46-55 Years	27.71%	28.48%
Over 55 Years	7.29%	7.57%
Appointments By Race (Permanent and Fixed-term Contract Employees Only)		
African	74.05%	77.50%
Indian	6.52%	6.07%
Coloured	9.24%	9.79%
White	10.19%	7.71%
Terminations By Race (Permanent and Fixed-term Contract Employees Only)		
African	46.18%	46.15%
Indian	7.25%	6.07%
Coloured	12.21%	9.72%
White	34.35%	38.06%
Turnover (Permanent and Fixed-term Contract Employees Only)		
%	7.21%	7.42%

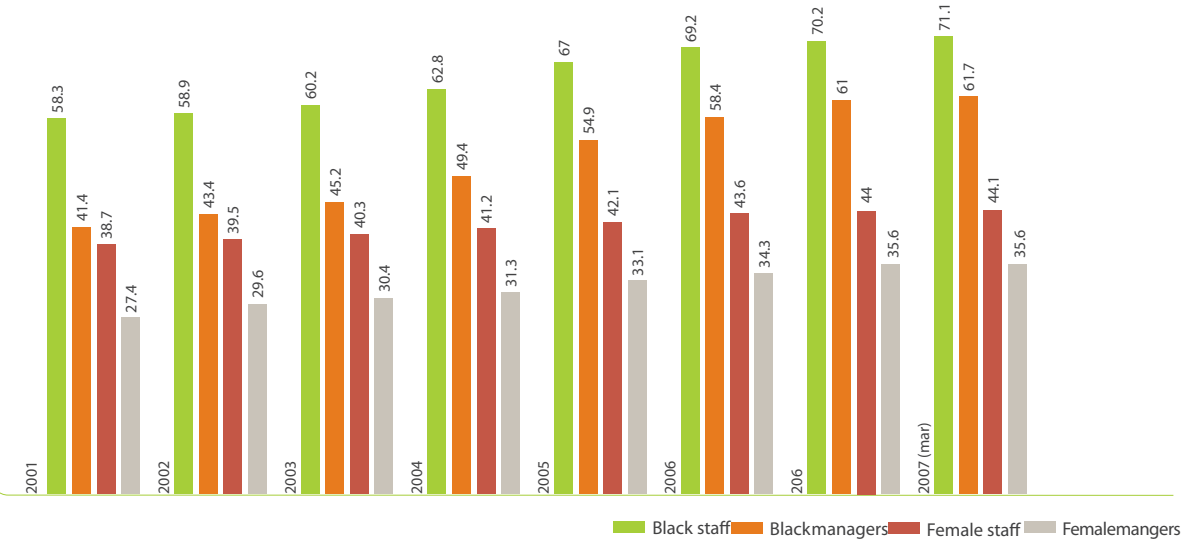
Analysis of all Staff by Gender and Race



The current distribution by race and gender is reflected in the graph.

SABC News staff hard at work behind the scenes during the production of News.

Race and Gender Movements



Staff Complement and Movements: 736 appointments were made during the year and there were a total of 262 terminations of service. This brings the total number of filled posts to 3 634 (2 999 permanent and 635 fixed-term contracts) against a total post complement of 4 184 (550 vacancies).

Please note that casual staff on scale 900 is excluded on all graphs.

Corporate Social Investment

'Yingisela swilaveko swa lava u hanyaka na vona naswona u va dyondzisa ndlela ya ku hluvuka.'

- Listen to the needs of those around you and teach them to grow

The Corporate Social Investment (CSI) Department's main function is to identify, facilitate and manage Citizen Empowerment Projects in line with the Corporate Goals. The SABC CSI support currency is airtime on Radio and Television with a tagline reading: 'An SABC supported initiative'. We do not fund projects financially but help create awareness through our various platforms.

Community Builder of the Year

This is a joint project that was initiated by the *Sowetan*, financed by Old Mutual and backed by the SABC's Radio and Television, Regional Offices, TV Programmes and the SABC Human Capital and Resources.

This partnership has grown from strength to strength for the past 17 years. Communities nominate their favourite community builder in their regions – rural and urban. Then a team of judges from the SABC, *Sowetan*, Old Mutual, Department of Social Services and Department of Health inspect the projects before signing them up as Regional finalists. A gala dinner at the end of the year then highlights four winners in four different categories- Adult, Group, Youth and Corporate.

ICT Achievers Awards

Driven by the Department of Communications, this project seeks to identify Women and Men in Technology throughout the continent. The SABC's Corporate Communications is the focal point where the entire SABC support base is controlled. Forge Ahead facilitates the whole competition – from sponsorships to staging the event.

Community Builder award winner Robena Mateceba with MEC Bob Mabaso, collecting her trophy.

Winners are awarded their prizes at a year end gala dinner, which is broadcast by our SABC Africa team. The key driver of this event is Head of Corporate Affairs and CSI only gives airtime and other logistical support.

Child Headed Households (CHH)

World AIDS Day – a partnership with AMAHA and supported by the SABC Group Chief Executive's office, SABC Radio, SABC TV, Sales and Marketing and Corporate Communications organised HIV and AIDS awareness - raised foodstuffs, money and other resources for orphans.

Ten child headed households each received a cheque of R280 000 which was distributed to the provinces that staged concerts in Limpopo, Mpumalanga, Kwa-Zulu-Natal, Gauteng and Eastern Cape. SABC regional offices assisted with publicity and studio resources. The project CHH is also supported by Premiers and MECs of Health, Social Welfare and Education. In some provinces these government departments assist with financial resources for the concert.

16 June

On the morning of 16 June 1976, thousands of black school children took to the streets to protest against the compulsory use of Afrikaans as a medium of instruction in schools.

Within hours, the initially peaceful and high-spirited march had sparked off a violent confrontation with the police, which in little more than a week left hundreds dead and many more injured. Many were detained without trial while others fled the country..

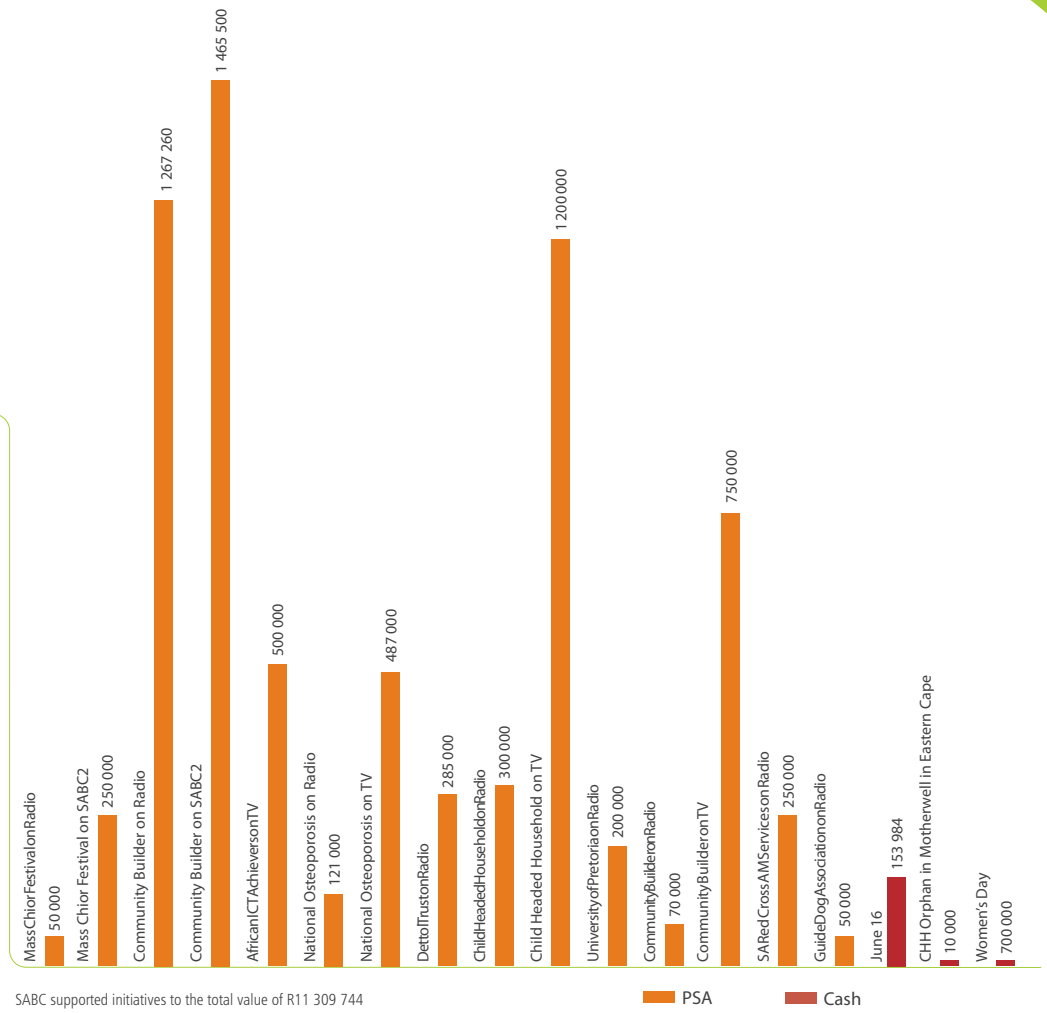
Although this momentous day changed the course of South Africa's history, it was not without its tragic consequences. Many lives were lost. But more than this, the social fabric of our communities, already eroded by apartheid, was further damaged.

The rift between children and parents widened to such an extent that we are still suffering from its effects.

Despite those trying times, the youth of that era refused to submit to that ruthless system and have gone on to write their names in the stars. Their success shows that through determination and hard work

CSI - PSA Initiatives

April 2006 to March 2007



SABC supported initiatives to the total value of R11 309 744

anything is possible. The youth of today, too, have a pivotal role to pay in strengthening our democracy.

So as we commemorate the 31st anniversary of 16 June, we pay tribute to all the heroes and heroines who sacrificed their lives for the struggle. While, of necessity, not everyone's role can be honoured in a project like this, this does not diminish their contribution.

Initiated by SABC's CSI department in conjunction with the University of Johannesburg's Soweto Campus, the theme was pronounced 'So Where To?'

The SABC has become one of the custodians of the Youth Day commemorations.

Mass Choir Festival

SABC, *Sowetan* and Transnet jointly highlight all forms of choral music, to keep it alive, together with the symphony orchestra. Some songs are done jointly with choirs around the country and the orchestra. Choral musicians from rural and urban areas are searched and developed by established choristers. Renowned conductors then create a 1000 voices mass choir. SABC2 televises the event which is shown to millions of choral music lovers across the country. The sponsor is required to pay for the production. This festival develops the

underprivileged by teaching musical instruments, and soloists are also considered. This year's festival will be held at the Standard Bank Arena on 16 September 2007.

Auditions for soloists took place on 3 March 2007 at Radio Park M1 studio, to select new soloists, even though two of last year's soloists will perform again this year.

'So Where To?' campaign hosted by SABC's CSI in commemoration of the 31st Anniversary of 16 June.

Programming

The branches - freedom of branching out into various programming formats and divisions

Public Broadcasting Services

'Luister met jou oë en kyk met jou verstand."

- Listen with your eyes and see with your mind

PBS Television

SABC1

The channel continues to entrench itself as the authentic reflector of issues that impact on the youth and those who are youthful at heart ,with a daily viewership of some 15.1 million adults (AMPS 2005/2006). This has been made practical by the introduction of significant programmes that speak to this. SABC1 (Mzansi fo sho) is a youthful channel that targets audiences and viewers between the ages of 16 and 34 and the young at heart. SABC1 plays a critical role in ensuring that the SABC achieves its vision of total citizen empowerment, by reflecting the youth focus and agenda of the broader company.

Highlights

The channel brand relationship score increased from 54,3% to 56%, driven by strong audience share and brand activation. June saw the World Cup 2006; SABC1 started an innovative activation platform called public viewing, bringing the World Cup atmosphere on a big screen, to the Mzansi public. The 20:30 weekday slot was branded 'the local story slot' with a tag line of Mzansi's official story teller. The line was driven through outdoor and on air campaigns. The channel scheduled children's programming between 15:00-17:30 including a children's News bulletin at 16:00. SABC1 also diversified its drama offering. The best performer is Generations, reaching all time high ratings of 50%+; the 20:30 local drama strand stabilised, averaging a 45% share; and the channel prides itself in the success of the one hour dramas and more specifically the mini-series strand launched in December 2006.

As a youthful channel it was critical for SABC1 to introduce curricula education on the slate and The Learning Channel was migrated from SABC3 in March. The channel also diversified youth focused programming to include more than just education programmes. The channel covered a variety of subjects, meeting all local content quotas, over-delivering in children's programming, education and drama.

Challenges Faced in the Past Year

The absence of a brand campaign made it difficult for the channel to establish itself in the market. Local content has proved very successful with audiences; however, it is still difficult for the industry to meet the channel's production needs. This resulted in poor delivery of material leading to a lack of promotion of productions. There was some market clutter in June when two key projects took place (June 16 commemoration and the Germany World Cup 2006). This resulted in less impact of communication objectives, largely owing to SABC1's schedule being taken up by the World Cup. The channel's Events and Publicity manager resigned, and the On Air Supervisor resigned and moved on to SABC3.

Special Projects

The channel took part in the World AIDS Day 'Know Your Status Campaign', carried the Germany World Cup 2006 as well as the Youth Day Commemoration celebrations. This was also the year in which the channel brand was relaunched.

Plans for the New Fiscal Year

The channel aims to entrench the new channel brand position, launch the continent's biggest awards show, *Stars of Mzansi*, aggressively drive brand vision, 'more than TV we are in culture' through visible brand presence, and drive retail campaigns that seek to consolidate the strong audience performance of the channel.

SABC1 Top 10 all adult for 2006/2007

	Title	Feature	AR	Share
1	Generations	Soap	25.9	58.6
2	Zone 14	Drama	22.3	52
3	Laduma Soccer Build-up	Sport	21.4	50.1
4	Family Bonds	Drama	20.9	47.7
5	Ubizo: the Calling	Drama	20.6	52.4
6	Soul City	Drama	20.4	48.4
7	Izoso Connexion	Sitcom	20	46.7
8	Zulu News	News	19.9	46.1
9	Zola 7	Reality	19.8	47.3
10	Vodacom: Manchester vs Chiefs	Sport	19.5	50

SABC2

SABC2 is positioned as the channel for the South African family within the PBS network, and has a daily viewership total of some 9.8 million adults (AMPS 2005/2006). The philosophy of the channel is that the concept of family should be defined broadly, so that all manner of South African families are included. The traditional Western picture of a nuclear family – mom, dad, 2.4 children – has never been the norm here. Single parent families and extended families are increasingly familiar; the HIV/AIDS pandemic is redefining the demographics of family life in this country; same-sex partners are adopting children; and the apartheid legacy means we are still coping with the after effects of migrant labour, forced removals and social engineering that devastated families for generations. Consequently, the channel explored what might be universally recognised as 'family values' – the caring, sharing, love, respect, and acceptance that form the core of family life – and made them central to SABC2's positioning.

The Nation as Family

During the year under review, SABC2 reinforced its positioning to embrace the nation as a family, in line with its public service commitment. This set the channel on a very deliberate course to play a key part in nation building, and to create a shared experience, particularly around events of national importance, through celebrating each other's culture and the rich diversity of our languages, as well as learning religious tolerance and respect.

Programme Remit

SABC2 is a full spectrum television service offering a programme mix of enlightening, informative, educational and entertaining material. The channel aims to:

- create popular public service through an integrated content approach;
- maintain a high level of local content and develop local drama as an audience powerhouse and a vehicle for social change;
- commission signature variety and reality properties as cost effective, audience enhancing alternatives to drama;
- integrate issues of national importance into its entertainment and informal knowledge-building (IKB) portfolios;
- continue its special focus on women, children and the disabled.

Language

The channel's approach to language is in accordance with the Corporate Policy on Language:

- The policy provides for both unilingual and multi-lingual delivery (unilingual delivery primarily in News, some Current Affairs and Education programming).
- SABC2 broadcasts in nine of the eleven official languages – a truly South African channel:
  - primary Languages: Afrikaans, seSotho, seTswana and sePedi;
  - minority Languages: Xi-Tsonga, Tshi-Venda, isiZulu, isiXhosa and English;
  - Sotho delivery increased from 23% to 25% in the last year.
- Sign language: integrated strategy within Education, IKB and children's programming.
- Sub-titles to increase cross-over appeal in local drama and for the deaf.
- DTV will migrate to SABC2.

Local Content

- SABC2 will continue to meet/exceed all local content quotas in respect of ICASA genres across Prime Time and Performance Period.
- The channel has the highest volume of local content of all three channels in Prime Time (78%), delivering mainly in Sotho, Afrikaans and English.
- SABC2 maintains a high level of local content programming in a cost efficient way as the best means to respond to the channel's dual target audience and language needs.
- SABC2 will invest R445m in local content and R43m in foreign programming.

Audience Profile and Growth

Demographics according to AMPS 2005/2006:

- 53% of SABC2 viewers are in the 35+ age group.
- 55% are Sotho and Nguni speaking; 45% English and Afrikaans speaking.
- Target audience: all adults 16+.

SABC2 achieved its target of being the Number 2 channel when share is measured across the fiscal year. Its universal access has improved year on year from 89% to 91%. The channel delivered well against its All Adult Audience Share targets set for the fiscal year:

Prime Time Target 20% average:	Achieved 18%
Performance Period Target 19% average:	Achieved 18%

The channel continued to place an emphasis on national events – such as the Municipal Elections, Opening of Parliament, National Days (Women's Day, Freedom Day, Khomanani Day and Day of Reconciliation), Shaik Trial, 50th Anniversary of the Freedom Charter, Commonwealth Games, Comrades Marathon. SABC2 became the second most recognised brand in television according to the Sunday Times Brand Awareness Score.

Mandate

SABC2 complied with all local content and genre requirements and in line with the SABC Charter and Corporate Goals with 75% local content in prime time, and 78% in the full day.

National Issues

The channel has an integrated approach to issues of national importance. Everything from unemployment, crime and violence to HIV/AIDS and moral regeneration was covered in programmes such as *Morning Live, The Big Question, Hi Thanu, It's For Life, Let's Talk*, Current Affairs and Human Resources Reality (*You're Hired*), *7de Laan* and *Muvhango*.

Social Action

SABC2 broadcast both the Women of the Year and Community Builder of the Year events with media support given to both initiatives. The channel also embraced the Heartlines project, an initiative designed to stimulate moral regeneration, with eight films being screened and their accompanying values being driven through the channel's imaging over a period of eight weeks.

National Events

SABC2 has embraced its role as the channel that contributes to the shared national experience when it comes to events as diverse as the Opening of Parliament and State Funerals. SABC2's universal access improved year on year from 89% to 91%.

Marketing

The marketing objective of positioning SABC2 as a channel where all feel welcome was well delivered through various projects across South Africa. The Lentswe poetry project provided an outlet for celebration of our oral tradition. The Dorp 2 Dorp roadshows travelled to White River, Queenstown and Kimberley where viewers were able to meet their favourite SABC2 stars. The SA Family of the Year competition embraced unconventional families that displayed family values with great success. Both 7de Laan and Muvhango grew the membership of their fan clubs with thousands of viewers delighting in the promotions on offer around these beloved soapies.

Financial Security and Success

The external financial performance of SABC2 was well above expectations, with the net profit exceeding target by 64%. Year-on-year growth in revenue and net profit were 10% and 16% respectively.

Conclusion

- SABC2 will meet and exceed all mandated PBS requirements within the framework of the SABC Corporate Goals and critical commercial imperatives.
- SABC2 will consolidate the gains it has achieved in the last three years and is set to widen the gap between its competitors. It will strengthen its PBS offering across the full spectrum of genres as it strives to become top of mind for the South African family.
- The ongoing challenge is to maximise nation-building opportunities through creating an emotional connection with the viewers.

SABC2 Top 10 all adult for 2006/2007

	Title	Feature	AR	Share
1	7de Laan	Soap	15.7	38.6
2	Muvhango	Drama	15.1	35.8
3	Mr Bones	Movie	13.6	36.2
4	Phamokate	Drama	13.3	38
5	Dikolong	Drama	12.8	36.6
6	Nuus	News	12.8	30.1
7	Noot vir Noot	Variety	11.5	28.4
8	Stokvel	Sitcom	10.8	29.1
9	Heartlines	Movie	10.5	30.9
10	Strictly Come Dancing	Variety	9.9	28.7

SABC2 Dorp2Dorp roadshow on the move in Richards Bay.

PBS Radio

'Tsandza umsindvo weliphimbo lalomunye kuletsa ingucuko.'

- Love the sound of someone else's voice for a change

During 2006/2007 all Public Broadcasting Service (PBS) Radio's operations focused on the mobilisation of the nation through engaging content driving social consciousness, providing multiple viewpoints and treating complex issues comprehensively. The 15 stations broadcast some 131 400 hours of programming dedicated to informing, educating, entertaining, and reflecting the interests and aspirations of all South African communities in all official languages.

PBS Radio saw the changing of the competitive landscape through the Electronic Communications Act and the unfolding of a highly competitive environment characterised by technological developments that will lead to changes in audience perception. Main events of national importance covered included the FIFA Soccer World Cup in Germany ('live'), a special programme Total Youth Empowerment as an acknowledgement to 30 years after the Soweto Uprising, the commemoration of the Women's March on Pretoria and the Bambatha Rebellion centenary.

PBS Radio Positioning

PBS Radio is informed by the legislative and regulatory framework. The stations' objectives are based on broadcasting for Total Citizen Empowerment to ensure that nobody gets left behind. PBS Radio ensures that it appeals to all citizens by broadcasting programmes in different formats and genres. At the core of PBS Radio's programming ethos is innovation and creativity.

Mandate Delivery

At the beginning of the fiscal year PBS Radio faced a huge challenge of introducing new licence quotas to ensure a broad spectrum of programming for South African citizens. Generally PBS Radio achieved the set quotas with ease.

Audiences are still stable with the PBS portfolio still commanding the highest figures. Monday to Friday average daily audiences remains at 17 million. Loyalty measure indicates a decline in the average number of hours per listener per week from 26,10 to 25,57, but PBS radio's loss was less than the national average loss of almost 4% in time spent listening. This decline can be attributed to choice in media, and in particular radio, which will continue with new secondary licenses about to be issued, leading to further audience fragmentation.

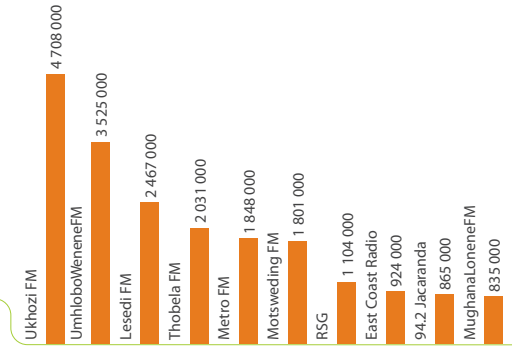
Programming Highlights

Besides the events of national importance PBS Radio introduced 'Express Yourself' on air competitions on poetry, drama and short stories to inculcate the literary expression as well as the following on air campaigns and/or events:

Besides the events of national importance PBS Radio produced the following events:

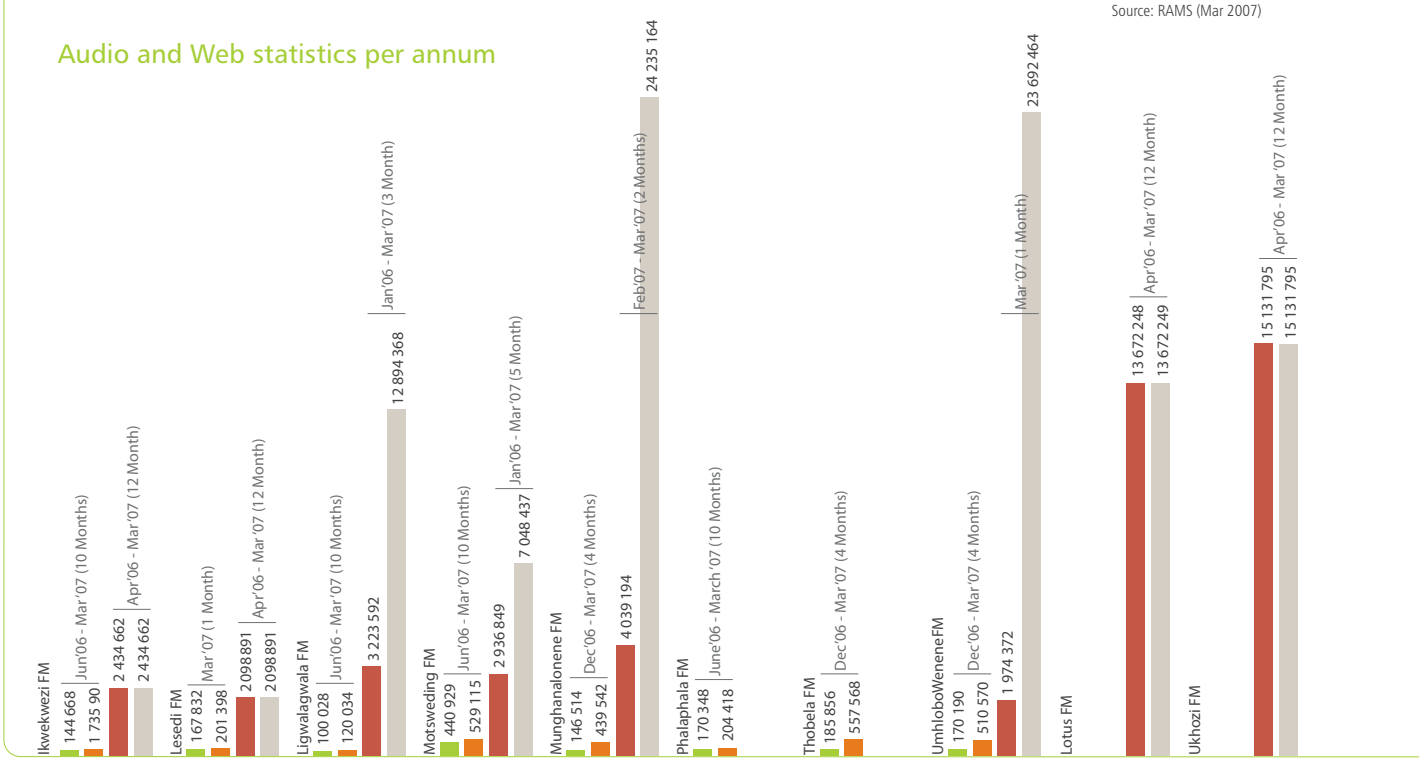
- ***CKI FM*** - Production and broadcast of documentaries like the Bambatha Rebellion and the partnership with Johannesburg University resulted in 268 hours of documentaries on poverty alleviation.
- ***LIGWALAGWALA FM*** – The station's birthday was celebrated at the Barberton Correctional Services facility.
- ***THOBELA FM*** – 230 minutes of the Women's March to the Union Building and the Life and Times of Adelaide Tambo Nyedisani Sedimela's experiences.
- ***UKHOZI FM*** – 165 minutes of documentaries on the Bambatha Rebellion centenary.
- ***PHALAPHALA FM*** – 360 minutes of documentaries on children and substance abuse, ritual murders, origin and history of Vhavenda, and Heritage sites.
- ***IKWEKWEZI FM*** - Job creation feature, which created 1500 job opportunities for unemployed people.
- ***LESEDI FM*** – Broadcast of the event with Basotho kings from regions in South Africa celebrating King Moshoeshoe' birthday in Katlehong.
- ***LOTUS FM*** - The Heartlines Campaign proved to be an amazing success for the station.
- ***MOTSWEDING FM*** – February 2007 was declared Black History Month and the station looked at the impact of slavery, colonisation and apartheid on blacks and, in particular, black South Africans.
- ***Munghana Lonene FM*** – The station promoted cultural and choral music through the Xilombe Festival and also ran the Farmer of the Year competition to promote farming in the Limpopo region.
- ***R2000*** - 16 Days of Activism to 365 Days of Activism.
- ***RSG*** - A series of seven documentaries on South African slave history were produced and broadcast.
- ***SAFM*** - *You Strike A Woman, You Strike A Rock*, a radio drama commemorating the 50th anniversary of the Women's March.
- ***Umhlobo Wenene FM*** – Together with the Human Rights Commission the station broadcast 'live' in farm areas in the Eastern Cape highlighting the rights of farm workers who are experiencing problems with regards to their employers; the workers were then left with human rights pamphlets written in isiXhosa.

National Top 10 Favourite Radio Stations



Source: RAMS (Mar 2007)

Audio and Web statistics per annum



Duration of stats difer from station to station and some of Lotus FM, Ukhozi FM, Phalaphala FM and Thobela FM stats are outstanding.

Audio Listeners | TopTenListeners | Web hits | Total SABC Web hits

- ***X-K FM*** - The station did the 'FNB be financial smart' drama last year; this drama was the first on the station.

Universal Access

Umhlobo Wenene FM and Lesedi FM were granted transmitter expansion and commissioned at Kimberley. Transmitter upgrades were done for Umhlobo Wenene FM in Butterworth, King Williamstown and Queenstown.

To achieve universal access PBS radio stations launched their websites which have audio streaming; the statistics are seen in the graph

Social Upliftment

According to SAARF RAMS May 2007 for the period October 2006 to end March 2007 there were six PBS stations that were part of the national top ten stations, the first four all being PBS radio stations. See graph.

Challenges

Still on top of the agenda is universal access for some of the stations within the PBS portfolio. The new media landscape poses both challenges and threats for the portfolio. Media diversification is proliferating, leading to further niche markets. The role of PBS radio requires constant review so that it always remains relevant to the citizens. The changing listener habits need to be kept in check so that the broadcaster always knows where to find the audiences, how to find them as well as what devices they will be using to receive the content.

Towards the Future

Digital broadcasting is upon us, starting with opportunities of broadcasting in Internet and other New Media as well as Digital Terrestrial TV platform, Direct-to-Home TV as well as introduction of digital radio early in the next decade.

All of this will also herald the all important 2010 Soccer World Cup in South Africa. PBS Radio will be a capable host broadcaster that will cater for South African citizens as well as partner with other broadcasters from Africa and beyond.

Public Commercial Services

'Some people need to see what they can not hear.'

PCS Television

The Public Commercial Service is a strong profit-based arm of the SABC which delivers substantial revenue streams for the company. This division is driven by the ethos that encourages, among other things, a strong commercial focus, risk taking, entrepreneurial creativity and investment in human capital. The division has had a good fiscal year overall, with the revenue performance being the highlight.

SABC3 maintained high visibility of quality local programmes in prime time, achieving the quotas set by the Regulator. SABC AFRICA, our pay television channel on DStv, continued to showcase Pan African content that promotes the light side of the continent.

SABC 3

Positioning

With an average of 6.6 million daily audiences (AMPS). SABC3 is one of the premier brands of the powerful PCS stable. The channel's footprint is largely in the metropolitan areas of South Africa. Its core target audience is LSM 7-10 with LSM 5-6 being the secondary target audience. Local content makes up 35% of SABC3 content.

Highlights

Programming

- We proudly delivered 44,5% high quality local content and 46.46% in Prime Time against a target of 35%. Through shows like *3 Talk with Noeleen, Isidingo* and *The Lab 1*, SABC3 managed to maintain the visibility of commercially viable local content in Prime Time.
- The prime time strategy that shifted *Days Of Our Lives* from SABC1 to SABC3 was successful and delivered audiences at an average of 43%.
- The channel's target of 16.7% share was exceeded.
- Another winner is *The Kids' Properties* introduced in 2006 delivering a high share of an average of 26% against All Children.

Scheduling

During Performance period, SABC3 exceeded the channel's target, recording an average of 16.7% share. These gains are largely due to the improved programme lineup which included Kids programming, *Oprah, Tyra Banks and Days of our Lives* and *3 Talk with Noeleen*.

SABC3 Top 10 all adult for 2006/2007

	Title	Feature	AR	Share
1	Days of Our Lives	Soap	14.7	51.3
2	Isidingo	Soap	12.6	30.2
3	Survivor: Panama Exile Island	Reality	9.4	22.6
4	Supernatural: the Unseen	Docu	9.3	26.5
5	News	News	9.2	21.7
6	Survivor: Guatemala	Reality	9.2	21.8
7	ICC Cricket World Cup Aus vs SA	Sport	9.2	29.8
8	Special Assignment	Actu	9.2	30.8
9	Living with Tigers	Docu	8.4	24.4
10	8 Simple Rules	Sitcom	8.3	20.2

'URBO' one of the childrens programmes on SABC3.

Isidingo reaches its 2000th episode, and Ashley and Robert arrive in style.

Consumer Marketing

- The 'Golden Plumes Awards', Television Broadcasting Awards celebration was introduced in South Africa by SABC3. The objective was to acknowledge and honor excellence and achievements in the field of television in the past 30 years.
- Isidingo celebrated its 2000th episode.
- The channel launched a successful 'Oprah's Back' promotion that drew over 50 000 entries, further entrenching *Oprah* as a successful SABC3 Talk property.
- In recognition of the potential of **The Lab 1**, a high production, high quality local drama series with excellent acting, Marketing held a celebratory function for cast and press at Sithengi in 2006.

Productivity

The channel over achieved on its profitability by 22% and achieved a growth of 10% year on year on the bottom line.

Technology

New SABC3 transmitters were activated at Ulundi and Bethlehem and the transmitter power at Nelspruit was increased. This upgrades the channel's reach from 77% to 79%.

Restoration of Dignity

- SABC3 adopted a school in Ixopo, Carrisbrooke School where donations were made in the form of computers and stationery as well as highlighting, via broadcasting, the plight of the school, thus encouraging further contributions from other communities.
- SABC3 supported Dtv; a programme for the hearing impaired, by inviting some of the children from different schools for the hearing impaired to participate and spend the day with former president Mr. Nelson Mandela on his 88th birthday.

Future Plans

- Re-launch with its new positioning in the 2007/2008 fiscal year, entrenching itself as one of the leading commercial channels in the South African broadcasting landscape. It will continue to complement the Public Broadcasting Service offering.
- Continue to build strong viewer insights to ensure that the brand resonates with its target market's needs and expectations.

- Partner with Good Hope FM to stage THE BEST OF Cape Town Awards.

- Transmitter expansion which will increase channel's reach from 79% to 82%

Human Capital Report

The development of our people and the nurturing of talent within the division are essential to stimulating performance. During the year under review, we attracted new talent that has brought in new professional expertise and competencies to aid the delivery of our targeted results. Recruiting and retaining the best people remains a strategic imperative for the division.

Development and Growth of Human Capital

The PCS division continues to adhere to the SABC strategic objective of Total Citizen Empowerment through the empowerment of its first citizens, our employees. In the year under review, employees were trained in line with the PCS division workplace skills plan.

SABC AFRICA

SABC Africa entertainment is a pay television channel on DStv whose main purpose is to exploit SABC archives and showcase Pan African content that promotes the light side of the continent.

- Pan African Film Festival – The channel went into a joint venture with Nu-Metro to introduce the first Pan African Film Festival where six movies from around the continent were showcased at Balfour Park Nu-Metro Theatre.

- Discussion Forum – Quarterly forums were held to discuss:

  - African Issues – from heritage to identity, questioning an authentic African story.

  - Improve on-air image – updated the logo in order to improve visibility on screen.

Festivities

- Africa Day dinner - An annual dinner was held at Moyo Restaurant with the diplomatic core to celebrate Africa Day and to thank them for their support in always complying to our requests for studio interviews.

- The channel held an African cuisine competition for SABC staff, to celebrate Africa Day. The main prize was a trip to Victoria Falls and was won by SAFM.

Consumer Research

The channel conducted the first qualitative research outside South Africa. The consumer research was conducted in Nigeria, Ghana and Kenya.

Partnerships

SABC Africa also formulated a business plan for syndication within the continent and on how to create windows on other terrestrial channels.

Future Plans

At Channel Africa the staff is hard at work on a plan for a new entertainment channel within the multi-channel environment.

'Bunny Chow'—one of the films shown at the Pan African Film Festival.

'African Paradis'—another one of the films shown at the Pan African Film Festival.

PCS Radio

The three SABC's Public Commercial Radio Services complete the PCS stable. Collectively the three services position us as a strong force in our industry. Good Hope FM boasts strong partnerships in its coverage area, cashing in on a brilliant use of tactical marketing to maximise visibility for the brand. Its strength is to stay in touch with the listener through enticing and exciting promotions. METRO FM's investment in premium talent acquisition took the station to a good 5 257 000 Past 7 Days Listenership, while 5Fm won numerous awards such as the Next Generation Award.

Good Hope FM: It's all good!

Positioning

Good Hope FM encapsulates the fun, energy and funkiness of the community of Cape Town and surrounding areas. This includes major residential and business towns such as Stellenbosch, Paarl, Franschoek, the Strand, Gordon's Bay and Langebaan. It entertains and actively engages youthful Capetonians through music, relevant lifestyle shows and exciting events.

In the face of fierce competition the station showed strength and came out well as reflected in the last quarter of 2006 with listenership figures of: Average Monday – Friday 332, 000 and Past 7 Days 618, 000 listeners.

Core Target Market: 22-32 years LSM 6 to 9
Primary: 16-34 years LSM 6 to 9
Secondary: 16-24 years

Picture: Good Hope FM team with Ajax team members at Somerset Hospital on World Health Day.

Connectivity

Research conducted with ten focus groups in Cape Town to offer better insight into our listeners' needs concluded that Good Hope FM's caring and energetic spirit, combined with its local heritage that is deeply rooted in the Cape Town Metropolitan community is a winner with the target audience. The station is able to wrap its content with an emotional blanket that connects with its audiences. This approach brings home the station's brand essence of 'Connecting Cape Town'.

Restoration of Dignity

True to the SABC's organisational values Good Hope FM went out of its way to make a meaningful contribution to the citizens of Cape Town. It outdid itself as it demonstrated the power it yields through daring CSI activities. It covered worthy causes such as Breast Cancer, World AIDS Day, feeding the destitute, tactical fundraising for sport development and stolen school computers. It also had a hand in:

- The 'Homeless World Cup' hosted by the City of Cape Town – over 48 countries participated in the tournament and Good Hope FM secured exclusive rights, including live broadcasts and the gala dinner.
- Raising R500 0000 on World AIDS Day for the Somerset Hospital's Casualty ward upgrade.
- Partnering with the Foschini group during the 16 Days of Activism to raise R500 000 for Child Welfare and to smaller but more organic fundraisers such as a R14 000 wheel chair for a disabled child from a poor family and R20 000 (in a record breaking twenty minutes) for a soccer loving boy who needed the money to attend a soccer academy in the USA.
- Toy–Toy raised R600 000 and nine tons of toys for needy kids.
- The anti-Tik campaign, in collaboration with the Western Cape City Council.

People Power

The station maximised on the strength of female DJs who were used creatively to attract a strong female

audience. During Breast Cancer month, they went to Tygerberg hospital and donated toiletries and flowers to Breast Cancer patients.

Our staff as fellow citizens feel a strong and healthy connection with the people who share the lovely Mother City. This explains why there is a very small staff turnover at Good Hope FM.

Partnerships

Good Hope FM has developed strong links with City and Regional authorities to be able to deliver on mandatory affairs that affect our citizens. It has done various works with Education, Social Development, City Improvement, Tourism, Environment and the Mayor's office. It is also one of the main contributor partners of the Community Chest.

Technology

Good Hope FM has a very strong cell phone compatible web presence and does many competitions through internet and cell applications.

Highlights

This fiscal year was dedicated to focusing the On Air element on the City: its communities, landmarks, people, politicians, business people, opinion makers, celebrities and worthy causes. The Programming strategy was aimed at getting the station closer to targeted Capetonians.

Future Plans

The station plans to conceptualise, create and execute the Best of Cape Town Awards to reward excellence and good business practices in the region. These will cut across areas from community development to the best restaurant. Good Hope FM's strong relationship with City and Regional authorities will be bolstered by a partnership with SABC3 which will bring the power of a transversal strategy to bear. This event is billed as a premier event on the Cape Town community, tourism and celebrity calendar in 2008.

5FM

Positioning

5FM is the entertainment powerhouse for SA's youth, offering the most popular contemporary music. The station is on the pulse of global music and content trends, thereby offering audiences access and opportunity to be part of the energy and dynamism of the fast changing youthful, global community. 5FM's inclusive youthful mindset, combined with its passionate innovative attitude allows the station to deliver an environment where the diverse youth of South Africa meet and amplify their experiences.

Picture: The Nigel Pierce Show team at Toy Toy: Media 24.

Core Target Market: 20-25years LSM 7 to 9
Primary: 16-34years LSM 6 to 10

Growth:

5FM's Past 7 Day audience increased from 1.380 million to 1.452 million with the Average Monday to Friday listenership increasing from 694 000 to 723 000. 5fm has also shown good year on year growth with the station's market share growing from 4.2% to 4.7% over the last year.

People

5FM experienced a change in station management during this fiscal year. The management team is Helen Graham (Station Manager), Aisha Mohamed (Marketing Manager) and Carlito Sheik (Programme Manager).

Special Projects

5FM broadcast live from the A1 Grand Prix in Durban and was also a media sponsor at this year's *Arts Alive* event with Mattafix. The Jay Z, Robbie Williams, Kanye West and Evanescence concerts reinforced the station's music positioning and the association with the Levi's Rage for the Revolution event to promote HIV awareness and testing firmly placed the station in the hearts and minds of the target market.

Partnerships

- 5FM partnered with Savanna to give away R999 995 in thee 'Got change for a million promotion.' Over 300 000 SMS entries were received with listeners using the phrase 'I need 5 to make a million' in order to qualify.
- Diabetes Association of South Africa.

Nicole Fox at the Got Change for a Million party.

Technology

5FM has a strong web driven listener community (with over 2.5million page impressions monthly and a database of 150 000 listeners) and this community was used to provide insights into 5FM's core audience.

Funding / Sponsorships

5FM achieved fiscal target with a 12% revenue growth on the previous fiscal year. New revenue opportunities were created through website sales.

Highlights

- 5FM introduced a new line-up with Gareth Cliff moving to weekday breakfast, Elana Afrika taking over weekday 09:00 – 12:00 and DJ Fresh joining the station as the afternoon drive DJ. This move showed market share growth from 4.2% to 4.7%, and contributed to 5FM being the most racially representative radio station as per Radio Effectiveness Survey 2006.
- 5fm won numerous awards including the Next Generation Award for Coolest Radio Station, 4 Loerie Design Awards for the Lonely Finger campaign (Bronze, Gold and Grand Prix) and the Best National Content from Marketing Mix.

Kick the Cold with 5fm, 3 Talk and the Dis-chem Foundation.

Restoration of Dignity

- 5FM launched a diabetes awareness campaign (in conjunction with the Diabetes Association of South Africa) in memory of former 5FM presenter, Bo Moseneke, who died from a diabetes related illness.
- 5FM also launched a Youth Day promotion in which listeners were encouraged to stand up for the causes they believe in.
- The station further supported other CSI initiatives such as the 'Door of Hope' in Berea, Breast Cancer awareness with the Breast Health Foundation, education for the youth with Boston College and a partnership with Levi's Rage for the Revolution in which HIV awareness and testing was endorsed by station personalities.

Future Plans on 5Fm

- Launch a new brand campaign in October 2007, which will be rolled out to listeners with BTL marketing support.
- Launch a WAP portal site in September 2007, giving the station greater interaction with listeners.
- Focus on building station driven events and CSI projects in the 2007/2008 fiscal year.

METRO FM: It's where you are at!

Positioning

METRO FM is a mentor and guide for youthful urban adults that embrace a pragmatic and successful life to actively transform with their constantly changing environment. Through its crafted fusion of music, entertainment and information, the station is best suited to empower and positively influence listeners and the music industry at large to reach new heights. As the iconic leader in its market, METRO FM is in a position to deliver both a global and national perspective that instills confidence and inspires its audience.

Core Target Market: 25-34 years
LSM: 7 to 9 (Epicentre – 30yrs)
Primary: 16-34 years LSM 6 to 10

Growth

Past seven day audience at METRO FM stood at 5,257 000 making the station the most listened to Urban National Radio station in South Africa.

Revenue generated by the station is R135 819 490.18, a 10.81% growth on the previous year.

People

The Programs Manager attended a radio conference in Dubai to help the station keep abreast of developments in the radio industry around the world.

All on air staff were trained on the new Dalet (news) system to improve the news output.

Special Projects

METRO FM, as part of its 20th birthday celebrations, undertook a trip to 13 African countries (I am an African Tour). Included in this trip were listeners who had won an on air competition to be eligible.

As part of the METRO FM Music Awards CSI project in Nelson Mandela Bay, the station handed over six houses to HIV affected families in the area. This spoke to the restoration of the dignity of our audiences.

Partnerships

We managed to establish healthy partnerships with both internal and external stakeholders. One example is the two-year partnership with the Nelson Mandela Bay, enabling the station to successfully host the famous METRO FM Music Awards in the city. Internally is the partnership with SABC1 which broadcasts the awards to some 15 million viewers. As METRO FM is the music authority on radio, SABC1 is the music authority on TV; thus the partnership is mutually beneficial to both channels.

Technology

New editing software and hardware (Pro Tools) was installed in both the station's editing suites.

Funding

The station achieved 10.81% growth on the previous year which translates to R5,7 million. Advertising revenue was R3,4 million over target for the year.

Highlights

- The introduction of Thomas, Lupi and Naked DJ to the breakfast slot.
- METRO FM achieved second position as the coolest radio station among the youth in the Sunday Times generation X survey.

Future Plans

- The introduction the new station line up in the new fiscal (2007/2008).
- Appointment of a new Marketing Manager, Web Administrator and a second Promotions Executive.

Several artists performed and recieved awards at the Metro FM Music awards.

- The move to the new studios.
- The announcement of a new host city for the METRO FM Music Awards.
- Campaign to celebrate the station turning 21 years (Coming of Age)
- To explore new avenues and partnerships for the promotion of the Greening Revolution drive.

Metro FM's I am a Woman Experience.

Shared Services

'Le ha tokelo ya ho buwa e le qaleho ya tokoloho, bohlokwa ba ho mamela ke bona bo etsang tokelo eo ya bohlokwa.'

- While the right to talk may be the beginning of freedom, the necessity of listening is what makes the right important

News and Current Affairs

SABC News is committed to becoming Africa's leading news organisation, through providing a credible, accurate and interesting news service that brings news of the country, Africa and the world into everyone's homes in everyone's languages.

By providing citizens the information they need to be free and reflecting the world to the nation and the nation to itself SABC News—guided and bound by certain legislative requirements, the editorial code and policies of the SABC, as well as SABC corporate goals—offers wide ranging and in-depth coverage of events and trends, both in the country and throughout the world. Research shows that some 24 million, or 80%, of adult South Africans choose the SABC as their primary source of news. SABC news services are often the only media that offer news in the citizen's home language. Furthermore, independent research conducted during the financial year showed that SABC News' offerings enjoyed credibility ratings of 93% and 'freshness' ratings of 94%.

SABC News is a content provider for all the news and current affairs programmes carried by the SABC's PBS and PCS radio and television services, and the subscription channel SABC Africa. News is also delivered through a range of new media channels, including handheld devices and the Internet.

The key operational areas are news gathering and the production of news and current affairs programmes for the platforms, in a way that adheres to the editorial policy of the SABC, meets the Board's goals and complies with the statutory and regulatory environment in which we operate. This includes:

- the implementation and management of the newsgathering process—from research, to story identification, to gathering, to the writing, editing and compilation of stories - through editorial offices and bureaus;
- the production of inserts and programmes by dedicated desks and production teams;
- the management of the news component of SABC Africa and the development of the 24-hour news channel.

The news and current affairs cluster is the biggest news gathering organisation in Africa. It has 13 editorial offices, a staff of 972 permanent and fixed-term employees, a country wide network of correspondents, and more than 2 000 news contacts. Currently, there are six foreign bureaus, which together with premium feeds from the international news agencies, serve our international news needs. SABC News delivers more than a million words of news every day, reporting in all 11 official languages on television, and delivering radio news and current affairs in 13 languages.

Newsgathering

Currently, SABC has six foreign bureaus and 2006/2007 saw the launch of fully-fledged offices in New York, servicing the United Nations, and Kinshasa, primarily covering the Democratic Republic of Congo but also dealing with other central African countries. Preparations for the launches of Nigerian, Senegalese and United Kingdom bureaus were also well on track.

SABC News took a lead among the South African media in covering the peace process in the Ivory Coast, the Israeli invasion of Lebanon, the Brazilian

presidential elections, the Caribbean Cricket World Cup, the 50th Anniversary of Ghana's independence and many other major international stories. Two key stories covered by the SABC were the first democratic elections in more than four decades in Congo – Kinshasa and the story of Nigerian democracy.

In line with the corporate goals newsgathering was not limited to foreign activities, and the financial year also saw the upgrading of our operations in Mthatha and Bisho and the launch of a bureau in George. SABC News has an absolute commitment to telling the story of South Africa's rural areas and broke numerous stories in this regard.

News and Current Affairs also brings viewers the story of key events in the country's calendar, including live coverage and analysis of the Opening of Parliament, the Minister of Finance's Budget Speech and days of national importance.

Television

As at the end of the financial year, television news was broadcasting 166 news bulletins per week in all of the official languages, and nine current affairs programmes covering South Africa's official languages. *Asikhulume*, the Nguni-language current affairs programme that offers viewers an opportunity to participate in discussions about the latest developments, continued to be South Africa's most watched current affairs programme, while other well-established properties such as *Special Assignment* and *Fokus* continued to draw in audiences with their no-holds-barred approach.

Some of the SABC News presenters.

The end of the financial year saw the launch of *Leihlo la Sechaba*, the first indigenous African language investigative current affairs programme. *The World Today*, on SABC3, morning news and current affairs magazine programme was also repositioned and *In the Public Interest*, a programme examining media and society, was launched.

The impact of new ICASA licence conditions continued to be felt, with more languages being incorporated into the daily *Kids News* programmes on SABC1, the launch of *Yilungelo Lakho*

News bulletins have seen some exciting new innovations during the financial year, with an emphasis being placed on more live crossings. To this end, SABC News was one of the first broadcasters internationally to introduce live stream-box contribution technology. The 19:30 News bulletin on SABC1 remains the most watched bulletin in the country. Our programmes on SABC1 and SABC3 all recorded stable audiences for the financial year.

Radio

SABC radio remains the nation's primary source of news and current affairs. Every week a total of 1 568 news bulletins and 190 current affairs shows are broadcast. These are presented in all the official languages as well as the Khwedam and Xun languages. SABC radio news remains the most important news source for the majority of South Africans, particularly those in the lower LSMs. Our innovative approach to the medium means that the current affairs property on Ukhozi FM is the most popular radio news show in South Africa.

As a result of the new ICASA regulations, News began broadcasting 36 additional radio current affairs programmes from the beginning of the financial year.

During the financial year, the national current affairs studios were successfully relocated to TV Centre, seeing the integration of the Johannesburg based radio news teams. A successful programme by news radio management to reinvigorate the regions was carried out. Aligned to the programme was the emphasis placed on the importance of radio platforms carrying development stories.

SABC Africa (News)

SABC Africa has established itself firmly as the leading broadcaster of African news and entertainment on the continent. During the year under review, the channel continued to reflect African ownership,

leadership and growth, and made steady progress in expanding its contact base across the continent. Live broadcasts from all over Africa enabled the channel to meet its mandate in broadcasting news and programmes from an African perspective.

During the financial year considerable progress was made in terms of preparing for the launch of SABC News International, Africa's first 24-hour news channel.

New Media

Services developed in the new media unit of the News division continued to deliver content for local and international markets by means of innovative products specially adapted for the platforms on which they are accessed. The unit houses the main international 24-hour news outlets, aimed at increasing the SABC's reach and brand across Africa and globally, and offering audiences more choice in the way they access SABC news.

Services developed in the New Media Unit of the news division deliver multi-media content for local and international markets via innovative products-especially adapted for the platforms on which they are accessed. The SABC's online news service has a steadily growing audience, with over a million page impressions a month on average. SMS headlines of top stories are sent out to subscribers, and frequently updated SABC video clips are available on cellphones through a partnership. A 'pull' SMS headline service is also provided. Live streaming of events is gaining popularity, and support technology for the site is to be updated to cater for this.

Editorial Values

In terms of editorial coverage, the empowerment of citizens through daily, balanced, and relevant news in South Africa's languages was identified as central to the mission of SABC News. This incorporated an editorial strategy that included telling stories from every area of South African life-from rural areas to business and government.

For the financial year, News identified the following as aspects of the ethos needed to be inculcated into the Division:

- credibility;
- professionalism;
- high quality;
- distinctiveness;
- relevance.

Key priorities in 2006/2007 were to move from event-driven to issue-driven diaries, and to establish a culture of editorial independence and authoritativeness firmly rooted in the editorial policies and code of the SABC. A major focus was placed on delivery, specifically that journalists should focus on what people do and not what they say, measure performance against deliverables, explore the issue and not just the story, and proactively commission stories, and break new and big stories.

For more information www.sabc.co.za.

Some of the SABC Kids News presenters with Snuki Zikalala and Dali Mpofu.

Snuki Zikalala and the News team CSI initiative at Ukuvikela, a local school.

Content

'Mamela elaa lizwi likuwe.'

- Listen to the voice within yourself

Content Enterprises

The Content Enterprises Division was established two years ago, and has since established itself as an industry-leading specialist business in the areas of content creation, acquisition, aggregation, distribution and exploitation.

The division delivers on its objectives and mandate through 9 business units, of which 5 are content driven units and 4 provide supporting functions to enable the delivery of the content units. The 5 content-driven units include:

- Content Hub which is responsible for commissioning of local content in drama, entertainment, religion, children, factual and reversioning and repurposing.
- SABC Education, which is responsible for delivery on the SABC's education mandate through programming and outreach activities
- SABC Sport, which is responsible for the delivery of SABC's sport mandate in the areas of national, developmental and minority sport.
- International Content which is responsible for the acquisition of international content in line with the SABC's mandate and objectives and platform needs.
- Business Development which is responsible for the exploitation of content.

These 5 content units are supported by 4 business units viz. Operations, Business Acquisitions, Finance and Human Capital. The Operations Unit ensures that administrative support is provided to the commissioning and acquisition process while the Business Acquisitions department provides specialist expertise in the areas of deal negotiation and contracting.

Also under Content Enterprises' wing is its Group Executive's Office, which provides overall support to the Division, both in terms of strategy and specialist support. This office has dedicated capacity in the areas of strategy, research, risk management, industry development, 2010, and marketing. Also in the office is a special projects unit which is tasked with ensuring that the Division supports key corporate projects such as SAP implementation, the SABC's digitisation process as well implementation of corporate systems which impact significantly on the Content Enterprises business.

Since its establishment, the division has been focused on development of strategy, developing capacity and capability and putting in place appropriate processes and procedures, while continuing to deliver quality, award-winning content. Despite some challenges, the division is now well-positioned to not only deliver to SABC's platforms, but also to deliver quality content in a multi-media and multi-platform environment.

Over the past year, the division has seen a significant increase in output, driven mainly by increased local content quotas and new licence conditions introduced on the terrestrial channels. This has especially impacted on the Content Hub and the Operations Unit, where capacity is needed to be developed to ensure that the increased output could be delivered. The planned introduction of new competitors in the subscription TV market is also a challenge as talent is becoming increasingly hard to find and retain. Despite these challenges, however, the units continued to deliver award-winning and cutting edge content, and has managed to retain most of its key people.

Going forward the division has put in place strategies to develop new talent, retain existing talent, and to develop talent within the industry through the industry development unit. The increased focus on industry development has already yielded results – we now commission from a wide range of production suppliers and black-owned or empowered companies receive the majority of SABC commissions. We also undertook a nationwide roadshow where people were given the opportunity to submit unsolicited proposals. This is a first for the SABC. A phenomenal response of over 1000 proposals were received and some of these proposals are currently being commissioned for broadcast. Through industry development programmes such as the first-timers project we have also been able to develop new

production talent in the industry. We will also step up our industry development activities to drive capacity building in the key areas of minority language script-writers, sub-titling and dubbing, which will enable increased delivery of our mandate in these key areas.

The division has also been instrumental in ensuring that the programmes reflected on SABC are authentic, African and diverse. Natural history, heritage, film, fatherhood, nation-building, social awareness, health, science and technology are some of the areas which have been identified for increased focus, in an aim to build a balanced and diverse portfolio of content products and to deliver Total Citizen Empowerment. In this regard, we have already started investing in film and natural history projects, and the Education unit in particular will undertake special projects in the coming fiscal to drive nation-building and Total Citizen Empowerment.

Plans for the New Fiscal Year

Major focus areas in the next financial year for the Content Enterprises Division will be:

- broadcasting for total citizen empowerment
- enhancing mandate delivery,
- increasing the quality of content
- diversifying the range of content
- operational excellence,
- building capacity and capability
- industry development and transformation
- supplier/stakeholder management,
- preparation for 2010 and the mulitchannel/ multiplatform environment

2010

The objectives of the SABC 2010 Office are:

- To engender a 2010 legacy not only for the SABC, but for broadcasting and football in South Africa and across Sub-Saharan Africa, and Africa.

Picture: Morgan Freeman and Yvonne Kgame.

- To ensure that every South African has access to the World Cup in a medium and cultural relevance of their choice. – every South African household a radio.
- To rekindle, nurture and galvanize the Nation behind one goal – support for the Senior Men's National Team, "Bafana Bafana" and behind the 2010 FIFA World Cup - 1 team 47 million supporters .
- A significant amount of ground work was out in place during the fiscal to ensure SABC is positioned to deliver on the 2010 FIFA World Cup

Highlights

- 2010 strategy developed
- acquired the broadcast rights for 2010 and 2014 FIFA World Cups;
- supported efforts to acquire HBS rights for the A1 Grand Prix world feed;
- leading the engagement with 2010 stakeholders in the three sphere of government, business, football community and the Local Organising Committee (LOC)
- co-ordinated FIFA and HBS tour of SABC broadcast facilities;
- co-ordinated the launch of the International Year of African Football-AU Summit (African broadcasters partnership with Ethiopian television);
- implementation of the Siyanqoba campaign in support of our national teams
- Three Public Viewing Areas:
  - Polokwane (Zambia vs SA, in Zambia, 8 Oct 2006, AFCON),
  - Mafikeng (SA vs Egypt, London, 15 Nov 2006, Nelson Mandela Challenge),
  - Port Elizabeth (Chad vs SA, CHAD, 24 March 2007, AFCON);
- Roadshows:
  - Johannesburg (SA vs Bolivia, RSA, 28 March 2007, covering Soweto, Alexandria and Hillbrow);
  - developed and co-ordinated the first draft of a Project Charter and Non-Disclosure Agreement (SABC/DOC);
  - externally communicated SABC's 2010 strategy and obligations a range of stakeholders including:
    - Cabinet,
    - Parliament,
    - Local Organising Committee (LOC) Board,
    - Local Government and allied institutions.

Challenges

- Ensuring the continued relations between the various stakeholders for the success of the 2010 FIFA World Cup.
- Ensuring that the majority in the continent benefits from the 2010 event
- Ensuring that the African continent citizens have access to the broadcast of the 2010 FIFA World Cup.

International Content Acquisition

International Content Acquisitions (ICA), established 18 months ago, has been mandated with the sourcing, identification and acquiring of international content for all SABC TV platforms, in line with each channel's specific needs and positioning.

International Content Acquisitions is of high strategic value to the organisation and will provide relevant and diverse quality content guided by:

- SABC Charter;
- SABC corporate goals;
- SABC core editorial values;
- alignment of SABC channels' strategy.

Thus, foreign content acquired buy ICA will be under-pinned by the SABC's core values of quality, nation building, diversity, human dignity, and African pride. This will be done through international programmes across all genres, namely animation, reality, factual, drama, movies.

Highlights

- Continued rollout of the Warner Brothers content deal.
- Secured rights for Tsotsi (Academy Award winner).
- Prime time African Diaspora movies.
- Strategic deals concluded with NBC/Universal and MGM.
- Growth in prime time ratings on movies/drama realties, sitcoms, documentaries and animation.

Challenges

- The emergence of new the competitors as a result of the ICASA licence application process resulting in:
  - Increased competition for content, especially prime.
  - Increase in cost per "property"
  - Lock-in of production houses through block buying by competitors

Plans for the New Fiscal Year

- Acquire content that ensures the competitiveness of the distribution platforms and assists in delivering the public service mandate.
- Acquiring the best and latest international content cost effectively.
- Broadening the perspective of our audiences by acquiring content from African markets, international diaspora and other cultures.
- Developing and entrenching strategic partnerships with major distributors.
- Commissioning and accessing critical market intelligence.
- Investing in human capital.

Business Development

Business Development is made up of the following units, i.e. Content Sales, Funding and New Media. The new fiscal saw the development of the new strategic direction aimed at the generation of revenue through the exploitation of content assets on new media platforms, as well as a more focussed approach on funding through the building of strategic partnerships.

Highlights of the Past Year

- Achieved and exceeded local programming and international sales targets for 2006/2007 on Content Sales.
- Established partnerships for the exploitation of our content on new media platforms.
- Utilised unsold airtime inventory to promote new titles.
- Launched new DVD titles.
- Key strategic partnerships have been developed across the value chain.
- SABC was represented in international markets through its stand at Mipcom 2006.

Challenges in the Past Year

- Increase sales beyond current DVD titles and broadcaster networks.
- The quick implementation of new media concepts.
- Improvement in technology to meet the challenges of the new environment.

Plans for the New Financial Year

- Make effective use of the re-versioning and repurposing unit to develop unique and compelling content for sales.
- Increase the product catalogue to drive DVD volume sales.
- Increase content distribution channels.
- Develop and implement marketing and Trade Marketing strategy.
- Build and maintain customer service.
- Increase focus on other new and existing business opportunities.

Educational Programming

SABC Education is mandated to acquire, create, aggregate, distribute and exploit world class educational content. SABC Education is premised on the two main pillars, namely Curriculum Support and Development and Growth, and Supporting Nation Building and Development.

The business unit provides content to three channels and thirteen PBS stations, and supports and assists in fulfilling the Education mandate as contained in the Broadcasting Act, the Charter, the Corporate Goals, Editorial Policies and the new licensing conditions. SABC Education has specific strategies crafted to deliver expressly to the South African citizenry. Strategies to deliver on its mandate to inform, educate and entertain encompass and are informed by national priorities such as ASGI-SA, GIPSA and the NEPAD initiatives. SABC Education fully embraces the Corporation's CSI initiatives and can empower all citizens.

Highlights of the Past Year

Education administrative and editorial staff were trained as commissioning editors there by enhancing the skills base in Education. Outreach and marketing activities continue to grow and further educational content beyond the usual platforms was developed while fulfilling Education's interactivity strategy. The Division initiated content partnerships with DWAF, ORC, DST, Department of Education (DoE), DOT, HESA, GCIS (second economy) and the Youth Commission.

The Division saw the launch of '90 Plein Street' in Cape Town which focuses on the workings of Parliament.

Management and staff are motivated and willing to work together. Sponsorships and funding strategies have been completed.

Filled key editorial positions in Youth and Formal units became imperative, as well as the implementation of an internal strategy.

Challenges Faced in the Past Year

Education has had to gear itself up for the multi-platform environment. It is also faced with increasing competition for funding from both the public and private sector due new entrants into the market. With the mounting competition the retention of key personnel is impaitive.

Special Projects

- Youth Parliament sessions in three provinces– Limpopo, Eastern Cape and KwaZulu-Natal.
- UIF – Social Action Campaigns in the nine provinces.
- The day of an African child – Soweto, June 2006.
- National Children's Day – Nelspruit, November 2006.
- International Children's Day of Broadcasting – December 2006.
- Fifth World Summit on Media for Children.
- Soul Buddyz - Children's Congress, Bloemfontein, November/December 2006.
- Road Safety Multimedia Road Safety Campaign – in partnership with the national Department of Transport.
- In partnership with SAICA – bridged the gap between black and white chartered accountants.
- BBQ Awards.
- Rand Show.
- Two Baba Indaba – Cape Town and Sandton.
- SABC Education Career Fairs.
- Outreach – formation of the Youth Expression platforms in 78 schools across the country.

Special Events

Public Service Announcements:

- Restoring Teachers dignity
- Literacy
- Africa Day, June 25
- Human Rights, March 21
- Freedom Day, April 27
- National Women's Day, August 9
- Heritage Day, Sept 24
- 16 Days of Activism
- Day of Disabled, Dec 3
- Day of Reconciliation, Dec 16
- World Teachers Day
- The Day of the African Child, in May
- Youth 4 Law

Plans for the New Fiscal Year

We will continue to deliver new programmes from the Formal, Youth and Public Units with increased focus on the realignment to more effective delivery on mandate and prioritisation of national challenges. Key plans for the new fiscal are:

- The ***ID Campaign*** is a two year campaign that will start this fiscal year and will end before voting day in 2009. This campaign has two main objectives, the first being the information and skill on how to get your ID book turned into a card ID, partnered with the Department of Home Affairs.
- The ***Adopt a School Campaign*** strives to increase the matric results of at least ten schools selected from within the 21 presidential node areas. Each school will need to be assessed to ascertain its reasons for underperformance within the following focus areas- Mathematics, Science, English, Technology, Biology, Geography.
- The ***Techno Bus*** is equipped as a mobile TV studio and laboratory. This bus will be attached to a Television and Radio programme and will broadcast the content into the ten schools adopted by the 'Adopt a School Campaign'.
- ***Young Achievers Awards*** is an annual event that calls on young people to make a difference in their lives, families, communities and the nation. Having an Awards evening celebrates achievement despite the conditions around the youth.
- ***One Radio-One Household*** We envisage getting a radio into all homes in South Africa that do not have access to general public information and broadcasting of national events. The actual radios will be distributed in the next fiscal year. The campaign will run over a period of three years.
- The ***Love Bug*** idea is essentially a campaign that will promote the idea that knowing your HIV status is cool and the right thing to do. This fiscal year we intend to find the right project and organisations or institutions that already have similar campaigns and promote similar messages. The actual roll-out will take place in the next fiscal year.
- The ***Eduplant*** campaign is an annual event that is the outreach component of the Grow Your Own TV Content within formal programming. It is done in collaboration with Food and Trees for Africa, Woolworths Trust, the Department of Agriculture and the Department of Water Affairs and Forestry. The aim of this campaign is to provide educators and learners with the knowledge and skills to grow their food naturally.

SABC Education's CSI initiative, a donation to the Nuwe-Hoop Sentrum.

Religious Programming

SABC Religion hopes to reflect the magnificence of South Africa as a democratic country that offers the world unique stories of faith, hope and positivism through '…high quality moral-infotainment and competitive content, reflecting diverse South African spiritual and moral expressions while supporting our cultural and family values'.

Our approach is inspired by two crucial statements: Visions of the world-as-it-might-be have always found expression in the world's spiritual and religious traditions. These traditions embody human aspirations for meaning and purpose in life, for respect and mutuality between diverse people, cultures and religions, for justice, for the alleviation of suffering and for harmony and peace. We envision a world in which the diverse religions, spiritual paths and cultures are recognised and respected, and in which religious and spiritual teachings based on wisdom, compassion and love are cherished. This is what drives the religious content on the SABC's television programme mix.

Performance Review Overview

Our Religion Mandate Delivery target was to deliver 84 projects totaling 30 726 minutes across the three channels as per agreement for the 2006/2007 fiscal year, and we achieved this goal.

We also wanted to broaden the scope of SABC Religion beyond the confines of conventional religions. This we achieved by introducing content by conventional religion including value/ethics talk shows, broad spirituality and cultural content, and by introducing content covering religions beyond the five major religions including Sufism in South Africa, Rastafarianism, Bahai Faith, Buddhism and New Age.

New formats and exceptional programme performance were achieved through the conducting of the Think-Tank Conference where new formats in areas such as drama and magazine programmes have been developed. We generated high audiences and revenues through some of our brands including Gospel properties. We showcased some of the 'untold stories' including: The Royal Swazi Jew, The Dalai Lama in Africa, Sufism in South Africa, and The Story of Seth Mazibuko, among many others.

We established partnerships which enhance the credibility and quality delivery of SABC Religion content by way of delivery achieved through the Religious and Cultural Advisory Panel (RBP), the Mass-Media Project (Heartlines and The Big Question), the independent Religious Broadcasting Forum (Religious Broadcasting in South Africa), African Broadcasters (Tanzania, Ghana, Kenya, Botswana, Namibia, Zambia), the Moral Regeneration Movement, Commission for the Protection of Minority Languages, Culture and Religion, SA Mahasabah, the Muslim Judicial Council and the South African Council of Churches.

Other special projects included the Think-Tank Conference, which was the first attempt to bring together stakeholders, the production industry and the SABC Editorial Team. It was a huge success resulting in innovative formats, some of which enriched our Sithengi Brief book while others were scheduled for R&D. The World AIDS Day Initiative was very well supported by the religious community in collaboration with gospel artists, making a difference in the lives of underprivileged children in the Limpopo Province. Our collaboration with the Religious Broadcasting Panel through Faith Community Workshops proved a worthwhile project by promoting and harmonising relations between the SABC and the religious community whose loyalty and ownership of our programmes helped to ensure the relevance of our content to society's needs.

Looking to the Future

Key objectives for 2007/2008 include the development of programming that deals with moral regeneration and nation building which will assist is in delivering on our religious mandate and all religious faiths.

Programming and Policy

Consultation Forums with Faith Communities

In line with SABC Religion Policy, the SABC Religion Management in collaboration with the Religious Broadcast Panel (RBP) saw it fit to engage in a consultative dialogue with religious communities around the country as a means to enhance the SABC's relationship with its stakeholders. Faith Community Workshops were conducted in the major centres of our country to enable the RBP and Senior Management to engage with stakeholders across our country. The workshops involved four major items:

- To share information on the new policy with religious communities with special emphasis on the new clause: Paid Broadcasting.

- To share the vast programme information broadcast on each of the 11 language-based radio stations.
- To share the complexities and subsequent strategies of the TV Religion Portfolio.
- To give religious communities a platform to engage the SABC about issues that could contribute in enhancement of service delivery on religious broadcasts.

Key issues raised at these workshops were on language delivery on religious programmes, scheduling of religious programmes. As a result, religions that were previously not allocated dedicated slots, e.g. the Bahai Faith, Buddhism, Rastafarianism, Nazarene Baptist Church, etc, are now a point of a discussion to include them in both the Radio and TV schedules.

A Press Lunch Event was held in Sandton to enhance the consultation process and maximise publicity in terms of the role and service delivery of the SABC Religion Mandate. The mainstream media including national print media gave the event coverage, giving SABC's Religion portfolio publicity in the secular media, which reaches a wider audience than our own religious programmes.

RBP assisted with quality and advice on editorial issues.

We have regulated the implementation of the Religion Policy with special emphasis on Commercial Religion. Commercial Religion itself, a brainchild of the RBP, enabled the corporation to generate additional revenue, which allowed for increased coverange of the various religious faiths. The result of this effort was an increase of airtime for Judaism, Hinduism, Islam and African Religion. Rigorous editorial policy supported the Religion Management in handling the sensitivity and potential abuse of religious broadcast on a commercial basis.

Authentic Representatives across the Platforms: Through the RBP, religious communities ensured that whoever presented a message on Radio or TV Religion programmes was an authentic voice of their respective faiths. This ensured that various faith communities can still participate in programmes in radio stations which have a listenership that is traditionally outside such faiths.

Broadcast Partnership: Through collaboration with the Mass Media Project, which is represented in the RBP, we enabled a process which saw the SABC broadcasting a very successful drama series, Heartlines, which promoted our universal ethical values as a society. A platform provided by Religion through The Big Question gave the nation a platform to engage in a live dialogue on moral and ethical issues of great concern to us all as a nation.

African Spiritual Churches: Through the representation of African Independent Churches (AIC) in the RBP Panel, various programmes on both TV and Radio actively increased their coverage of AIC content, a section that was previously not properly catered for within the Christian portfolio.

African Religion: A conscious decision was made to support African Religion leaders to organise and mobilise the recognition of African Religion by extending the Faith Community Workshops in Eastern Cape, Limpopo and Mpumalanga, and conducting an Editorial Workshop with African Religions Leaders to develop national editorial guidelines to enable producers across all platforms to handle African Religions professionally.

Conclusion

The 'Voice' of faith across our platforms equals the most critical investment in the moral regeneration of our country. Our content reflects the celebration of South Africa's diverse cultural and spiritual heritage, where we reflect upon real emotional human stories that touch the core of our being, and ripples, with tension and hope in a vastly changing landscape. With social emphasis on the religious communities and the channels, we believe nothing will stand in our way to continue 'adding real value to the national agenda by engaging, empowering and emboldening public discourse in South Africa and in that way: strengthening the spiritual and moral fibre of our Nation'.

Sport

SABC Sport's core business is the acquisition of Sport broadcast rights, production of Sport programmes for platforms and exploitation of rights, content and brand.

Its scope of programming is as follows:

National Sports Programming

All those sporting events that appear in the list of sports of national interest (ICASA), as well as those sports that may fit in the definition but are not specifically mentioned. They must also be of national interest, enjoy widespread public recognition,have particular cultural significance.

Development

Sports or sporting events, which either nurture future national sporting participants or are events which could become national events or national sports programming in the future.

Minority

Sporting events which are significant or drive a particular section of the population and enjoy widespread recognition.

One of the South African contestants at the Women's World Cup of Golf.

Content acquired and distributed must be in line with the following:

- platform needs (audience and positioning);
- classified as sport of national interest, developmental or minority;
- mandate or contractual driven (rights);
- platform fit/relevance;
- revenue generation opportunities.

This fiscal year's strategy was the beginning of the last two year phase of implementation of the five-year strategy.

The strategic objectives for this fiscal year were:

- acquisition and ownership of quality sport content that is globally versatile, in the most economical and cost efficient manner;
- production of world class programmes;
- distribution of content that is aligned with SABC platforms and other stakeholders;
- developing strategic partnerships for the distribution and exploitation of sport content and brand on new platforms and in new markets;
- investing in human capital.

Highlights of the Past Year

Our calendar was marked by the successful delivery of the 2006 FIFA World Cup and the Women's World Cup of Golf.

- We improved production on special events, and upgraded our technology (with a HD van).
- The successful usage of microwave link broadcast for Radio (SA vs. Chad).
- The implementation of the new SABC Sport FCP Apple editing and XD Cam camera facility.
- The successful delivery of inbound Cricket - Pakistan and India - with HD van.

- The acquisition of the IOC rights (2010-2014) and the FIFA rights (2010-2014).

Challenges

- The retention of key talent
- Improving our technology infrastructure in the light of technology advancement in the sporting world
- The increased competition for sporting rights
- The limited number of channels resulting in less than optimal exploitation of existing content.
- Renewal of the local soccer rights
- Acquisition of international sporting rights in the face of increased competition
- Growing the current overnight Sport channel, and the preparation for the launch of the full SABC Sport channel.

Special Projects

- 2006 FIFA World Cup
- A1 Grand Prix (Local race – Durban)
- ICC Cricket World Cup
- Women's World Cup of Golf
- Vodacom Challenge
- SA Sport Awards
- Boxing Awards

Plans for the New Fiscal Year

SABC Sport will continue to implement strategy, focusing on the delivery of results in the following areas:

- increasing audience and revenue delivery;
- enhancing production quality to drive audiences through investment in upskilling and multiskilling of people (especially in multi-discipline sport) and technology;
- increasing delivery on minority sports, language and regional content;
- extending the range of sport programming - development of new and innovative programming concepts;
- increasing quality and quantity of sports offering on radio to meet audience and mandate needs;
- preparing for a multichannel environment;
- preparing for the 2010 Soccer World Cup, and Olympics 2008;
- increased exploitation of acquired rights/ content on existing and new platforms;
- support audience delivery for both platforms through brand initiative and relationship marketing;
- talent retention and growth;
- implementation of SABC Corporate Goals, especially in the areas of BEE and EE.

Corporate Social Investment

- The Ethembeni School for Disabled children was provided with training equipment that they needed for the children to keep active as well as television sets that were to be used in the school gym. This took place in June as it tied in with the fact that the school was on the route of the Comrades Marathon.
- SABC Sport supported the AIDS Walk for Life with

R200 000 financial aid for their administration costs as well as merchandise that the celebrities would wear as they walked the distance to raise funds for AIDS.

In Conclusion

The division is geared to meet the challenges in our sphere and grow the brand.

Wanderers stadium where the ICC Cricket World Cup is in play.

Regions

The past year saw numerous achievements in the Regions, in promoting the Vision of Broadcasting for Total Citizen Empowerment.

The GCEO Cluster is constituted as follows:

- GE: Office of the GCEO and Regions: Chairperson;
- Head of Procurement;
- Head of Group Communications;
- Regions: Head of Strategy and Risk

Critical challenges faced by Regions include establishing viable operational platforms for their activities,

co-ordinating the various services and activities to ensure harmony, and ensuring that the SABC is in touch with the highest political, economic and social dynamics and leaders in the country's provinces. Regions consequently unpacked their Regions Redefinition Project, which positioned Regions as one-stop delivery points for broadcasting services. A need for co-ordination and integration both at Regional levels and between Head Office and the Regions also informed this project. Capacity development was another underlying philosophy of the project, which impacted on numerous broadcasting activities.

The efficiency of services to Radio and News in the Regions has improved. This is especially important, considering that the vast majority of the SABC's PSB services broadcast from the Regions.

A skilled staff complement, which can meet the needs of Regions, is in place, with training and development a key focus. Projects to upgrade skills and to create job opportunities are in place.

Co-ordination and alignment of Regional activities with various corporate units are vastly improved.

Regions also contributed to the well-being of citizens. A number of CSI projects channelled funds and energy to those who need it most. HIV and AIDS, as well as child-headed households, are but two of the causes that received support from the Regions' teams. Assistance was also provided to the various initiatives by the radio stations in the Regions. The end result was wide-ranging social impact by the SABC. This impact was increased by the job creation projects.

The process to achieve these results was to direct operations strategically, towards Total Citizen Empowerment. Regions made a number of strategic appointments: a new Regional GM in the Western Cape, and a General Manager: HR for the Regions unit. A Regions strategy was developed, using five broad themes to direct and focus activities all over the country.

The themes are:

- skills development/capacity building (People);
- print and production houses (Operations);
- CSI (corporate marketing and funding); merchandising (Funding);
- BEE/SMME development (Governance, Operations, Funding).

The above was achieved by developing a set of KPAs/KPOs/KPIs which underpin the Regions' strategies, and which are in turn supportive of the SABC Goals, Strategy and Values.

Total Citizen Empowerment forms the basis of these strategic operational activities. Land was procured in Mpumalanga, where the erection of a new Broadcasting Centre will start in the new reporting period. Limpopo Region held its first Regional Performance Awards function, where outstanding staff achievements were celebrated. The Hatfield office was proclaimed a Region, and the consequent process of conversion is nearing completion. Numerous stakeholder interactions all over the country served to extend the SABC's influence and brand.

Within the parameters of their area and powers of operation, the Regions have been able to make a positive contribution to the organisation, and to society as a whole. Audit reports have not been out of line, considering the staff complement and size. Various recording deadlines have been met (studios and Outside Broadcasts) to the extent that no significant complaints emerged. Regions are making the SABC a place of preferred employment by attracting, retaining and nurturing talent in the Company and the country, while ensuring appropriate compliance with Employment Equity. The SABC reflects South African society to Africa and the world. Stakeholders were pulled closer to the SABC, and citizens were empowered and enriched in numerous ways.

A Head of SABC Procurement was appointed. A diagnostic assessment was made of the SABC's current capabilities in the area of procurement, and various strategic issues were identified. Aspects such as

'Om te luister stel jou in staat om deur ander mense se gedagtes te reis.'

- Listening allows you to travel through other people's thoughts

leverage, standardisation, BBBEE requirements, risk and transparency were addressed. A high level structure was developed and populated, including migration of Logistical Services into the Procurement unit.

A number of achievements then followed:

A sourcing strategy was developed; supplier rating agencies were appointed; complance with SAP/ERP materials management business process demands; a zero-based budget was prepared; a policy for supply chain management was developed; developed and implemented a procurement strategy; Head of Strategy and Risk was appointed, and he is now overseeing the roll-out of corporate strategies.

The SABC Board and the Group Executive, under the leadership of the Group CEO: Advocate Dali Mpofu, declared 2007 as the year of implementation and realignment of all corporate initiatives of strategic importance. The strategy definition journey, which began in 2004 when the Corporate Goals were defined and crystallised, gave rise to the Strategy Pillars in 2005, followed by a clear Vision and Mission statement in 2006. In late 2006, the Executive and the Board, respectively, agreed and aligned the Corporate Strategy direction, and the strategy implementation map was adopted in March 2007.

The SABC's strategic approach is a response to on-going and unprecedented challenges in the ever evolving and rapidly changing industry. The technology landscape is shifting and new licences are being granted, resulting in new and aggressive competition which might fragment SABC's audiences and revenues. Despite increasing competition and the changing technological landscape, the SABC is determined to maintain its strategic position as a public broadcaster and continue to fulfil its mandate and deliver on its obligations to all South Africans.

These include:

- improving access to radio and TV,
- delivering compelling and relevant programming,
- fostering the production of local content, and
- upgrading to modern digital platforms.

Group Communications addressed numerous prominent media enquiries, thereby leveraging the SABC's image in a very visible manner.

The following are communications highlights of the past year:

- August 2006 - Published the 2005/2006 Annual Results in English, Afrikaans, Zulu, Xhosa and Sotho. For the first time the SABC annual results were published in more than one language.
- Sithengi Film and TV Market - Developed and executed communications strategy for the film festival.
- Media and Society Conference - Developed and executed communications strategy for the conference.
- SABC/AMAHA Press Conference - In conjunction with AMAHA, the SABC's CSI department raised R180,000 through concerts for Child-Headed Households affected by HIV/AIDS. Group Communications set up a press conference to announce the money raised and its donation of the money to the Regions to distribute accordingly.
- Continuing to strengthen ties with print and electronic media through regular meetings and one-on-one interactions. Developed a communication strategy.

The SABC has been actively participating in various media communications, resulting in improved media standing, as confirmed by independent analysis and reports. SABC Goals are actively supported by the Communications unit, taking the SABC forward.

The Cluster had developed a Terms of Reference document, and regular Cluster meetings ensure that it functions well, and is aligned with broader SABC goals and activities. Major improvements in liaison between Regional functions, such as procurement, property management and communications, with the Cluster members in Auckland Park have been achieved. The benefit of synergy within the Cluster also carries through to other units in the SABC with whom the Cluster has dealings. Interaction between Regions and Audience Services is but one example: TV licence revenue collection efforts in the Regions are carried out in close co-operation with Audience Services. Regions also supported and participated in various corporate projects, such as SAP implementation and rewriting of the Delegation of Authority Framework.

Innovation

The leaves - an innovation that breathes new life and allows the tree to reach new heights

Technology

'Imphumelelo ivetwa kulalela.'

- Innovation stems from listening

The Technology division is the provider of engineering and technology infrastructure solutions for the SABC's content and business operations.

A comprehensive technology plan was developed in 2002/2003, with phased implementation over five years. With migration to new technologies, and development of digital and modern IT skill sets complete, the SABC will be firmly positioned as one of the world's 21st century digital broadcasters. The Technology division comprises six main business units to provide broadcasting and non-broadcasting solutions, support infrastructure, and services. The main business objective is to optimise delivery of cost, service, and value to the SABC in order to generate savings for redirection to content acquisition in support of the broadcasting mandate.

Highlights of the Past Year

SABC Air Time TVOB became the first broadcaster in South Africa and on the African continent to acquire an HDOB Unit at a cost of over R48 million, bringing the Soccer World Cup in Germany to South African viewers and the HD Broadcast of two World Cup soccer matches on wide screen at Monte Casino.

Accomplishments

- Broadcast of the first DRC elections in more than 30 years;
- SA vs India and SA vs Pakistani cricket;
- the Afcon qualifying match between Chad and Bafana Bafana;
- a soccer match in Namibia;
- 50 years of Independence of Ghana from Accra;
- Addis Abba broadcasting Summit.

The demand for the digital unit OB3 increased again for the year and was used in the coverage of the A1 Grand Prix (SABC was once again appointed as the Host Broadcaster) and the Women's Cup of Golf.

The Division was also able to keep the Final Control Centre on-air faults to an average of only 30 per month. The Division introduced a triple play within the Final Control Centres which enables the SABC to use Asynchronous Transfer Mode (ATM) technology to deliver video and associated audio as well as radio and data down one system. New IPT satellite technology was introduced within the main control system. The Avid Nitris Digital Compositing Editing Facilities were installed.

The exterior signage at SABC Auckland Park and the Regions were replaced with uniform, modern signposts and directives. Two new Radio OB vehicles were commissioned for CKI FM and Ligwalagwala FM. A DSNG vehicle for Air Time TVOB was completed and studios for Lotus and Ukhozi FM in Durban were upgraded.

SABC registered as a National Key Point and Airwave Travel reached the target of R10m set by SAA. Some 46% of transmitter rollout projects were completed while 34% are still running on schedule and 20% have been delayed. The audit transmitter networks are 90% completed with the standby audit completed and recommendations approved by PCS and PBS.

The development of the DTT migration plan will be informed by the Department of Communications (DoC) Migration Strategy, which work must form part of the overall migration project team. Consultants have been appointed to assist with the development of the migration plan. An accelerated Management Development programme in support of succession planning was developed and a Secretaries' programme which led to the secretaries' forum in support of the vision of citizen empowerment was established.

A learning organisation was established with strategic partners, namely Nemisa, Siemens and Torque IT. The Broadcast Engineering Learnership, Female Camera Operator and TV and Radio Operations were implemented and achieved and all interns were employed.

Challenges Faced in the Past Year.

The delivery of the HD OB Unit was delayed by a few months but the OB units did arrive five weeks before the first production. There were some challenges in integrating, testing and learning to work with new equipment to deliver a production of international broadcast standard.

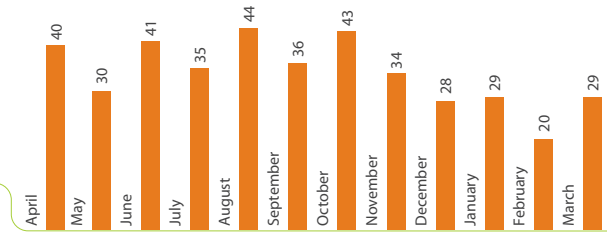
There was a notable decrease in the employment of AIC candidates, and Technology HCS continues to recommend the employment of women and people with disabilities. The employment of males decreased from 77% in the previous year to 75%, and females have increased from 23% to 25%.

The rollout of Dalet Plus was unsuccessful and had to be recovered by the installation of Dalet 5.1e into the regions. The success of this rollout was evident from the smooth transition from Dalet 5.0 without any reports of loss of on-air programming.

Refurbishments of CKI FM facilities in Bisho were delayed owing to lack of clarity of ownership of the building. Guidance has been sought from the Group Executive on the way forward in this matter.

The continuous explosion of growth of content by SABC Sport and SABC News continued to require additional resources and technology. Unfortunately, the continuous turnover of highly trained and skilled operational and technical staff leaving the SABC continued. Project implementation has been

Minimising FCC Faults April '06 to March '07



A Zero Tolerance campaign was initiated at the beginning of 2004 which resulted in bringing down the faults from a high of 160 to an average of 45 across all three FCCS. The aim was to achieve near perfection in broadcasting and is an ongoing mission in the FCCS. Various factors influence the fault rate in the FCCS, from technical faults, QCC faults, operational errors etc. The Zero Tolerance campaign was aimed at addressing these various issues and maintaining exceptional broadcast quality with the emphasis being on realising the urgency and importance of resolving faults.

The results illustrated speak for themselves. The Fault rate has dropped from an average of 47 per month in 2003 to an average of 34 per month in 2006. This is a 41% drop in the fault rate. This is a remarkable achievement and the FCC controllers, technical staff and all other stakeholders should be commended for their outstanding contribution.

severely hampered due to a lack of trained technical staff to work on system design and integration.

The abolition of the Capex Forum as a budget approval institution delayed project rollout by six months. Projected cash flow against the annual budget could not be achieved due to the discontinuance or delaying of six major projects owing to strategy changes, planning delays or lack of adequate budgetary funds.

There is still no approved Procurement Policy. Content rights issues continue owing to piracy on satellite. The move of SABC from PAS10 to PAS 7 reduced the footprint and random security key changes were introduced to combat pirate activities. Sentech is to ultimately upgrade to NAGRA Version 2.

There has been an increase in mains failures at transmitter sites that did not have standby power. It was recommended to Radio and TV to implement standby power at the six highest risk sites. Sentech is currently working on the implementation plan.

Special Projects

Many new and innovative technologies have been introduced this year which include the Digital MPU (Mini Production Unit) and completed digitisation of mobile linking facilities (helicopter links). A tremendous response has been received from the RBF marketing campaign aimed at improving SABC facility utilisation nationwide by attracting, recognising, rekindling and promoting local talent with particular emphasis on traditional music genres. This was launched in 2006 and thus extended air time has been requested. New and sophisticated technology was required to launch SABC News International.

RBF embarked on a major project to revamp and upgrade the Radio Park foyer. This R35m project, approved by the SABC Board in 2005, will see SABC reclaim its position as the top provider of state-of-the-art broadcast facilities in the country. The establishment of drama facilities in Bloemfontein and Pretoria were required to facilitate the dramatic increase in drama as per ICASA license amendments in 2006.

The year under review saw the digitisation and upgrade of Radio Main Controls in Cape Town, Durban, Port Elizabeth, Kimberley, Nelspruit, Bloemfontein, Mafikeng, Polokwane, Bisho and Johannesburg. This forms part of RBF's strategy of optimising asset utilisation, reducing operational costs without compromise to the operations and continued provision of highly reliable modern infrastructure, supported by a skilled workforce.

Plans for the New Fiscal Year

- Commence planning and preparation for the 2010 Soccer World Cup.
- Capacity building to execute the SABC Board strategy.
- Streamline the workflows into a tapeless environment.
- Investigation of High Definition TV, planning trials and learning HD.
- Restructuring Engineering Services to achieve better workflow and utilisation of specialist skills, the incorporation of an efficient Programme Management Office into the department structure, and recruitment of more technical design staff.
- Projects planned include the replacement of the News Computer and Production System, providing new studios and field cameras to News, providing a video server to SABC Africa, providing broadcast facilities for internal and foreign News Bureaus, upgrading the Radio Park foyer and foyer studios, the digitisation of all Main Controls and the general upkeep of the SABC building and infrastructure.
- With 2010 just around the corner, more radio studios have undergone digitisation and major plans have been put in place to digitise all radio broadcast facilities countrywide.
- Design and build an intranet website that will be used to make transmitter network information available to TV and Radio.
- Building capacity both in skills and facilities, especially with the view on 2010 being a major challenge.
- Proactively address employment equity imbalance and fast track skills transfer with a focus on digital and HD training.
- Implementation of the revitalised Performance Management System and rewarding innovatively.
- Capitalise on internal and external partnerships to build capacity and develop the industry.

Corporate Social Investment (CSI) in Technology

- Air Time provided equipment and technical support to the Soweto Community Television.
- 'Greening of the SABC' was initiated by Logistical Services. Students from the 'Action For Blind and Disabled Children' were engaged to kick start the project and funds were paid to meet their deeds. The main purpose of the project was to give a facelift to the Auckland Park Gardens to support the GCEO's 'Green Revolution'.
- The Technology Conference and CSI Project in support of SABC values.

Awards

The fruit - reap the rewards for a honest day's work

Accolades

PBS TV

SABC1

- SABC1 won a silver Apex Award for its Ya Mampela positioning from the Association for Communication and Advertising.
- *Home Affairs* nominated for the best drama at the Emmys, and will also be screening at the Best TV Festival in the World, Banff, in June 2006.
- *Buddies on the Move* won the Commonwealth Broadcasters Association's Unicef Award for Best Children's programme.
- Tshisa won an Award for best drama.
- The following titles were the only ones chosen for Input 2007:

  - *Choice* – screened at the main conference;

  - *Generations* – in the most popular soap category;

  - *When We Were Black* (mini series) and glow of white women (documentary) in the special session on different voices in African story-telling.

SABC2

- SABC2 received several awards in this period. These included the PMR Award for broadcasting in the Northern Cape, the People's Choice Most Popular Soapie Award for *7de Laan* and two SABC Environmental Journalist of the Year awards as well as the Genesis Award International Trophy for *50/50*.
- SABC2 was also nominated for a Business Day BASA Award for its continued support of the Arts in South Africa.

PBS Radio

According to Markinor and Sunday Times survey 2006 six PBS radio stations were voted in the Top 10 brands with the first two being PBS stations.

Umhlobo Wenene FM

- Port St. Johns Municipality Award – Best Radio Station Contributing to Local Government Development.

Munghana Lonene FM

- 4th Annual Xitsonga Music Awards and HIV/AIDS and ID/Birth Certificates Campaigns targeting disadvantaged and rural communities within the station's footprint.

Ikwekwezi FM

- *Soul City* R&M Children Community Award.
- Aaron Masemula was awarded with SAB Sport Presenter of the Year Award.
- Julia Mahlangu received a music award as the best presenter of indigenous music from the Zionist music group in Secunda.

Lotus FM

- *Mariammen Temple*.
- *Paarvathy Paramasivan Kudumban Aalayam*.
- The awards were for the contribution towards the upliftment and promotion of religion and culture in the community.

Motsweding FM

- PMR Gold Status - Economic development of the North West Province, 9 December 2006.
- NW PENSALB recognised Motsweding FM's role and efforts in building and developing the Setswana language and culture through its programming.
- Mid-Morning presenter (09:00 – 12:00) Lebo Leabile - Voted one of the hottest voices on South African radio.

RSG

- Producers/presenters received the following awards: four ATKVeertjie for best documentary, best feature, best magazine insert and best presenting.
- Presenter received the Arts and Science Award for a documentary on organ donation.
- Rugby commentator was awarded the SAB prize for best sport commentary, and RSG sport commentator from our internship programme received the SAB Award for best newcomer.

SAfm

- Saturday Sports Special Programme was awarded a certificate as Valued Supporter by the Table Soccer Association of South Africa for continued support of the sport.
- SAfm Sport awarded best programme (*Gameplan*), best presenter (Kass Naidoo) and best producer (Helen Mittwoch) at the SAB Sports Journalist of the Year Awards.

- SAfm Market Update presenter, Siki Mgabadeli was awarded best financial journalist at the Sanlam Financial Journalist of the Year Awards.
- Sports presenter Jon Gericke won the Swimming South Africa Radio Journalist of the Year 2005/2006 Award for coverage of Swimming on SAfm Sports programmes.
- Nikiwe Bikitsha, co-presenter of AM Live, was awarded the MTN Rising Star 2006 Award at the MTN Women In The Media Awards.
- SAfm Sports presenter Duane Dell'Oca and producer, Helen Mittwoch, received awards from Squash SA for media coverage of the sport on SAfm.

Umhlobo Wenene FM

- PMR Silver Award for stimulating economic growth and development in the Eastern Cape province.
- BASA (Business and Arts South Africa) Award for promoting arts.

CKI FM

- Station awarded by the Eastern Cape Aids Council for its efforts in fighting the scourge of HIV/AIDS.

Ligwalagwala FM

- PMR Golden Award for Best communicator in the Mpumalanga province.
- Kruger National Park - Promotion of tourism.
- Agriculture Department - Best educator on environmental maintenance.
- TSB - Tracy Mathebula - best female football reporter.
- Mpumalanga News - Bheki Letsoalo best football commentator.

Thobela FM

- PMR Golden Award - This was to recognise the station's role in enhancing business in Limpopo.
- The Eric Moloto Foundation Award for contribution in nation building.
- Recipient of an award from the Pan South African Language Board in recognition of the role the station plays in promoting and preserving North Sotho language.
- Received the *Soul City* Award.
- Thobela TM's woman sports commentator Connie Matjipa won the Castle Premiership Best Commentator of the Year Award.
- Simon Ramafalo won the following awards:

  - SAB Commentator of the Year;

  - Limpopo Anglo Platinum sports personality of the year, media category.

Ukhozi FM

- Markinor and Sunday Times as the best radio station in the country.
- In the SATMA Awards, Khathide Ngobe, one of our OAPs, was awarded the trophy for the best traditional music presenter in the country.
- The Sports and Recreation Award was given to Vicky Masuku, female sports commentator.

Phalaphala FM

- Golden Arrow Award: By Professional Management Review (PMR) - Awarded to Phalaphala FM for being the best media in its category, which contributed to the socio - economic development of the province.
- The Star of Dimbanyika: Awarded to Phalaphala FM for exceptional meritorious service in media.
- Far North Media Awards: Awarded to Martha Makhela, Education producer, for her contribution in assisting learners in the Vhembe region.

PCS TV

SABC3

- Golden Plume Awards.

SABC3 won 22 prestigious SAFTA's for the channel's local content, including wins *for Isidingo*, the channel's daily drama – November 2006. Some of the awards included:

- Best TV Drama – *Hard Copy*.
- Best Actor and Best Supporting Actor in a TV Drama – *Hard Copy*.
- Best TV Soap – *Isidingo* as voted by the public.
- Best Actor and Actress in a TV soap – *Isidingo*.
- Best Magazine Programme – *Top Billing*.
- Best Game Show - *Weakest Link*.

PCS Radio

According to *Markinor and Sunday Times* survey 2006 two PCS radio stations were voted in the Top 10 brands.

5FM

- Generation Next Award for 5FM as Best Radio Station.
- Four Loerie Design Awards for 5FM's *Lonely Finger* campaign- these included the Grand Prix, and Bronze awards.
- 5FM won the Marketing Mix award for Best National Content.
- DJ Fresh won the Channel O Awards for Best African DJ.
- Elana Afrika won Most Innovative Style Award at South African Style Awards.
- Nicole Fox was listed as the top South African celebrity in the Heat Hot 100 (and was in the top five of international celebrities).
- DJ Fresh and Elana Afrika were listed in *Drum* Magazine's Top 10 list of South Africa's DJ'S/radio personalities.

Good Hope FM

- Loeries for the Youth Day Campaign in print and TV.
- *Advantage* Magazine 'Best Regional Radio Stations'.

Commercial Enterprises

- In August 2006, when the *Markinor and Sunday Times* Top Brands Survey results were announced, the SABC walked away with numerous accolades as Corporate South Africa and South African audiences and listeners expressed their loyalty and affinity towards various SABC brands. In the Electronic Media category (TV and Radio) the SABC once again dominated. SABC1 brand ended at the top of the table as South Africa's favourite Television brand, with a brand relationship score of 56%. Ukhozi FM headed up the list for Radio stations for the third year in a row, with a brand relationship score of 21%.
- SABC Marketing renewed its sponsorship of the Loerie Awards for a period of three years and in doing so, supports creative excellence. The 'Everyone's Loerie Award' was initiated by the SABC, which provided an opportunity for ordinary South Africans to have their say and vote for their favourite Radio and TV commercial. SABC Corporate Marketing also sponsored the Loeries Traveling exhibition – a national road show showcasing the award winning work of 2005 and increasing awareness of the Loeries among consumers and marketers and fostering creativity through inspiration.
- SABC Corporate Marketing was one of the gold sponsors of the inaugural Promax/BDA Africa Conference. In addition to awarding the best in local on-air promotion and marketing, Promax/BDA Africa gave delegates the opportunity to be exposed to the latest global developments in creative techniques and the technology of producing promos. In the category 'Screen Africa Best Movie Promo', a Gold Muse Award went to SABC2 for their *Shrek* movie promo. In the category 'Best News/Current Affairs Promo', Eject Media brought home a silver Muse for the SABC2 *Lekgotleng Le Modise* promo. Good Hope FM's Youth Day promo, produced by Masters and Savant Worldwide, was awarded with a gold Muse in the category 'Best copy/ Script writing' and a silver Muse Award in the 'Best Public Service Announcement' category.
- The Rand Show closed its doors on a high note as the fading music from the SABC Stage hailed the end of the 112th rendition of Africa's biggest consumer show held at Johannesburg Expo Centre, Nasrec, in April 2007. At the prestigious Rand Show Awards Ceremony, that recognises excellence in various categories, the SABC walked away with numerous awards: a gold award for SABC's media partnership (Radio), the City of Johannesburg's Platinum Award (awarded to the overall winner in all categories) and the Chairman's Platinum Award, presented to an exhibitor who contributed most to the success of the 2007 Rand Show.
- The SABC co-sponsored the 14th Annual Financial Mail Adfocus Awards. These awards are regarded as the South African advertising and marketing industry's bible for in-depth analyses of creative work as well as media billings. As the Public Broadcaster, the SABC has over the years supported events of this magnitude not only to celebrate and showcase South African talent, but also to interact directly with its stakeholders.

Content Enterprises

Children

- *KNR (Kids News Room)* received a CBA award – UNICEF Award for Highly Commended Children's programme – 2006 in the children's category
- CIAK Junior 2006: Strangers (Children's Short film) received Film with best subject and Best South African film.
- *Mbiya and His Cow* (Children's Short film) Was chosen to take part in Taipei at INPUT in 2006, this is the

highest recognition that a television programme can receive in this forum

- *Magic Cellar* won the following awards:
  - Platinum REMI Award in Houston Texas – best animation, Category: Animated (highest award)
  - 27th. Telly Award, Bronze. Category: Use of Animation
  - 27th. Telly Award, Bronze. Category: Children
  - Silver Screen Award - US International Film & Video Festival -(California), Category: Children's Programming
  - Certificate of Creative Excellence - US International Film & Video Festival -(California), Category: Animation: Computer
  - Certificate of Creative Excellence - US International Film & Video Festival -(California), Category: Children's Programming
  - Aurora Awards – Eps. 1 - Platinum Best of Show (highest award)
  - Aurora Awards – Eps. 9 - Platinum Best of Show (highest award)
  - 2006 Hiroshima – "Special Programme" – Animation for Children – Hiroshima Animation Festival
  - "ALL STAR" endorsement by the Coalition for Quality Children's Media (highest endorsement). It has been selected for KIDS FIRST!, the world's largest children's festival
  - Episode 1 – Aegis Awards "Winner" NB: There are only 2 awards – Finalists and Winners. Episode 2 scored higher than Episode 1. (highest award)
  - Episode 2 – Aegis Awards "Winner" NB: There are only 2 awards – Finalists and Winners. Episode 2 scored higher than Episode 1. (highest award)
  - Grand Festival Award - Official Selection at the Berkeley Film Festival 2006 in California (highest award)
  - Official Selections (2) 19 to 29th October 2006 – The Chicago International Children's Film Festival. (awards to be announced at Festival)
  - Los Angeles Children's Festival – Official Selection
  - Selected for GALA Presentation – 17th One World Film Festival 2006
  - INTERCOM Silver Plaque - The Chicago Film Festival -Educational – Child Audience Eps. 9
  - Chris Statuette Award – Fifty Fourth Annual Columbus International Festival (Chris Awards), Eps. 1 – Chris Bronze Plaque
  - Chris Statuette Award – Fifty Fourth Annual Columbus International Festival (Chris Awards) Eps. 2 – Honourable Mention
  - Chris Statuette Award – Fifty Fourth Annual Columbus International Festival (Chris Awards), Eps. 3 – Chris Statuette Award (highest award)
  - Selected for *Showcase Screening* Fifty Fourth Annual Columbus International Festival – Episode 3
  - Chicago Intl Children's Film Festival - Episode 1. First Prize Animated TV Production
  - Communicator Awards – Episode 9. Crystal Award of Distinction
  - Awarded the International Academy of the Visual Arts Gold Davey Award – Episode 1
  - Awarded the International Academy of the Visual Arts Silver Davey Award
  - New York Festivals – Episode 1. Gold World Medal
  - New York Festivals – Episode 2. Silver World Medal
  - Clemont Ferrand Intl Short Film Festival. – Official Selection- Episode 1/2/3
  - Oxford Film Festival – Episode 1 – Official Selection

'Magic Cellar' - one of SABC2's children's programmes.

- The San Francisco Children's Film Festival. – Episode 3 - Official Selection
- Independent Black Film Festival – Best Animation- 10 Episodes selected
- Worldmedia – Germany – Episode 3. Silver award– Animation Computer
- Bamkids – Episode 2 and 9. Official Selection
- Bimini – Latvia – Episode 7. Official Selection
- DeadCenter Film Festival – Episode 1. Selected
- The Pan African Film And Arts Festival (USA)– Episode 2 – Selected
- Danville International Children's Film Festival – Episode 1- Selected
- Showmoticon- UK – Episode 1. Selected and screened.
- Communicator Awards. Award of Distinction: Episode 9 – *The Chief's Bride*
- Cine Golden Eagle Award. Episode 1 – *Where Stories Come From*

'It's for life' - one of the SABC Education programmes.

- *Buddyz on the Move* won the Commonwealth Broadcasting Association. Unicef Best Children's Programmes Award
- World of Winners won the Cornell Model United Nations Conference: Best Delegate Award
- YO-TV won People Magazine Crystal Awards. Presenter Cecilia Ravele won Best Kids Presenter for 2007, and presenter: Lara Lipschitz was Nominated

Drama

- *Home Affairs II:*
  - Nominated for Emmy Award
  - Banff World TV Festival

Five awards from 'The 39th Annual US International Festival – Los Angeles' (June 2006):

- *Tsha Tsha* – Produced by Curious Pictures won:
  - 1st Place Gold Camera Award - Social Issues category.
  - 3rd Place Certificate of Creative Excellence- Medicine and Health category.
- *Mantswe a Bonono* – Produced by Griffin Films won:
  - 2nd Place Silver Screen Award – General Education.
  - 3rd Place Certificate of Creative Excellence - Arts and Culture category.

SAFTA (South African Film and Television Awards)

- four Awards won by *Tsha Tsha* – Produced by Curious Pictures.
  - Best Ensemble in a TV Drama - Producer Joy Pelo, Casting Director Mavis Khanye.
  - Best Sound Designer in a TV Drama - Julie van den Berg.
  - Best Costume in a TV Drama – Gladys Machava.
  - Best Music in a TV Drama – Su Lubner and Loyiso Bala.
- *Journey to a Dream* – Produced by Black Heat won:
  - Best Education Programme in the TV non-fiction category.
- *Hard copy*
- *Isidingo*
- *City ses'la*

Entertainment

- *Out the Box* won:
  - Silver at US International Film and Telvision Festival
- *Khumbul'ekhaya* won:
  - Silver at US International Film and Television festival
  - Selected for the Black Harvest Film Festival
  - Final selection at the Emmys (Khumbul'ekhaya & Sorted)
- *Top Billing* won SAFTA awards
- *Weakest Link* won SAFTA awards
- *SAFTA Live* won SAFTA awards
- *The Cut* won three World Camera Awards at US International Film and Television Festival
- *It's for life* – Produced by LCAT won 2nd Place Silver Screen Award - Direction category.

Factual

- *World Water Council* won First Place Enviro Journalist
- *University of PTA and EWT* won an Appreciation Award
- *Men of Gold* won Encounters Jameson Documentary Award and Encounter Audience Award
- *50/50* insert documentary won ATKVeertjie Award, Enviro Journalist Award and Appreciation Award
- *Mother's House* won a SAFTA Award
- *Zola 7* won a SAFTA Award
- *Solving It* won a SAFTA Awards

Religion

- Won an International Award through *Issues of Faith*.
- Quality Assurance Projects, which included mass workshops as well as programme based workshops with Religion producers improved the performance of our content with Issues of Faith winning an International Award while *Gospel Time* frequently featured in the Top Ten of SABC2 programmes.
- A successful Skills' Recruitment programme saw the Unit adding to its team of two Content Enterprises, another six members who enriched the religious and cultural diversity of the Unit's editorial profile.
- *Good Vibrations* won the AIBD (Asia Pacific Institute for Broadcasting Development) –at the Asia Media Summit for Global Award for the Promotion of Religious Understanding and Tolerance.

OTHER:

- The *Baba Indaba Expo* - Best Exhibition Expo In 2006. Cape Town Convention Centre, Oct-Nov. 2006. Winner – Danie Swart (Marketing Manager and Team)

Technology

The SABC Technology Awards took place on 18 November 2006 at the Henley Renaissance Centre to celebrate 100 years of broadcasting into 21st Century Broadcasting. Nominations were made and the following employees from the Technology Division received awards:

- Outstanding Leadership especially for Elections – Cosmas Tshabalala, Senior Technical Manager, Air Time and Dhanraj Adjodapersad, Regional Manager RBF KwaZulu-Natal.
- Outstanding Operational Technical Excellence – *A1 Grand Prix team* – Raymond Starck, Regional Manager KZN and 20 crew members.
- Most Outstanding Technical Project – the ATM project team – Manny Coehlo, Manager: High Tech, Air Time, Jacobi Coetzee (Project Leader) Technician in Training, Engineering Services; Neville Roberts, Senior Engineer, Henley; Paul Kruger, Principal Technician Special Projects, RBF; Mente Raven, Network Consultant, BIT and David Leary, Network Manager, BIT.
- Most Inspiring Newcomer to the Technology Cluster – Rena Kabwata – Junior Technical Producer.
- Outstanding Non-technical Contribution Award and Outstanding Operational Technical Excellence Award – Donna Potgieter, Specialist Technical Producer, RPS.
- Patron's Award – Ivan Marsh, Project Leader for South Africa's first HDTV OB Unit.
- Best Maintenance Team or Individual Award – James Hill, Technology Manager: Broadcast, Henley; Neville Roberts, Senior Engineer, Henley; Jaspers van der Westhuizen, Broadcast Systems Administrator, Henley; Marinus Hugo, First Technician, Henley; Gustav Lentswe, Technician, Henley; Paul Mafohla, Senior Technician, Henley; Wandile September, Technician, Henley; Ryan Magrimo, Technician; Henley; and Mfundo Ngobese, Technician, Henley.

OTHER:

- Airwave Travel winning the Amadeus Platinum Awards for the most productive agency.

Financial Statements

The seed - ensuring the future of the company

Contents

Annual Financial Statements

'Nga u thetshelesa, ni vha ni tshi khou bindudza kha nyaluwo yanu na vhumatshelo hanu.'

- Through Listening you invest in your own growth and well being

Board Members'
Responsibility for Financial Reporting

The Directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of the SABC Limited and its subsidiaries. The annual financial statements presented on pages 4 to 44 have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The internal controls include a risk-based system of internal auditing and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that all transactions are executed and recorded in accordance with generally accepted business practices and the SABC's policies and procedures.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management. The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The external auditors are responsible for independently auditing and reporting on the annual financial statements. The financial statements have been audited by the independent auditing firms Ngubane and Company Incorporated, KPMG Incorporated and Kwinana and Associates and, which were given unrestricted access to all financial records and other data. The report of the independent auditors is presented on page 3.

This report is presented in terms of Treasury Regulation 28.1.1 of the Public Finance Management Act and is focused on the financial results and financial position of the SABC Limited. The prescribed disclosure of emoluments in terms of Treasury Regulation 28.1.1 is reflected In note 40 of the annual financial statements.

The Directors have noted the recommendations of the Audit Committee in respect of the approval of the annual financial statements. The Directors of the company approved the annual financial statements on 6 August 2007 which are signed on their behalf by :

S E Funde
Chairman

D C Mpofu
Group Chief Executive Officer

6 August 2007

Certificate by Company Secretary for the year ended 31 March 2007

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 2007, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, and all such returns are true, correct and up to date.

Ramani Naidoo
Company Secretary

Johannesburg
6 August 2007

Report of the Audit Committee
to the SABC Executive Authority

Report of the Audit Committee in Terms of Regulation 27(1)(10)(B) & (C) of the Public Finance Management Act, No 1 of 1999, as amended (PFMA).

The Audit Committee of the SABC Limited ('the Company') is pleased to present its report on the annual financial statements of the Company and of the Group for the year ended 31 March 2007.

The Audit Committee was reconstituted by the Board during the year under review, and consists of five independent non-executive directors and two executive directors, viz. the GCEO and the CFO. The Committee is chaired by an independent, non-executive Chairman.

The Audit Committee is guided in the execution of its role by an Audit Committee Charter which has been approved by the Board of Directors.

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

- Reviewed the effectiveness of the Company's internal control systems, including the controls over significant financial and certain operational risks.
- Monitored the Company's financial reporting processes and reviewed the adequacy, reliability and accuracy of the financial information provided by management on behalf of the Board of Directors.
- Overseen the execution of forensic investigations by the internal audit division in to suspected irregularities in certain key divisions of the Company, viz. Technology, Legal and Content Enterprises and advised the Board on the appropriate disciplinary action and other measures to be taken to enable the Board to fulfil its responsibilities as the accounting authority of the Company.
- Reviewed any accounting and auditing concerns identified as a result of the internal or external audits and considered any significant transactions not directly related to the Company's normal business as the Committee, in its discretion, deemed appropriate.
- Reviewed the Company's compliance with applicable legal and regulatory provisions.
- Reviewed the annual report and annual financial statements for the year ended 31 March 2007 to ensure that they present a balanced and understandable assessment of the financial position, performance and prospects of the SABC.
- Reviewed and updated the audit committee Charter to ensure compliance with best practice corporate governance standards.

Instances of weaknesses in internal controls, where these existed, were noted and reported to the Committee and the Committee is generally satisfied that adequate mechanisms are being put in place to address the identified weaknesses.

The Head of Internal Audit is directly accountable to the Audit Committee and has a dotted line administrative accountability to the SABC's Group Chief Executive. As required by its Charter, the Audit Committee met regularly with the independent auditors, without management being present, to discuss the results of their audit, their evaluations of the SABC's internal controls, and the overall quality of the SABC's financial reporting. Where the company's external auditors are contracted to render any additional services which are not part of their audit activities, this is subject to the specific prior approval of the Audit Committee. This Committee confirms that to the best of its knowledge, the external auditors have not been involved in any assignment that may impair their independence.

The Audit Committee has evaluated the annual financial statements of the SABC Limited for the year ended 31 March 2007, the effectiveness and adequacy of the Company's internal controls and any pending litigation. 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, No 1 of 1999, except for the reported areas of non-compliance with the latter Act referred to in the Directors' Report. The 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" premise in the preparation of the annual financial statements is appropriate.

The Audit Committee accordingly has pleasure in recommending the adoption by the Board of Directors of the SABC Limited of the annual financial statements of the Group and the Company for the year ended 31 March 2007.

On behalf of the SABC Audit Committee

Andrew Maralack
Chairperson

6 August 2007

Independent Auditors' Report

to the sole member of South African Broadcasting Corporation Limited

Report on the Annual Financial Statements

We have audited the Group annual financial statements and the annual financial statements of the South African Broadcasting Corporation Limited, which comprise the balance sheets at 31 March 2007, and the income statements, the statements of changes in equity and the cash flow statements for the year then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes and the Director's report, as set out on pages 4 to 44.

Directors' responsibility for the annual financial statements

The directors' are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Public Finance Management Act of South Africa and the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual 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 annual 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 controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

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

Opinion

In our opinion, these annual financial statements present fairly, in all material respects, the financial position of South African Broadcasting Corporation Limited at 31 March 2007, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Public Finance Management Act of South Africa and the Companies Act of South Africa.

Emphasis of matter

Without qualifying our opinion we draw attention to note 39 to the annual financial statements. The Company is the defendant in lawsuits alleging curtailment of certain employee benefit rights and claiming reinstatement thereof. The company is defending the claims. The ultimate outcome of the matters cannot presently be determined and accordingly, no provision for any effects on the Company and Group that may result has been made in these annual financial statements.

Other matters

We draw attention to the report of the South African Broadcasting Corporation Limited Board on pages 4 and 5, which indicates non-compliance with certain sections of the Public Finance Management Act, No 1 of 1999, as amended, and the Treasury regulations.

Report on Other Legal and Regulatory Requirements

Reporting on Performance Information

We have audited the performance information as set out on pages 36 to 39 of the annual report.

Responsibilities of the Directors'

The Directors' have additional responsibilities as required by section 55(2)(a) of the Public Finance Management Act to ensure that the annual report and audited annual financial statements fairly present the performance against predetermined objectives of the public entity

Auditor's responsibility

We conducted our audit in accordance with section 13 of the Public Audit Act, 2004 read with General Notice 646 of 2007, issued in Government Gazette No 29919 of 25 May 2007 (the General Notice).

In terms of the foregoing our engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. Our procedures selected depend on our judgment.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our findings reported below.

Findings

Based on our work performed we have not identified any material shortcomings in the processes, systems and procedures of the entity's reporting against pre-determined performance objectives.

Reportable Irregularities

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we have reported certain unlawful acts committed by persons responsible for the management of the Company, which constitutes reportable irregularities in terms of the Auditing Profession Act, and have reported such matters to the Independent Regulatory Board for Auditors. The matters pertaining to the reportable irregularities have been described in the Directors' report on page 5, under non-compliance with the Valued Added Tax Act.

Ngubane and Company Inc.
Registered Auditor

Ngubane & Co. Inc.

Per P Naude
Chartered Accountant (SA)
Registered Auditor
Director
Birchwood Court, 43 Montrose Road, Vorna Valley, Midrand

KPMG Inc.
Registered Auditor

KPMG Inc.

Per R Fourie
Chartered Accountant (SA)
Registered Auditor
Director
KPMG Cresent, 85 Empire Road, Parktown

Kwinana and Associates.
Registered Auditor

Kwinana & Associates

Per N Kwinana
Chartered Accountant (SA)
Registered Auditor
Director
Building 2, Waterfall Terraces, Waterfall Park, Bekker Street, Vorna Valley, Midrand

29 August 2007

Report of the SABC Board
for the year ended 31 March 2007

The Board of Directors is pleased to present the 70th annual report of the South African Broadcasting Corporation Limited ('the SABC' or 'the Company') for the financial year to 31 March 2007.

The annual financial statements comprise of the consolidated annual financial statements of the Company and its subsidiaries (together referred to as the 'Group') for the year ended 31 March 2007. 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 the Public Finance Management Act, No 1 of 1999, as amended (hereinafter respectively callled 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 sound and picture broadcasts through 18 radio stations and four television channels (comprising three free-to-air channels and one pay-TV channel). In terms of its Charter, which is in accordance with section 8 of the Broadcasting Act, the SABC's mandate includes the requirement to make its services available throughout the Republic of South Africa and to produce, procure and broadcast programmes that entertain, inform and educate its audiences. The SABC is regulated operationally in terms of licences granted by the Independent Communications Authority of South Africa (ICASA).

The SABC wholly owned subsidiary Air Time TV Outside Broadcasts (Proprietary) Limited trades as Airwave Travel.

The SABC administers Channel Africa on behalf of the Department of Communications.

Review of Operations

The Group generated revenue for the year of R4,3 billion, reflecting an overall increase of 8,2% over its prior year's performance. Significant increases in employee costs, marketing expenses and professional and consulting fees of 9%, 42% and 186% respectively adversely impacted profit for the year. Profit for the year at R183 million, represented a decline of some 52% against the previous year's figures.

Share Capital

There were no changes to the authorised or issued share capital of the Company during the year under review.

Dividends

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

Going Concern

The Directors are of the opinion that the Company and the Group have adequate financial resources at their disposal to continue with operations in the next financial year. Accordingly, the going concern basis has been adopted in preparing the annual financial statements.

Subsidiaries

Details of the Company's investments in subsidiary companies are reflected in Note 7 of the annual financial statements.

Profit of the subsidiaries of R2,9 million (2006 R1,0 million profit and R0,5 million loss) are included in the Group annual financial statements for the year.

Shareholder Compact

The Minister of Communications, as the representative of the shareholder, and the SABC are required to enter into a Shareholder Compact annually in terms of the PFMA. The content of the Shareholder Compact for the current financial year was agreed with the Department of Communications in July 2007, however the compact has not yet been signed by the Minister and a final signed copy is accordingly not available.

Corporate Governance and Compliance with Laws and Regulations

The Board of Directors oversees compliance by the Company with the governance requirements set out in the King II 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 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 the levels of materiality for reporting purposes, was approved by the Minister during the financial year. During the financial year in respect of which this report is issued, the Company did not comply fully with all the requirements of the Public Finance Management Act.

The significant instances of non-compliance relate specifically to the following:

- Section 51(1)(a)(i), read with Treasury regulation 27.2.1 requires the Company to put in place a formal risk assessment procedure. Noteworthy progress was made during the year under review and a Risk Assessment Plan for the Company was approved by the Board in March 2007. The Plan, therefore was in the process of being implemented at the end of the year under review. After the end of the previous financial year, the Board constituted a Risk Committee and created a new position for a Head of Strategy and Risk. The incumbent was appointed on 1 June 2007.
- In the last financial year, we reported that the Board of Directors has not always ensured that the SABC maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective as required by Section 51(1)(a)(iii) of the PFMA. Again, this is a matter which received attention towards the latter part of the reporting period. A position for a dedicated procurement executive was created, which reports directly to the Group Chief Executive Officer. The Head of Procurement was appointed In January 2007. Since then, several drafts of the procurement policy have been proposed and have been considered by the Board and the Procurement Committeee. In addition, the new Delegation of Authority Framework, which was approved on 19 June 2007, has entrenched the authority levels and the processes for procurement. The Board approved the new Procurement policy on 31 July 2007.
- Section 51(b)(i) of the Public Finance Management Act requires the Company to take steps to collect all revenue due to it. Particularly in respect of Television licence revenue, the Company continues to use innovative ways to track down offenders. Post year end, more inspectors were appointed.
- In terms of Treasury regulations 29.1.3(b) and 29(3), the Board is required to ensure that quarterly reports are submitted to the Minister detailing the extent of compliance with the Public Finance Management Act and the Treasury regulations

and explaining any non-compliance. These reports have been submitted during the year under review, however their content was limited to reporting against financial targets. A schedule of reporting parameters and dates (i.e. a standard reporting format for all entities reporting to the Department of Communications (DoC)) has been agreed between the Secretariat and the Shareholder Management Unit of the DoC and will be implemented in the new financial year.

- In terms of Treasury regulation 33.3, the Board is required to investigate possible transgressions of the PFMA within 30 days of becoming aware of the same and to submit annually, to the Auditor-General and the National Treasury, specified details of any disciplinary or criminal charges against any employee of the Company. Non-compliance with the PFMA is dealt with in terms of the Company's existing disciplinary policy. During the year under review, the necessary investigations could not always be commenced or carried out within the mandatory 30 day period and, as some proceedings are still pending, no submissions have been made to the Auditor-General and the National Treasury. In respect of the ensuing financial year, the Board has overseen the development of a more robust procedure to monitor the timely prosecution of non-compliance.

Non-Compliance with the Value Added Tax Act

There were instances of non-compliance with the Value Added Tax Act No 89 of 1991. While the SABC claims input VAT on the expenses it incurs on behalf of Airwave Travel it does not include VAT output on expenses it invoices to Airwave Travel or pay that VAT to the South African Revenue Services.

Channel Africa is not registered for VAT purposes. While the SABC claims input VAT on the expenses it incurs on behalf of Channel Africa, it does not include VAT output in the expenses it charges to Channel Africa, or pay that VAT to the South African Revenue Services.

Irregular, Fruitless and Wasteful Expenditure

Losses through criminal conduct, irregular, fruitless and wasteful expenditure are dealt with in note 42 of the annual financial statements.

Directors and Remuneration

The following were the Non-executive Directors of the Company during the year under review:

- Sonwabo Eddie Funde *(Chairperson)*
- Christine Denise Mary-Ann Qunta *(Deputy Chairperson)*
- Professor Alison Norah Gillwald
- Fadila Ethne Lagadien
- Andrew Phillip Maralack
- Professor Edmund Thamsanqa Mazwai
- Andile Milton Mbeki
- Kanyisiwe Desiree Mkonza
- Mandla Cecil Msomi
- Professor Derrick Ian Swartz
- Ashwin Hirjee Trikamjee

Non-executive Directors are appointed by the President on the advice of the National Assembly. Remuneration of Non-executive Directors consists of a fixed retainer plus a variable fee which is paid to Directors depending on their membership and attendance of Board committee meetings. A full disclosure of Directors' remuneration paid for the year under review is set out in note 40.

The following were the Executive Directors of the Company during the year under review:

- Daluxolo Christopher Mpofu
  (Group Chief Executive Officer)
- Robin Alister Nicholson
  (Chief Financial Officer)
- Solly Qabang Michael Mokoetle
  (Chief Operating Officer resigned in December 2006)

Events Subsequent to Balance Sheet Date

The Directors are not aware of any matter or circumstance arising since the end of the financial year up to the date of signature of this report, which is not dealt with otherwise in the report or the annual financial statements and which would have a significant effect on the operations of the Company or the Group, or the results of their operations.

Holding Company

The sole shareholder of the Company is the Government of the Republic of South Africa. The Minister representing the shareholder is the Minister of Communications.

Company Secretary

Ms Ramani Naidoo was the Company Secretary of the Company during the year under review.

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

Postal Address: Private Bag X1, Auckland Park, 2006

Business Address: Radio Park, Henley Road, Auckland Park, 2006

Telephone number: 27 (0) 11 714-3910

Sonwabo Eddie Funde
Chairman of the Board: SABC Limited

6 August 2007

Balance Sheets
as at 31 March 2007

	Note	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Assets					
Property, plant and equipment	4	**1 143 740**	1 130 935	**1 143 568**	1 130 935
Investment properties	5	**33 403**	33 473	**33 403**	33 473
Computer software	6	**93 854**	58 819	**93 854**	58 819
Investments in subsidiaries	7	**-**	-	**71**	71
Loans and receivables	8	**-**	10 337	**-**	10 337
Available-for-sale financial assets	9	**2 865**	2 363	**2 865**	2 363
Derivative financial instruments	10	**-**	7 585	**-**	7 585
Prepayments	11	**102 878**	77 596	**102 878**	77 596
Other non-current assets		**40**	408	**39**	408
Total non-current assets		**1 376 780**	1 321 516	**1 376 678**	1 321 587
Programme, film and sports rights	12	**541 723**	301 939	**541 723**	301 939
Inventories	13	**4 452**	5 134	**4 452**	5 134
Trade and other receivables	14	**696 402**	695 675	**685 419**	683 261
Taxation receivable		**22 252**	-	**22 050**	-
Derivative financial instruments	10	**9 475**	448	**9 475**	448
Held-to-maturity investments	15	**100 000**	724 000	**100 000**	724 000
Loans and receivables	8	**5 300**	7 700	**5 300**	7 700
Prepayments	11	**82 236**	105 213	**82 236**	105 213
Restricted cash	16	**4 558**	866	**4 558**	866
Cash and cash equivalents	17	**707 557**	145 028	**697 824**	138 159
Total current assets		**2 173 955**	1 986 003	**2 153 037**	1 966 720
Total assets		**3 550 735**	3 307 519	**3 529 715**	3 288 307

The notes on pages 11 to 44 are an integral part of these annual financial statements.

	Note	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Equity					
Share capital	*18*	**1**	1	**1**	1
Fair value adjustment reserve	*19*	**1 516**	1 087	**1 516**	1 087
Retained earnings		**2 137 880**	1 955 117	**2 118 179**	1 938 344
Total equity		**2 139 397**	1 956 205	**2 119 696**	1 939 432
Liabilities					
Perpetual debt instrument	*20*	**27 390**	27 390	**27 390**	27 390
Interest-bearing loans and borrowings	*21*	**20 187**	40 737	**29 011**	40 737
Derivative financial instruments	*10*	**4 606**	-	**4 606**	-
Deferred government grant	*22*	**153 357**	100 000	**153 357**	100 000
Deferred tax	*23*	**103 145**	66 029	**103 182**	66 029
Employee benefits	*24*	**246 334**	241 269	**246 334**	241 269
Other non-current liabilities		**1 011**	779	**1 011**	779
Total non-current liabilities		**556 030**	476 204	**564 891**	476 204
Trade and other payables	*25*	**614 451**	579 950	**607 519**	572 348
Employee benefits	*24*	**88 939**	78 630	**88 778**	78 630
Derivative financial instruments	*10*	**1 465**	5 468	**1 465**	5 468
Taxation payable		**3 087**	119 877	**-**	118 207
Deferred income	*26*	**62 198**	57 568	**62 198**	57 568
Current portion of interest-bearing loans and borrowings	*21*	**30 790**	28 617	**30 790**	35 450
Current portion of deferred government grant	*22*	**35 378**	-	**35 378**	-
Provisions	*27*	**19 000**	5 000	**19 000**	5 000
Total current liabilities		**855 308**	875 110	**845 128**	872 671
Total liabilities		**1 411 338**	1 351 314	**1 410 019**	1 348 875
Total equity and liabilities		**3 550 735**	3 307 519	**3 529 715**	3 288 307

The notes on pages 11 to 44 are an integral part of these annual financial statements.

Income Statements
for the year ended 31 March 2007

	Note	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Revenue	*28*	**4 268 313**	3 943 055	**4 264 105**	3 938 036
Other income		**45 516**	27 163	**45 516**	27 163
Amortisation of programme, film and sports rights	*12*	**(1 166 568)**	(989 914)	**(1 166 568)**	(989 914)
Impairment of programme, film and sports rights	*12*	**(7 999)**	-	**(7 999)**	-
Amortisation of computer software	*6*	**(7 786)**	(3 615)	**(7 786)**	(3 615)
Impairment of computer software	*6*	**(32 304)**	-	**(32 304)**	-
Broadcast costs		**(395 672)**	(353 289)	**(395 261)**	(352 916)
Signal distribution and linking costs		**(332 193)**	(315 083)	**(332 193)**	(315 083)
Employee compensation and benefit expenses	*29*	**(1 079 797)**	(989 791)	**(1 077 273)**	(987 777)
Depreciation of property, plant and equipment	*4*	**(148 370)**	(122 255)	**(148 353)**	(122 255)
Impairment of property, plant and equipment		**-**	(6 973)	**-**	(6 973)
Marketing costs		**(254 031)**	(178 577)	**(254 016)**	(178 577)
Direct licence collection costs		**(119 857)**	(108 666)	**(119 857)**	(108 666)
Professional and consulting fees		**(134 787)**	(47 077)	**(134 772)**	(47 030)
Other expenses	*30*	**(423 590)**	(338 155)	**(422 500)**	(337 516)
Other losses	*31*	**(128)**	(1 392)	**(128)**	(1 392)
Operating profit before net financing income and income tax		**210 747**	515 431	**210 611**	513 485
Net financing income	*32*	**48 316**	30 371	**44 346**	30 557
Financial income	*32*	**64 713**	42 504	**61 863**	42 380
Financial expenses	*32*	**(16 397)**	(12 133)	**(17 517)**	(11 823)
Profit before income tax		**259 063**	545 802	**254 957**	544 042
Income tax expense	*33*	**(76 300)**	(162 924)	**(75 122)**	(161 254)
Profit for the year		**182 763**	382 878	**179 835**	382 788

The notes on pages 11 to 44 are an integral part of these annual financial statements.

Statements of changes in Equity

for the year ended 31 March 2007

	Note	Share capital R'000	Com-memora-tive fund R'000	Insurance reserve R'000	Fair value adjustment reserve R'000	Retained earnings R'000	Total R'000
Group							
Balance at 1 April 2005	*18*	1	3 447	11 427	614	1 557 365	1 572 854
Net movements not recognised in income statement		-	(3 447)	(11 427)	473	14 874	473
Transfer to retained earnings	*19.2*	-	(3 447)	-	-	3 447	-
Movement in insurance reserve	*19.3*	-	-	(11 427)	-	11 427	-
Reclassification of realised profit on sale of available-for-sale financial assets, net of deferred tax		-	-	-	(61)	-	(61)
Revaluation of available-for-sale financial assets, net of deferred tax	*19.1*	-	-	-	534	-	534
Profit for the year		-	-	-	-	382 878	382 878
Balance at 31 March 2006		**1**	**-**	**-**	**1 087**	**1 955 117**	**1 956 205**
Net movements not recognised in income statement		**-**	**-**	**-**	**429**	**-**	**429**
Revaluation of available-for-sale financial assets, net of deferred tax	*19.1*	**-**	**-**	**-**	**429**	**-**	**429**
Profit for the year		**-**	**-**	**-**	**-**	**182 763**	**182 763**
Balance at 31 March 2007		**1**	**-**	**-**	**1 516**	**2 137 880**	**2 139 397**
Company							
Balance at 1 April 2005	*18*	1	3 447	11 427	614	1 540 682	1 556 171
Net movements not recognised in income statement		-	(3 447)	(11 427)	473	14 874	473
Transfer to retained earnings	*19.2*	-	(3 447)	-		3 447	-
Movement in insurance reserve	*19.3*	-	-	(11 427)	-	11 427	-
Reclassification of realised profit on sale of available-for-sale financial assets, net of deferred tax		-	-	-	(61)	-	(61)
Revaluation of available-for-sale financial assets, net of deferred tax	*19.1*	-	-	-	534	-	534
Profit for the year		-	-	-	-	382 788	382 788
Balance at 31 March 2006		**1**	**-**	**-**	**1 087**	**1 938 344**	**1 939 432**
Net movements not recognised in income statement		**-**	**-**	**-**	**429**	**-**	**429**
Revaluation of available-for-sale financial assets, net of deferred tax	*19.1*	**-**	**-**	**-**	**429**	**-**	**429**
Profit for the year		**-**	**-**	**-**	**-**	**179 835**	**179 835**
Balance at 31 March 2007		**1**	**-**	**-**	**1 516**	**2 118 179**	**2 119 696**

The notes on pages 11 to 44 are an integral part of these annual financial statements.

Cash flow statements

for the year ended 31 March 2007

	Note	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Cash flows from operating activities					
Cash receipts from customers		**4 272 217**	3 858 533	**4 266 577**	3 866 842
Cash paid to suppliers and employees		**(4 084 087)**	(3 134 005)	**(4 082 046)**	(3 142 305)
Cash generated from operations	*34*	**188 130**	724 528	**184 531**	724 537
Interest received	*32*	**61 987**	42 417	**61 768**	42 293
Dividends received	*32*	**95**	87	**95**	87
Interest paid	*32*	**(7 736)**	(7 963)	**(8 148)**	(8 310)
Income taxes paid	*35*	**(178 299)**	(143 966)	**(178 299)**	(143 966)
Net cash from operating activities		**64 177**	615 103	**59 947**	614 641
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**8 471**	6 126	**8 445**	6 126
Acquisition of property, plant and equipment	*4*	**(169 774)**	(160 406)	**(169 559)**	(160 406)
Acquisition of computer software	*6*	**(75 352)**	(37 869)	**(75 352)**	(37 869)
Proceeds from sale of computer sofware	*6*	**227**	-	**227**	-
Repayment of loan made to Sentech Limited		**12 737**	-	**12 737**	-
Proceeds from disposal of available-for-sale financial assets	*9*	**-**	193	**-**	193
Proceeds from/(acquisition of) held-to-maturity investments	*15*	**624 000**	(405 500)	**624 000**	(405 500)
Increase in restricted cash	*16*	**(3 692)**	(50)	**(3 692)**	(50)
Net cash flow in investing activities		**396 617**	(597 506)	**396 806**	(597 506)
Cash flows from financing activities					
Repayment of loan from subsidiary		**-**	-	**(1 991)**	(525)
Repayment of finance lease liabilities		**(18 377)**	(22 495)	**(14 395)**	(22 495)
Proceeds from deferred government grant	*22*	**119 298**	100 000	**119 298**	100 000
Net cash flow from financing activities		**100 921**	77 505	**102 912**	76 980
Net increase in cash and cash equivalents		**561 715**	95 102	**559 665**	94 115
Cash and cash equivalents at beginning of the year		**145 028**	49 926	**138 159**	44 044
Effects of exchange rate changes on the balance of cash held in foreign currencies		**814**	-	**-**	-
Cash and cash equivalents at end of the year	*17*	**707 557**	145 028	**697 824**	138 159

The principal non-cash transactions are certain trade exchanges (see note 28) and the acquisition of property, plant and equipment through finance leases (see note 21).

The notes on pages 11 to 44 are an integral part of these annual financial statements.

1 Significant accounting policies

The South African Broadcasting Corporation Limited (the 'Company') is South Africa's national public service broadcaster. The consolidated annual financial statements comprise the annual financial statements of the Company and its subsidiaries (together referred to as the 'Group') and were authorised for issue by the board of directors on 6 August 2007.

(a) Statement of compliance

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and its interpretations adopted by the International Accounting Standards Board ('IASB'), the International Financial Reporting Interpretations Committee ('IFRIC') of the IASB and the requirements of 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 annual financial statements are presented in South African Rands, rounded to the nearest thousands, 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 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 in the next year are discussed in note 2.

The accounting policies set out below have been applied consistently for all periods presented in the annual financial statements.

The accounting policies have been applied consistently by Group entities.

(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 statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation
Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(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 consolidated 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 functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. 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 dates the fair value was determined.

(iii) Group companies
The assets and liabilities of all the Group entities including goodwill and fair value adjustments that have a functional currency different from the presentation currency are translated into the presentation currency at the closing rate at the balance sheet date. Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), with all resulting exchange differences recognised in the income statement.

When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the profit or loss on sale.

1 Significant accounting policies (continued)

(e) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy (i)). The cost of Property, Plant and Equipment at 1 January 2004, the date of transition to IFRS, was determined by reference to its fair value at that date. 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 for its intended use.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 April 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of the valuation. Refer to note 4.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items 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. Assets acquired by way of finance lease are 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 less accumulated depreciation (see below) and impairment losses (see accounting policy (i)). Lease payments are accounted for as described in accounting policy (t). Assets under finance lease are treated in the same manner as owned assets

(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. All other costs are charged to the income statement during the financial period in which they are incurred.

(iv) Depreciation

Depreciation is charged to the income statement 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. Land is not depreciated. The current estimate useful lives 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
- Software 2 - 10 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.

The gain or loss on the disposal or scrapping of property,plant and equipment is recognised in the income statement. Please refer to note 31.

(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 (see below) and impairment losses (see accounting policy (i)). 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 charged to the income statement on a straight-line basis over the estimated useful lives of each of investment properties. The current estimate useful lives are as follows:

- Investment Properties 50 years

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

(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 knowledgably, 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. The yield applied to property in South Africa is 10%.

1 Significant accounting policies (continued)

(f) Investment properties (continued)

(iii) Fair values (continued)

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 (s).

Where an item of property, plant and equipment is transferred to/(from) investment property following a change in its use, the 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 (below) and impairment losses (see accounting policy (i)). Costs comprise 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 impairment losses (see accounting policy (i)). Costs of acquired programme comprise actual cost plus language dubbing, where applicable.

Acquired programme, film and sports rights are generally recognised when the licence period begins, the costs 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 availability of the material, particularly if a license agreement is signed for program material that does not yet exist, the asset is only recorded once the uncertainties are eliminated and the program is received and available for broadcast.

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 to be realised in the entity's normal operating cycle.

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

The cost and accumulated amortisation and impairment of programme, film and sports rights are de-recognised when no future economic benefits are expected from its use or disposal.

(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 (see accounting policy (i)). Expenditure on internally generated brands is recognised in the income statement as an expense as incurred.

(v) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(vi) Amortisation

Amortisation of programme, film and sports rights is charged to the income statement 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 reruns.

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

Amortisation of other intangible assets is charged to the income statement on a straight-line basis 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 is between 2 and 5 years.

(h) Investments

The Group classifies its investments in the following categories: financial assets at fair value through the income statement, 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 and re-evaluates this designation at every reporting date, except where the investment is designated at fair value through the income statement.

1 Significant accounting policies (continued)

(h) Investments (continued)

(i) *Financial assets at fair value through profit and loss*
This category has two sub-categories: financial assets held for trading, and those designated at fair value through the income statement on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Management has not designated any of its investments at fair value through profit and loss. Derivatives are also categorised as held for trading.

(ii) *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 balance sheet date. These are classified as non-current assets.

(iii) *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 other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale.

(iv) *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 balance sheet date (see accounting policy (w)).

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 the income statement. 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 rate method less impairment losses. Available-for-sale financial assets and financial assets at fair value through the income statement are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'Financial assets at fair value through the income statement category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement 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.

Investment in subsidiaries are carried at cost less accumulated impairment losses (see accounting policy (i)) in the separate financial statements of the Company.

(i) Impairment of assets

The carrying amount of the Group's assets, other than inventories (see accounting policy (j)) and deferred tax assets (see accounting policy (v)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated (see below).

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 the income statement.

Where a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in the income statement.

(i) *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 rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

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 the income statement.

The recoverable amount of other 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. 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.

1 Significant accounting policies (continued)

(i) Impairment of assets (continued)

(ii) *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 asset that are debt securities, the reversal is recognised in the income statement.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through the income statement.

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

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 the other costs incurred in bringing the consumables to their present location and condition.

(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 (see accounting policy (i)). The fair value of trade receivables is determined net of trade discounts and, where applicable, agency commissions, which are granted when payment is made in accordance with agreed payment terms.

(l) 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 on the balance sheet.

(m) 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.

(n) 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 with any differences between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate basis.

(o) 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 rate 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 Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation result in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement 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 the income statement.

Where the calculation results in a defined benefit, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. No asset is recognised if future refunds from the plan or reductions in future contributions are uncertain.

(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 retirement age and the completion of a minimum service period. 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. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in the income statement. These obligations are valued annually by independent qualified actuaries.

1 Significant accounting policies (continued)

(o) Employee benefits (continued)

(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 provision 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.

(p) Provisions

A provision is recognised in the balance sheet 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. 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.

(q) Trade and other payables

Trade and other payables are stated at amortised cost, using the effective interest rate method.

(r) Derivative financial instruments

The Group uses derivative financial instruments to 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. Subsequent to initial recognition, derivative financial instruments are also stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement.

Derivatives embedded in hybrid contracts are accounted for separately when the economic characteristics and risks of the derivative are not closely related to those of the host contract. Embedded derivatives that are separately recognised are accounted for in accordance with the policy above for stand-alone derivatives.

(s) Revenue

(i) Advertising revenue

Advertising revenue is recognised at the time the related advertisement or commercial appears before the public, 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 components, 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 Group. Based on past experience, management does not consider economic benefits associated with television licences to be probable until the consideration is received, and thus 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 balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions attached to it. Grants that compensate the Group for expenses incurred are recognised as revenue in the income statement 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 the income statement as other income on a systematic basis over the useful life of the asset.

(vi) Other revenue

Other revenue associated with the sale of goods is recognised in the income statement 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 the income statement in proportion to the services performed to date as a percentage of total services to be performed. Other revenue also includes rental income, which is recognised in the income statement 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.

1 *Significant accounting policies (continued)*

(t) Lease payments

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(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 balance sheet.

Initial direct costs incurred in negotiating and securing lease arrangements are added to the amount recognised as an asset

(u) Net financing income

Net financing income includes interest income, interest payable on borrowings, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on derivative financial instruments that are recognised in the income statement (see accounting policy (r)).

Interest payable on borrowings is calculated using the effective interest rate method and is expensed as incurred. Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement 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 the income statement using the effective interest rate method.

(v) Income tax

Income tax in the income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences relating to the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future, are not provided for. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(w) Non-current assets held for sale and discontinued operations

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

(x) Related parties

The SABC 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 being defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. We regard all individuals from the level of Executive Management up to the Board of Directors as key management per the definition of the standard.

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 entity.

Other related party transactions are also disclosed in terms of the requirements of the standard. The objective of the standard and the annual financial statements is to provide relevant and reliable information and therefore materiality is considered in the disclosure of these transactions.

2 Accounting estimates and judgements

Management discussed 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 Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Preparing financial statements in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates.

(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 economic 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. See accounting policy 1(e) and note 4.

(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), 1(i) 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 on the Group's balance sheet. See accounting policies 1(g) and1(i), and note 12.

(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. An actuarial valuation of the fund was last performed at 31 December 2003, 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. The next valuation for 31 December 2006 is in the process of being completed. The results of the valuation undertaken as at 31 December 2003 have been used to determine the extent of the surplus for purposes of a surplus apportionment in terms of the Pension Fund Second Amendment Act, No. 39 of 2001.

The plan for apportionment of the surplus in the fund has been submitted to the Financial Services Board and feedback is being awaited. The Group has taken into account R2,1 billion that relates to former members, pensioners and the employer when disclosing the defined benefit obligation. Please refer to note 24.

(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 24.

Any change in these assumptions could result in a material adjustment to the post-employment medical liability stated on the Group's balance sheet 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 R36 million, where as a one percentage point reduction in the rate of health care cost inflation would decrease the liability by R28 million as at 31 March 2007. The employers liability will also be affected by the take-up rate assumption related to the past service. The increase from 80% to 100% in the take-up rate would increase the past service liability by approximately R25 million, whereas a percentage decrease in the take-up rate from 80% to 60% would result in a reduction of R25 million in the past service accrued liability at 31 March 2007. See note 24.

In addition, the Group has reduced the subsidy for post-employment medical aid from 60% in June 2004 to 24% at 31 March 2007. A group of former employees has instituted claims against the Group to reinstate the Group's 60% contribution to the post-employment medical aid scheme. See (v) below, note 24 and note 39.

(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 finalized. 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 39.

2 Accounting estimates and judgements (continued)

(vii) *Valuation of financial instruments*
The valuation of embedded derivative financial instruments is based on the market situation at balance sheet date. The value of the derivative instruments fluctuates on a daily basis and the actual amount realised may differ materially from their value at balance sheet date.

(b) Critical judgements in applying the Group's accounting policies

(i) *Channel Africa (Radio)*
Channel Africa (Radio) has been excluded from the annual financial statements because the board of directors do not believe that it is controlled by the Group.

(ii) *Doubtful accounts*
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, nonenforceability 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 amounted to R 21 million as of 31 March 2007.

3 New accounting standards and IFRIC interpretations

Certain new accounting standards and IFRIC interpretations have been published that are mandatory for accounting periods beginning on or after 1 January 2007. The Group's assessment of the impact of these new standards and interpretations applicable to the business of the Group that may have an impact on future financial statements is set out below:

(i) *IFRS 7 - Financial Instruments: Disclosures*
The disclosures provided in respect of financial instruments in the annual financial statements for the year ending 31 March 2008, as well as comparative information, will be compliant with IFRS 7. The disclosure requirements of IFRS 7 require additional disclosure compared to that required by existing IFRS in respect of the following:

- the significance of financial instruments to the Group's financial position and performance; and
- qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk.

The qualitative disclosures describe management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the Group is exposed to risk, based on information provided internally to the entity's key management personnel. Together, these disclosures provide an overview of the Group's use of financial instruments and the exposures to risks they create.

The adoption of IFRS 7 will not have any impact on the accounting policies adopted for financial instruments.

(ii) *IAS 1- Presentation of Financial Statements: Capital Disclosures*

IAS 1 states that an entity shall disclose information that enable users of its financial statements to evaluate the entity's objectives, policies and process for managing capital.

(iii) *IFRIC 12 - Service Concession Arrangements*
IFRIC 12 states that an infrastructure should not be recognised as property, plant and equipment of the operator as the grantor is considered to control the assets. Instead the operator recognises the consideration received or receivable in exchange for the construction services as either a financial asset or an intangible asset.

This interpretation should be applied for annual periods beginning on or after 1 January 2008. Any change in accounting policy is accounted for retrospectively except when it is impracticable. The Group has not elected to early adopt IFRIC 12 and will apply IFRIC 12 in its 2008 financial statements in accordance with the interpretations provisions. The Group has not yet determined the impact IFRIC 12 will have on its 2008 financial statements.

(iv) *IFRS 8 - Operating Segments*
IFRS 8 replaces IAS 14 and is applicable for annual periods beginning on or after I January 2009. IFRS 8 requires the entity to disclose the amounts used for internal reporting to the chief operation decision maker. IFRS 8 does not define measures such as segment result and segment assets. The Group has not elected to early adopt IFRS8 and will apply IFRS 8 in its 2008 financial statements in accordance with the standards transitional provisions. The Group has not yet determined the impact IFRS 8 will have on its 2008 financial statements.

(v) *Exposure draft on Related Party Disclosures - State Controlled Entities and the Definition of a Related Party*
The exposure draft proposes the amendment to the definition of a related party together with the proposal to include disclosure on commitments to related parties and this proposal is expected to result in an increase in the amount of transactions to be disclosed in the financial statements. The Group is still assessing the impact of the exposure draft.

4 Property, plant and equipment

Group	Land and buildings R'000	Broad-casting equipment R'000	* Other equipment R'000	Vehicles R'000	** Capital work-in-progress R'000	Total R'000
At 31 March 2007						
Cost	**830 640**	**820 667**	**214 925**	**42 553**	**97 195**	**2 005 980**
Accumulated depreciation and impairment losses	**(154 470)**	**(505 050)**	**(168 543)**	**(34 177)**	**-**	**(862 240)**
Carrying amount	**676 170**	**315 617**	**46 382**	**8 376**	**97 195**	**1 143 740**
At 31 March 2006						
Cost	810 979	688 228	190 700	43 998	130 157	1 864 062
Accumulated depreciation and impairment losses	(104 066)	(469 285)	(125 167)	(34 609)	-	(733 127)
Carrying amount	706 913	218 943	65 533	9 389	130 157	1 130 935
At 1 April 2005						
Cost	796 870	641 223	175 771	46 024	98 867	1 758 755
Accumulated depreciation and impairment losses	(57 287)	(444 989)	(120 246)	(36 599)	-	(659 121)
Carrying amount	739 583	196 234	55 525	9 425	98 867	1 099 634
For the year ended 31 March 2007						
Carrying amount at 1 April 2006	**706 913**	**218 943**	**65 533**	**9 389**	**130 157**	**1 130 935**
Additions	**5 306**	**7 774**	**7 425**	**51**	**149 218**	**169 774**
Transfers	**16 973**	**151 235**	**9 385**	**715**	**(178 308)**	**-**
Depreciation charge for the year	**(53 022)**	**(59 753)**	**(33 818)**	**(1 777)**	**-**	**(148 370)**
Disposals	**-**	**(2 582)**	**(2 143)**	**(2)**	**(3 872)**	**(8 599)**
Carrying amount at 31 March 2007	**676 170**	**315 617**	**46 382**	**8 376**	**97 195**	**1 143 740**
For the year ended 31 March 2006						
Carrying amount at 1 April 2005	739 583	196 234	55 525	9 425	98 867	1 099 634
Additions	2 633	7 816	28 996	-	129 601	169 046
Transfers	11 775	66 364	15 773	1 583	(96 422)	(927)
Depreciation charge for the year	(47 022)	(40 940)	(32 674)	(1 619)	-	(122 255)
Impairments	-	(6 973)	-	-	-	(6 973)
Disposals	(56)	(3 558)	(2 087)	-	(1 889)	(7 590)
Carrying amount at 31 March 2006	706 913	218 943	65 533	9 389	130 157	1 130 935

** 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.*

Secured property, plant and equipment *(see also note 21)*	Group and Company 2007 R'000	2006 R'000
Digital broadcasting van pledged to secure the Wesbank lease facility	**25 201**	24 000
Office and computer equipment pledged to secure the Nebank lease facility	**870**	-
Computer equipment pledged to secure the Hewlett Packard lease facility	**12 083**	17 400
Computer equipment pledged to secure the Nedbank instalment sale	**2 970**	4 700
News digital broadcasting production system pledged to secure the Nedbank instalment sale	**7 246**	11 500
Lifts pledged to secure the Nedbank instalment sale	**12 482**	13 400
	60 852	71 000

4 *Property, plant and equipment (continued)*

Company	Land and buildings R'000	Broad-casting equipment R'000	* Other equipment R'000	Vehicles R'000	** Capital work-in-progress R'000	Total R'000
At 31 March 2007						
Cost	**830 640**	**820 667**	**214 860**	**42 553**	**97 045**	**2 005 765**
Accumulated depreciation and impairment losses	**(154 470)**	**(505 050)**	**(168 500)**	**(34 177)**	**-**	**(862 197)**
Carrying amount	**676 170**	**315 617**	**46 360**	**8 376**	**97 045**	**1 143 568**
At 31 March 2006						
Cost	810 979	688 228	190 700	43 998	130 157	1 864 062
Accumulated depreciation and impairment losses	(104 066)	(469 285)	(125 167)	(34 609)	-	(733 127)
Carrying amount	706 913	218 943	65 533	9 389	130 157	1 130 935
At 1 April 2005						
Cost	796 870	641 223	175 771	46 024	98 867	1 758 755
Accumulated depreciation and impairment losses	(57 287)	(444 989)	(120 246)	(36 599)	-	(659 121)
Carrying amount	739 583	196 234	55 525	9 425	98 867	1 099 634
For the year ended 31 March 2007						
Carrying amount at 1 April 2006	**706 913**	**218 943**	**65 533**	**9 389**	**130 157**	**1 130 935**
Additions	**5 306**	**7 774**	**7 360**	**51**	**149 068**	**169 559**
Transfers	**16 973**	**151 235**	**9 411**	**715**	**(178 334)**	**-**
Depreciation charge for the year	**(53 022)**	**(59 753)**	**(33 801)**	**(1 777)**	**-**	**(148 353)**
Disposals	**-**	**(2 582)**	**(2 143)**	**(2)**	**(3 846)**	**(8 573)**
Carrying amount at 31 March 2007	**676 170**	**315 617**	**46 360**	**8 376**	**97 045**	**1 143 568**
For the year ended 31 March 2006						
Carrying amount at 1 April 2005	739 583	196 234	55 525	9 425	98 867	1 099 634
Additions	2 633	7 816	28 996	-	129 601	169 046
Transfers	11 775	66 364	15 773	1 583	(96 422)	(927)
Depreciation charge for the year	(47 022)	(40 940)	(32 674)	(1 619)	-	(122 255)
Impairments	-	(6 973)	-	-	-	(6 973)
Disposals	(56)	(3 558)	(2 087)	-	(1 889)	(7 590)
Carrying amount at 31 March 2006	706 913	218 943	65 533	9 389	130 157	1 130 935

** 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

Fully and partly depreciated assets with a cost of R23 million and accumulated depreciation of R19 million, were de-recognised in the financial year under review. This has reduced the cost price and accumulated depreciation of property, plant and equipment accordingly.

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.

5 Investment properties

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Cost	**33 673**	33 673	**33 673**	33 673
Accumulated depreciation and impairment losses	**(270)**	(200)	**(270)**	(200)
Carrying amount	**33 403**	33 473	**33 403**	33 473
Carrying amount at 1 April	**33 473**	33 673	**33 473**	33 673
Depreciation charge for the year	**(70)**	-	**(70)**	-
Impairment charge for the year	**-**	(200)	**-**	(200)
Carrying amount at 31 March	**33 403**	33 473	**33 403**	33 473
Fair value of investment properties	**73 493**	56 185	**73 493**	56 185

Fair value of investment properties

The fair values of investment properties is the fair value 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 as at 31 March 2007 and 2006 respectively. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties.

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 5 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 Company.

6 Computer software

Group and Company	Computer software R'000	*Capital work-in-progress R'000	Total R'000
At 31 March 2007			
Cost	**37 959**	**112 579**	**150 538**
Accumulated amortisation and impairment losses	**(24 380)**	**(32 304)**	**(56 684)**
Carrying amount	**13 579**	**80 275**	**93 854**
At 31 March 2006			
Cost	23 235	52 179	75 414
Accumulated amortisation and impairment losses	(16 595)	-	(16 595)
Carrying amount	6 640	52 179	58 819
At 31 March 2005			
Cost	20 037	14 661	34 698
Accumulated amortisation and impairment losses	(11 060)	-	(11 060)
Carrying amount	8 977	14 661	23 638
For the year ended 31 March 2007			
Carrying amount at 1 April 2006	**6 640**	**52 179**	**58 819**
Additions	**2 960**	**72 392**	**75 352**
Disposals	**-**	**(227)**	**(227)**
Transfers to property, plant and equipment	**11 765**	**(11 765)**	**-**
Amortisation charge for the year	**(7 786)**	**-**	**(7 786)**
Impairment charge for the year	**-**	**(32 304)**	**(32 304)**
Carrying amount at 31 March 2007	**13 579**	**80 275**	**93 854**

6 Computer software (continued)

Group and Company (continued)

For the year ended 31 March 2006	Computer software R'000	*Capital work-in-progress R'000	Total R'000
Carrying amount at 1 April 2005	8 977	14 661	23 638
Additions	351	37 518	37 869
Transfers from property, plant and equipment	927	-	927
Amortisation charge for the year	(3 615)	-	(3 615)
Carrying amount at 31 March 2006	6 640	52 179	58 819

* The capital work-in-progress comprises software systems that are being developed and implemented, but which are not yet available for use. Development costs of R32 million, relating to the content scheduling, sales and asset management system were impaired during the year.

Secured computer software *(see also note 21)*	Group and Company	
	2007 R'000	2006 R'000
GIS system for the collection of outstanding TV licence fees	**1 541**	-

7 Investments in subsidiaries

Company - unlisted

Subsidiary	Nature of business	Issued share capital (number)	% Held	Shares at cost 2007 R'000	Shares at cost 2006 R'000
Air Time TV Outside Broadcast (Proprietary) Limited *trading as Airwave Travel*	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				**18 971**	16 775

** Shares at cost of R1.*

8 Loans and receivables

	Group		Company	
Non-current loans and receivables	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Loan to Sentech Limited ('Sentech')	-	10 300	-	10 300
New Republic Bank	-	37	-	37
	-	10 337	-	10 337
Current loans and receivables				
Loan to Sentech Limited ('Sentech')	**5 300**	7 700	**5 300**	7 700

The loan to Sentech bears interest at the prime rate of interest, has no fixed terms of repayment and is unsecured. The loan has subsequently been repaid in full.

9 Available-for-sale financial assets

Listed - 143 257 (2006: 143 257) Sanlam Limited demutualisation shares				
Balance on 1 April	**2 363**	1 932	**2 363**	1 932
Disposals	-	(193)	-	(193)
Revaluation surplus transferred to equity	**502**	624	**502**	624
Balance 31 March	**2 865**	2 363	**2 865**	2 363

The available for sale financial asset was revalued at year end. There were no disposals or impairment provisions on available-for-sale financial assets during the year under review.

10 Derivative financial instruments

Group and Company	2007 Assets R'000	2007 Liabilities R'000	2006 Assets R'000	2006 Liabilities R'000
Forward currency contracts	**4 031**	**-**	-	5 468
Derivatives embedded in programme, film and sports rights agreements	**5 444**	**6 071**	8 033	-
	9 475	**6 071**	8 033	5 468
Less: current portion	**(9 475)**	**(1 465)**	(448)	(5 468)
Non-current portion	**-**	**4 606**	7 585	-

Derivative financial instruments are classified as assets or liabilities. The full fair value of an embedded derivative financial instrument is classified as a non-current asset or liability if the remaining maturity of the derivative is more than twelve months, and as a current asset or current liability, if the maturity date is less than twelve months.

11 Prepayments

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Programme, film and sports rights	**163 453**	175 754	**163 453**	175 754
Other	**21 661**	7 055	**21 661**	7 055
	185 114	182 809	**185 114**	182 809
Less: current portion	**(82 236)**	(105 213)	**(82 236)**	(105 213)
Non-current portion	**102 878**	77 596	**102 878**	77 596

12 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 2007				
Cost	**470 022**	**809 143**	**25 577**	**1 304 742**
Accumulated amortisation and impairment losses	**(180 747)**	**(582 272)**	**-**	**(763 019)**
Carrying amount	**289 275**	**226 871**	**25 577**	**541 723**
At 31 March 2006				
Cost	189 968	170 841	37 318	398 127
Accumulated amortisation and impairment losses	(89 045)	(7 143)	-	(96 188)
Carrying amount	100 923	163 698	37 318	301 939
At 1 April 2005				
Cost	201 068	136 883	12 765	350 716
Accumulated amortisation and impairment losses	(70 710)	(12 536)	-	(83 246)
Carrying amount	130 358	124 347	12 765	267 470
For the year ended 31 March 2007				
Carrying amount at 1 April 2006	**100 923**	**163 698**	**37 318**	**301 939**
Additions	**572 055**	**736 081**	**106 215**	**1 414 351**
Amortisation charge for the year	**(379 076)**	**(669 536)**	**(117 956)**	**(1 166 568)**
Impairment charge for the year	**(4 627)**	**(3 372)**	**-**	**(7 999)**
Carrying amount at 31 March 2007	**289 275**	**226 871**	**25 577**	**541 723**
For the year ended 31 March 2006				
Carrying amount at 1 April 2005	130 358	124 347	12 765	267 470
Additions	269 137	646 737	108 509	1 024 383
Amortisation charge for the year	(298 572)	(607 386)	(83 956)	(989 914)
Carrying amount at 31 March 2006	100 923	163 698	37 318	301 939

13 Inventories

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Consumables	**4 556**	5 312	**4 556**	5 312
Less: impairment on consumables	**(104)**	(178)	**(104)**	(178)
	4 452	5 134	**4 452**	5 134
Inventories carried at net realisable value	**598**	642	**598**	642

14 Trade and other receivables

Trade receivables - gross	**662 236**	680 689	**662 265**	683 721
Less: impairment of trade receivables	**(21 379)**	(23 070)	**(21 379)**	(23 061)
Trade receivables - net	**640 857**	657 619	**640 886**	660 660
Other receivables	**55 545**	38 056	**44 533**	22 601
	696 402	695 675	**685 419**	683 261

15 Held-to-maturity investments

Short-term deposits	**100 000**	724 000	**100 000**	724 000

Short-term deposits consist of fixed deposits at approved institutions for periods ranging from 30 days to 270 days. The average interest rate for the year was 9.05% (2006: 7.06%).

16 Restricted cash

Government Grant	**3 626**	-	**3 626**	-
SABC Foundation	**932**	866	**932**	866
	4 558	866	**4 558**	866

The Government Grant is related to the technology plan for the migration of the SABC from analogue to digital technology. The SABC Foundation Bursary Scheme is used for bursaries only.

17 Cash and cash equivalents

Cash on hand and bank balances	**46 795**	30 028	**41 711**	23 159
Negotiable certificates of deposits	**646 000**	105 000	**646 000**	105 000
Call deposits	**10 043**	10 000	**10 043**	10 000
Cash held on foreign bank accounts	**4 719**	-	**70**	-
	707 557	145 028	**697 824**	138 159

The exchange rate at 31 March 2007 on foreign bank accounts was R 7.27 to the US Dollar and R 9.70 to the EURO.

18 Share capital

Share capital - Authorised and issued

1 000 ordinary shares of R 1 each	**1**	1	**1**	1

19 Reserves

19.1 Fair value adjustment reserve

The fair value adjustment reserve includes the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

19.2 Commemorative fund reserve

The commemorative fund reserve is the maximum reserve set aside to provide short-term finance to employees at a rate of interest prescribed by the South African Revenue Services for loans to employees. Loans already advanced are included in other receivables.

During the year ended 31 March 2006, management decided to reclassify the entire commemorative fund reserve to retained earnings.

19.3 Insurance reserve

The insurance reserve was established to provide internal cover in respect of certain specific risks. Market-related premiums in respect of these risks were transferred to the insurance reserve from retained earnings. Similarly, claims paid were recognised as an expense in the income statement and a reclassification made out of the insurance reserve to retained earnings.

During the year ended 31 March 2006, management decided to reclassify the entire insurance reserve to retained earnings. Claims paid will continue to be recognised as an expense in the income statement.

20 Perpetual debt instrument

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Permanent capital	**27 390**	27 390	**27 390**	27 390

On 1 February 1972, the Group'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 interest payments to the Group's shareholder.

21 Interest-bearing loans and borrowings

Unsecured				
Loan from subsidiary	**-**	-	**8 824**	6 833
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.				
Secured				
Wesbank facility for an outside broadcast van and related vehicles held under finance lease and repayable over five years at a floating prime-linked rate of 9.75% (2006: 7.75%) per annum. The lease is repayable in monthly payments of R0,9 million with the last balloon payment of R5.6 million due in February 2008.	**14 025**	23 369	**14 025**	23 369
Nedbank lease for office equipment under finance lease repayable over thee years at a rate of 9.75% (2006: 7.75%) per annum. The lease is repayable in monthly payments of R0,01 million with the last payment due in August 2007.	**1 161**	385	**1 161**	385
Hewlett Packard lease for desktop equipment under finance lease payable over thee years at a rate of 6% (2006: 6%) per annum. The lease is repayable in monthly payments of R0,9 million with the last payment due in January 2010.	**14 268**	18 540	**14 268**	18 540
Nedbank instalment sale facility for the lift upgrade payable over five years at a rate of 9.75% (2006: 7.75%) per annum. The lease is repayable in monthly payments of R0,3 million with the last payment due in September 2009.	**8 055**	10 822	**8 055**	10 822
Nedbank instalment sale facility for news production server payable over five years at a rate of 9.75% (2006: 7.75%) per annum. The lease is repayable in monthly payments of R0,3 million with the last payment due in October 2009.	**7 610**	10 130	**7 610**	10 130
Nedbank instalment sale facility for Dalet hardware payable over four years at a rate of 9.75% (2006: 7.75%) per annum. The lease is repayable in monthly payments of R0,2 million with the last payment due in May 2009.	**4 317**	6 108	**4 317**	6 108
GIS system for the collection of outstanding TV licence fees are payable at a rate of 12.5% per annum. The lease is payable in monthly payments of R0,05 million with the last payment due in June 2010.	**1 541**	-	**1 541**	-
Total	**50 977**	69 354	**59 801**	76 187
Less: current portion transferred to current liabilities	**(30 790)**	(28 617)	**(30 790)**	(35 450)
Non-current portion	**20 187**	40 737	**29 011**	40 737

Group

Payments are as follows:

	2007			2006		
Finance lease liabilities	**Minimum lease payments R'000**	**Interest R'000**	**Principal R'000**	**Minimum lease payments R'000**	**Interest R'000**	**Principal R'000**
Less than one year	**24 515**	**(1 375)**	**23 140**	23 712	(2 158)	21 554
Later than one year but not later than five years	**8 124**	**(269)**	**7 855**	21 583	(843)	20 740
	32 639	**(1 644)**	**30 995**	45 295	(3 001)	42 294
Instalment sale liabilities						
Less than one year	**9 262**	**(1 612)**	**7 650**	9 006	(1 943)	7 063
Later than one year but not later than five years	**13 280**	**(948)**	**12 332**	21 909	(1 912)	19 997
	22 542	**(2 560)**	**19 982**	30 915	(3 855)	27 060
	55 181	**(4 204)**	**50 977**	76 210	(6 856)	69 354

21 *Interest-bearing loans and borrowings (continued)*

Company

	2007			2006		
Finance lease liabilities	**Minimum lease payments R'000**	**Interest R'000**	**Principal R'000**	**Minimum lease payments R'000**	**Interest R'000**	**Principal R'000**
Less than one year	**24 515**	**(1 375)**	**23 140**	23 712	(2 158)	21 554
Later than one year but not later than five years	**8 124**	**(269)**	**7 855**	21 583	(843)	20 740
	32 639	**(1 644)**	**30 995**	45 295	(3 001)	42 294
Instalment sale liabilities						
Less than one year	**9 262**	**(1 612)**	**7 650**	9 006	(1 943)	7 063
Later than one year but not later than five years	**13 280**	**(948)**	**12 332**	21 909	(1 912)	19 997
	22 542	**(2 560)**	**19 982**	30 915	(3 855)	27 060
Loan from subsidary						
Less than one year	**-**	**-**	**-**	6 833	-	6 833
Later than one year but not later than five years	**8 824**	**-**	**8 824**	-	-	-
	8 824	**-**	**8 824**	6 833	-	6 833
	64 005	**(4 204)**	**59 801**	83 043	(6 856)	76 187

22 Deferred government grant

	Group		Company	
	2007 R'000	**2006 R'000**	**2007 R'000**	**2006 R'000**
Balance on 1 April	**100 000**	-	**100 000**	-
Amounts received during the year	**119 298**	100 000	**119 298**	100 000
Amount realised in line with amortisation and depreciation	**(30 563)**	-	**(30 563)**	-
Balance on 31 March	**188 735**	100 000	**188 735**	100 000
Less: current portion	**(35 378)**	-	**(35 378)**	-
Non-current portion	**153 357**	100 000	**153 357**	100 000

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. To date, an amount of R250 million has been received. Amounts to be received in future, per the notification received from National Treasury, is R150 million in 2007/2008 and R300 million thereafter.

23 Deferred tax

Deferred tax is attributable to the following:

Deferred tax liability

Property, plant and equipment	**134 461**	174 989	**134 461**	174 989
Finance leases	**1 258**	(6 595)	**1 258**	(6 595)
Investment properties	**-**	3 275	**-**	3 275
Programme, film and sports rights	**120 219**	41 017	**120 219**	41 017
Computer software	**(1 261)**	(365)	**(1 261)**	(365)
Straight-lining of operating leases	**(189)**	279	**(189)**	279
Available-for-sale financial assets	**220**	184	**220**	184
Derivative financial instruments	**1 154**	2 330	**1 154**	2 330
Prepayments	**5 256**	2 242	**5 256**	2 242
Employee benefits	**(106 161)**	(92 771)	**(106 161)**	(92 771)
Deferred income	**(18 037)**	(25 189)	**(18 037)**	(25 189)
Other payables and provisions	**(33 738)**	(33 367)	**(33 738)**	(33 367)
Total liabilities	**103 182**	66 029	**103 182**	66 029

23 Deferred tax (continued)

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Deferred tax assets				
Finance leases	**7**	-	**-**	-
Other payables and provisions	**(44)**	-	**-**	-
Total assets	**(37)**	-	**-**	-
Total deferred tax	**103 145**	66 029	**103 182**	66 029

The insignificant deferred tax asset has been offset against the deferred tax liability.

All movements in the temporary differences described above, with the exception of available-for-sale financial assets, have been recognised in the income statement, as follows:

Deferred tax liability on 1 April	**66 029**	137 383	**66 029**	137 383
Deferred tax recognised in equity on available-for-sale financial assets	**73**	79	**73**	79
Prior year under-provision	**11 291**	-	**11 305**	-
Deferred tax recognised in income statement	**25 752**	(71 433)	**25 775**	(71 433)
Deferred tax liability on 31 March	**103 145**	66 029	**103 182**	66 029

24 Employee benefits

Non-current balance sheet asset for:				
Pension benefits	**-**	-	**-**	-
Non-current balance sheet obligations for:				
Post-employment medical benefits	**213 966**	202 249	**213 966**	202 249
Employee incentive	**21 540**	21 981	**21 540**	21 981
Leave pay	**10 828**	17 039	**10 828**	17 039
	246 334	241 269	**246 334**	241 269
Current balance sheet obligations for:				
Employee incentive	**10 770**	14 585	**10 770**	14 585
Leave pay	**78 169**	64 045	**78 008**	64 045
	88 939	78 630	**88 778**	78 630
Total balance sheet obligations for employee benefits	**335 273**	319 899	**335 112**	319 899
Income statement charge (see note 29):				
Pension benefits	**75 122**	61 254	**74 920**	61 254
Post-employment medical benefits	**11 351**	40 901	**11 351**	40 901
Employee incentive	**11 266**	27 407	**11 266**	27 407
Leave pay	**21 207**	25 654	**21 118**	25 654
	118 946	155 216	**118 655**	155 216

Pension benefits

The Company's 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 of the Company's employees.

The financial position of the fund is examined and reported upon by the Fund's valuator at intervals not exceeding three years. An actuarial valuation of the Fund was performed at 31 December 2003, 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 results of the valuation undertaken as at 31 December 2003 have beeen used to determine the extent of the surplus for the purpose of a surplus apportionment in terms of the Pension Funds Second Amendment Act, No 39 of 2001.

The plan for apportionment has been submitted to the Financial Services Board and feed back is being awaited. The Group has provided for R2,1 billion in the current year that relates to former members, pensioners and the employer when disclosing the defined benefit obligation.

24 Employee benefits (continued)

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Pension benefits (continued)				
The amounts recognised in the balance sheet are determined as follows:				
Present value of funded obligations*	**5 277 663**	2 531 198	**5 277 663**	2 531 198
Fair value of plan assets	**(6 233 008)**	(4 977 032)	**(6 233 008)**	(4 977 032)
Funded status of the plan (surplus)	**(955 345)**	(2 445 834)	**(955 345)**	(2 445 834)
Unrecognised due to uncertainties associated with the apportionment process	**955 345**	2 445 834	**955 345**	2 445 834
Asset recognised in the balance sheet	**-**	-	**-**	-

* The present value of the funded obligation for 2006 is before the surplus apportionment allocation.

Changes in the present value of the defined benefit obligation are as follows:				
Opening defined benefit obligation	**2 531 198**	2 002 333	**2 531 198**	2 002 333
Current service cost	**105 203**	84 428	**105 203**	84 428
Interest cost	**202 251**	173 816	**202 251**	173 816
Acturial losses	**2 550 444**	380 196	**2 550 444**	380 196
Pension Surplus Apportionment	**2 100 000**	-	**2 100 000**	-
Acturial losses current year	**450 444**	380 196	**450 444**	380 196
Benefits paid	**(144 105)**	(135 425)	**(144 105)**	(135 425)
Member contribution	**32 672**	25 850	**32 672**	25 850-
Closing defined benefit obligation	**5 277 663**	2 531 198	**5 277 663**	2 531 198
Changes in the fair value of plan assets are as follows:				
Fair value of plan assets at the beginning of the year	**4 977 032**	3 707 978	**4 977 032**	3 707 978
Employee contributions	**32 672**	25 850	**32 672**	25 850
Employer contributions	**76 234**	61 254	**76 234**	61 254
Benefit payments	**(144 105)**	(135 425)	**(144 105)**	(135 425)
Expected return on plan assets	**421 582**	317 475	**421 582**	317 475
Actuarial gain	**869 593**	999 900	**869 593**	999 900
Fair value of plan assets at the end of the year	**6 233 008**	4 977 032	**6 233 008**	4 977 032
The amounts recognised in the income statement are determined as follows:				
Current service cost	**105 203**	84 428	**105 203**	84 428
Interest cost	**202 251**	173 816	**202 251**	173 816
Expected return on plan assets	**(421 582)**	(317 475)	**(421 582)**	(317 475)
Actuarial losses/(gain)	**1 680 851**	(619 704)	**1 680 851**	(619 704)
Change in paragraph 58 limitation	**(1 490 489)**	740 189	**(1 490 489)**	740 189
Net periodic pension charge	**76 234**	61 254	**76 234**	61 254
Charge included in employee compensation and benefit expenses - representative of employer contributions	**(75 122)**	(61 254)	**(74 920)**	(61 254)
Charge not recognised due to uncertainties associated with the apportionment process	**1 112**	-	**1 314**	-

24 Employee benefits (continued)

Post-employment medical benefits (continued)

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows:				
Discount rate at 31 March	**8.0**	8.0	**8.0**	8.0
Expected return on plan assets at 31 March	**8.7**	8.5	**8.7**	8.5
Inflation	**4.5**	4.5	**4.5**	4.5
Future salary increases	**6.0**	6.0	**6.0**	6.0
Future pension increases	**3.8**	4.3	**3.8**	4.3

	Group and Company			
The value of assets as at 31 March is set out below:	2007 R'000	%	2006 R'000	%
Domestic Equity	**3 726 846**	**59.8**	3 077 000	61.8
Bonds	**750 548**	**12.0**	654 000	13.1
Cash	**339 822**	**5.5**	234 000	4.7
Other	**126 908**	**2.0**	402 032	8.1
Foreign Assets	**757 821**	**12.2**	610 000	12.3
Hedged Assets	**531 063**	**8.5**	-	-
Total	**6 233 008**	**100**	4 977 032	100

Post-employment medical benefits

The Group provides a 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 subsidy of 36% from 1 April 2006 (2005: subsidy of 48% to May 2005 and a 20% reduction in subsidy to 36% from 1 June 2005). See note 39.

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
The amounts recognised in the balance sheet are determined as follows:				
Present value of unfunded obligations	**213 966**	202 249	**213 966**	202 249
Changes in the present value of the defined benefit obligation are as follows:				
Opening defined benefit obligation	**202 249**	162 691	**202 249**	162 691
Transfer from provisions	**8 943**	14 876	**8 943**	14 876
Current service cost	**5 016**	4 532	**5 016**	4 532
Interest cost	**15 725**	14 353	**15 725**	14 353
Actuarial (gain)/loss	**(9 390)**	22 016	**(9 390)**	22 016
Contributions	**(8 577)**	(16 219)	**(8 577)**	(16 219)
Closing defined benefit obligation	**213 966**	202 249	**213 966**	202 249
The amounts recognised in the income statement are determined as follows:				
Current service cost	**5 016**	4 532	**5 016**	4 532
Interest cost	**15 725**	14 353	**15 725**	14 353
Actuarial (gain)/loss	**(9 390)**	22 016	**(9 390)**	22 016
Total, included in employee compensation and benefit expenses	**11 351**	40 901	**11 351**	40 901

24 *Employee benefits (continued)*

Post-employment medical benefits (continued)	Group 2007 %	Group 2006 %	Company 2007 %	Company 2006 %
The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are as follows:				
Discount rate at 31 March	**7.6**	7.6	**7.6**	7.6
Medical inflation rate per annum				
2007	**6.4**	5.1	**6.4**	5.1
2008	**6.2**	5.1	**6.2**	5.1
2009	**5.9**	5.1	**5.9**	5.1
2010 and thereafter	**varies between 5.1 and 5.7**	5.1	**varies between 5.1 and 5.7**	5.1
Take-up rate by retired employees	**80**	80	**80**	80

Employee incentive and 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 balance sheet 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.

25 Trade and other payables

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Trade payables - local	**142 813**	148 983	**140 887**	143 692
Trade payables - foreign	**136 884**	29 719	**136 884**	29 719
Other payables	**199 237**	286 904	**194 340**	284 701
Accrued expenses	**135 517**	114 344	**135 408**	114 236
	614 451	579 950	**607 519**	572 348

26 Deferred income

TV Licence fees received in advance	**34 126**	20 487	**34 126**	20 487
Grants and sponsorships received in advance	**28 072**	37 081	**28 072**	37 081
	62 198	57 568	**62 198**	57 568

27 Provisions

Group and Company	Legal claims R'000	Post-employment medical aid R'000	Total R'000
Balance at 1 April 2006	**-**	**5 000**	**5 000**
Provisions raised during the year	**19 000**	**-**	**19 000**
Provisions utilised during the year	**-**	**(5 000)**	**(5 000)**
Balance at 31 March 2007	**19 000**	**-**	**19 000**
Classified as current	**19 000**	**-**	**19 000**

28 Revenue

	Note	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Total advertising revenue		**2 829 956**	2 630 100	**2 829 956**	2 630 100
Advertising		**2 764 194**	2 547 323	**2 764 194**	2 547 323
Trade exchanges (non-monetary exchanges)		**65 762**	82 777	**65 762**	82 777
Total business enterprises and facilities revenue		**45 605**	41 361	**45 605**	41 361
Business enterprises and facilities revenue		**45 085**	41 361	**45 085**	41 361
Trade exchanges (non-monetary exchanges)		**520**	-	**520**	-
Total sponsorships		**422 038**	382 490	**422 038**	382 490
Sponsorships		**417 587**	379 027	**417 587**	379 027
Trade exchanges (non-monetary exchanges)		**4 451**	3 463	**4 451**	3 463
Licence fees		**760 070**	738 720	**760 070**	738 720
Government grants for education programmes		**53 482**	50 455	**53 482**	50 455
Government grants for technology assets	*22*	**30 563**	-	**30 563**	-
Other revenue		**126 599**	99 929	**122 391**	94 910
		4 268 313	3 943 055	**4 264 105**	3 938 036

29 Employee compensation and benefit expenses

Total cost of employment		**960 851**	834 575	**958 618**	832 561
Pension benefits	*24*	**75 122**	61 254	**74 920**	61 254
Post-employment medical benefits		**11 351**	40 901	**11 351**	40 901
Employee incentive		**11 266**	27 407	**11 266**	27 407
Leave pay		**21 207**	25 654	**21 118**	25 654
		1 079 797	989 791	**1 077 273**	987 777

Included in these amounts are directors' emoluments, which are disclosed in more detail in note 40. See also note 24.

30 Other expenses

Other expenses include the following charges/(benefits):

Auditor's remuneration		**5 718**	3 831	**5 718**	3 831
Audit fees		**5 718**	3 831	**5 718**	3 831
Consulting fees		**131 633**	43 560	**131 303**	43 560
Administrative		**440**	109	**125**	109
Managerial		**83 721**	28 430	**83 706**	28 430
Projects		**20 478**	1 914	**20 478**	1 914
Technical		**26 994**	13 107	**26 994**	13 107
Operating lease charges		**21 250**	14 042	**21 239**	14 042
Buildings		**5 297**	4 536	**5 297**	4 536
Equipment		**8 921**	7 565	**8 910**	7 565
Vehicles		**7 032**	1 941	**7 032**	1 941
Depreciation of investment properties	*5*	**70**	-	**70**	-
Impairment of investment properties	*5*	**-**	200	**-**	200
Reversal of impairment of consumables	*13*	**(74)**	(928)	**(74)**	(928)
(Reversal)/impairment of trade receivables	*14*	**(1 691)**	1 921	**(1 682)**	1 912

31 Other losses

Loss on sale of property, plant and equipment	**(128)**	(1 464)	**(128)**	(1 464)
Realised profit on sale of available-for-sale financial asset	**-**	72	**-**	72
	(128)	(1 392)	**(128)**	(1 392)

32 Net financing income

	Note	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Interest income		**61 987**	42 417	**61 768**	42 293
Banking institutions		**61 107**	40 524	**60 888**	40 400
Sentech Limited	*8, 40*	**880**	1 893	**880**	1 893
Dividend income		**95**	87	**95**	87
Net foreign exchange gain on monetary items		**2 631**	-	**-**	-
Financial income		**64 713**	42 504	**61 863**	42 380
Interest expense		**(7 736)**	(7 963)	**(8 148)**	(8 310)
Independent third parties		**(851)**	(389)	**(1 266)**	(736)
Shareholder - permanent capital	*40*	**(1 796)**	(1 780)	**(1 796)**	(1 780)
Finance leases	*21*	**(5 089)**	(5 794)	**(5 086)**	(5 794)
Net foreign exchange loss on monetary items		**-**	(2 667)	**(708)**	(2 010)
Net loss on derivative financial instruments		**(8 661)**	(1 503)	**(8 661)**	(1 503)
Financial expense		**(16 397)**	(12 133)	**(17 517)**	(11 823)
Net financing income		**48 316**	30 371	**44 346**	30 557

33 Income tax expense

Current tax expense	*35*	**39 223**	231 150	**38 042**	230 667
Current tax expense - prior year under provision	*35*	**34**	3 207	**-**	2 020
Deferred tax charge/ (benefit)		**37 043**	(71 433)	**37 080**	(71 433)
Taxable/(deductible) temporary differences		**25 752**	(71 433)	**25 775**	(71 433)
Prior year under provision		**11 291**	-	**11 305**	-
		76 300	162 924	**75 122**	161 254

Reconciliation of effective tax rate:	2007 %	2007 R'000	2006 %	2006 R'000
Group				
Profit before income tax		**259 063**		545 802
Income tax using the company tax rate	**29.0**	**75 128**	29.0	158 283
Non-taxable income	**(5.1)**	**(13 256)**	-	(25)
Non-deductable expenses	**1.3**	**3 255**	0.3	1 459
Prior year under provision	**4.4**	**11 325**	0.6	3 207
Utilisation of tax loss	**(0.1)**	**(152)**	-	-
Effective tax rate	**29.5**	**76 300**	29.9	162 924
Company				
Profit before income tax		**254 957**		544 042
Income tax using the company tax rate	**29.0**	**73 938**	29.0	157 772
Non-taxable income	**(5.2)**	**(13 376)**	(0.0)	(25)
Non-deductable expenses	**1.3**	**3 255**	0.3	1 487
Prior year under provision	**4.4**	**11 305**	0.3	2 020
Effective tax rate	**29.5**	**75 122**	29.6	161 254

34 Cash generated from operations

	Note	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Reconciliation of profit for the year to cash generated from operations:					
Profit for the year		**182 763**	382 878	**179 835**	382 788
Adjustments for:					
Amortisation of programme, film and sports rights	*12*	**1 166 568**	989 914	**1 166 568**	989 914
Impairment of programme, film and sports rights	*12*	**7 999**	-	**7 999**	-
Amortisation and impairment of computer software	*6*	**7 786**	3 615	**7 786**	3 615
Impairment of computer software	*6*	**32 304**	-	**32 304**	-
Amortisation of government grant	*22*	**(30 563)**	-	**(30 563)**	-
Depreciation of property, plant and equipment	*4*	**148 370**	122 255	**148 353**	122 255
Impairment of property, plant and equipment	*4*	**-**	6 973	**-**	6 973
Depreciation of investment properties	*5*	**70**	-	**70**	-
Impairment of investment properties	*5*	**-**	200	**-**	200
Impairment of consumables	*30*	**(74)**	(928)	**(74)**	(928)
Impairment of trade receivables	*30*	**(1 691)**	1 921	**(1 682)**	1 912
Loss on disposal of property, plant and equipment	*31*	**128**	1 464	**128**	1 464
Profit on sale of available-for-sale financial asset	*31*	**-**	(72)	**-**	(72)
Other movements (net)		**(214)**	1 706	**601**	1 706
Interest received	*32*	**(61 987)**	(42 417)	**(61 768)**	(42 293)
Dividends received	*32*	**(95)**	(87)	**(95)**	(87)
Interest paid	*32*	**7 736**	7 963	**8 148**	8 310
Income tax expense	*33*	**76 300**	162 924	**75 122**	161 254
Operating profit before payments for acquisition of programme, film and sports rights, changes in working capital, employee benefits and provisions.		**1 535 400**	1 638 309	**1 532 732**	1 637 011
Payments for acquisition of programme, film and sports rights	*12*	**(1 414 351)**	(1 024 383)	**(1 414 351)**	(1 024 383)
Operating profit before changes in working capital, employee benefits and provisions		**121 049**	613 926	**118 381**	612 628
(Increase)/decrease in derivative financial instruments	*10*	**(839)**	8 835	**(839)**	8 835
(Increase)/ decrease in prepayments	*11*	**(2 305)**	18 512	**(2 305)**	18 512
Decrease in inventories	*13*	**756**	1 343	**756**	1 343
Decrease/(increase) in trade and other receivables	*14*	**964**	(102 467)	**(476)**	(89 130)
Increase in employee benefits	*24*	**15 374**	66 959	**15 213**	66 959
Increase in trade and other payables	*25*	**34 501**	121 303	**35 171**	109 273
Increase in deferred income	*26*	**4 630**	16 024	**4 630**	16 024
Increase/(decrease) in provisions	*27*	**14 000**	(19 907)	**14 000**	(19 907)
Cash generated from operations		**188 130**	724 528	**184 531**	724 537

35 Income taxes paid

Balance at 1 April		**119 877**	29 486	**118 207**	29 486
Current taxation	33	**39 257**	234 357	**38 042**	232 687
Balance at 31 March		**19 165**	(119 877)	**22 050**	(118 207)
Taxation paid		**178 299**	143 966	**178 299**	143 966

36 Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments are used to economically hedge exposure to fluctuations in foreign exchange rates.

36 Financial instruments (continued)

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit (over a certain amount). The Group does not require collateral in respect of financial assets.

Investments are acquired only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with counterparties with sound credit ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

The Group's income and operating cash flows are substantially independent of 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 the fair value of interest rate fluctuations (see also note 15 and 21).

Foreign currency risk

The Group is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the US dollar, Euro and the UK pound. Foreign exchange risk arises primarily from international programming rights that are procured in foreign currency and the procurement, implementation and maintenance of its broadcasting infrastructure.

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Group Treasury uses forward contracts to manage the Group's foreign exchange risk arising from future commercial transactions, 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% and 50% of firm commitments for the acquisition of international programming rights in each major currency 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 currencies. The percentage forward cover on foreign commitments for less than one year is 60%.

Outstanding forward currency contracts

Group and Company	Less than one year 2007	Less than one year 2006	Total notional amount 2007	Total notional amount 2006
	R'000	R'000	R'000	R'000
Forward currency contracts used to economically hedge trade payables	**151 348**	111 433	**151 348**	111 433
US dollar: *contracted rate R 7.20 (2006: R 6.46)*				

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.

	2007		2006	
Group	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Financial assets				
Loans and receivables	**5 300**	**5 300**	18 037	18 037
Available-for-sale financial assets	**2 865**	**2 865**	2 363	2 363
Derivative financial instruments	**9 475**	**9 475**	8 033	8 033
Trade and other receivables	**696 402**	**696 402**	695 675	695 675
Held-to-maturity investments	**100 000**	**100 000**	724 000	724 000
Cash and cash equivalents	**707 557**	**707 557**	145 028	145 028
Total financial assets	**1 521 599**	**1 521 599**	1 593 136	1 593 136

36 Financial instruments (continued)

	2007		2006	
Group (continued)	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Financial liabilities				
Perpetual debt instrument	**27 390**	**18 741**	27 390	22 972
Interest-bearing loans and borrowings	**50 977**	**50 977**	69 354	69 354
Derivative financial instruments	**6 071**	**6 071**	5 468	5 468
Trade and other payables	**614 451**	**614 451**	579 950	579 950
Total financial liabilities	**698 889**	**690 240**	682 162	677 744
Net financial assets	**822 710**	**831 359**	910 974	915 392
Company				
Financial assets				
Loans and receivables	**5 300**	**5 300**	18 037	18 037
Available-for-sale financial assets	**2 865**	**2 865**	2 363	2 363
Derivative financial instruments	**9 475**	**9 475**	8 033	8 033
Trade and other receivables	**685 419**	**685 419**	683 261	683 261
Held-to-maturity investments	**100 000**	**100 000**	724 000	724 000
Cash and cash equivalents	**697 824**	**697 824**	138 159	138 159
Total financial assets	**1 500 883**	**1 500 883**	1 573 853	1 573 853
Financial liabilities				
Perpetual debt instrument	**27 390**	**18 741**	27 390	22 972
Interest-bearing loans and borrowings	**59 801**	**59 801**	76 187	76 187
Derivative financial instruments	**6 071**	**6 071**	5 468	5 468
Trade and other payables	**607 519**	**607 519**	572 348	572 348
Total financial liabilities	**700 781**	**692 132**	681 393	676 975
Net financial assets	**800 102**	**808 751**	892 460	896 878

Borrowing facilities

The borrowing facilities include general short-term banking facilities as well as asset-based finance facilities.

	Group		Company	
General short-term banking facilities	2007 R'000	2006 R'000	2007 R'000	2006 R'000
First National Bank	**50 000**	50 000	**50 000**	50 000
Standard Corporate and Merchant Bank	**50 000**	50 000	**50 000**	50 000
Nedbank	**50 000**	-	**50 000**	-
Absa Corporate and Merchant Bank	**100 000**	100 000	**100 000**	100 000
Investec	**3 000**	3 000	**3 000**	3 000
Unutilised	**253 000**	203 000	**253 000**	203 000
Asset finance				
Provided	**340 000**	240 000	**340 000**	240 000
Utilised	**(61 356)**	(50 813)	**(61 356)**	(50 813)
Unutilised	**278 644**	189 187	**278 644**	189 187
Guarantees				
Provided	**56 000**	56 000	**56 000**	56 000
Utilised	**(3 675)**	(9 952)	**(3 675)**	(9 952)
Unutilised	**52 325**	46 048	**52 325**	46 048

The Group has exposure to guarantees. In addition to the normal guarantees, the Group has a guarantee for the housing scheme and is on occasion called upon to provide guarantees when procuring goods and services.

37 Operating leases

Leases as lessee	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Non-cancellable operating lease rentals are payable as follows:				
Less than one year	**11 354**	7 265	**11 354**	7 265
Between one and five years	**26 403**	20 940	**26 403**	20 940
More than five years	**921**	3 205	**921**	3 205
	38 678	31 410	**38 678**	31 410

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 2007, R 21 million was recognised as an expense in the income statement in respect of operating leases (2006: R 14 million)

Leases as lessor

The Group leases out certain of its investment properties under operating leases (see note 5). The future minimum lease payments under non-cancellable leases are as follows:

Less than one year	**2 943**	5 929	**2 943**	5 929
Between one and five years	**6 027**	2 136	**6 027**	2 136
	8 970	8 065	**8 970**	8 065

During the year ended 31 March 2007, R 7,7 million was recognised as rental income in the income statement (2006: R 11,0 million) and R 0,04 million in respect of repairs and maintenance was recognised as an expense in the income statement relating to investment property (2006: R 0,3 million).

38 Commitments

Capital commitments				
Contracted for	**939 662**	415 548	**939 662**	415 548
Approved but not contracted for	**539 016**	218 364	**539 016**	218 364
	1 478 678	633 912	**1 478 678**	633 912
Programme, film and sports rights	**1 170 876**	886 571	**1 170 876**	886 571
Total purchase commitments	**2 649 554**	1 520 483	**2 649 554**	1 520 483

Capital expenditure will be funded partially by Government through its technology recapitalisation programme plan (see note 22).

Commitments for programme, film and sports rights will be funded internally. The currency exposure on foreign programme, film and sports rights at 31 March 2007 is as follows:

Group and Company	Local commitments R'000	Foreign commitments '000	Foreign commitments R'000	Total R'000
Year ending 31 March 2008	**428 935**	34 575	**251 492**	**680 427**
Local	**428 935**	-	**-**	**428 935**
Foreign - USD	**-**	34 575	**251 492**	**251 492**
Year ending 31 March 2009	**79 721**	22 649	**164 745**	**244 466**
Local	**79 721**	-	**-**	**79 721**
Foreign - USD	**-**	22 649	**164 745**	**164 745**
Year ending 31 March 2010	**83 218**	6 568	**47 776**	**130 994**
Local	**83 218**	-	**-**	**83 218**
Foreign - USD	**-**	6 568	**47 776**	**47 776**
Year ending 31 March 2011	**-**	15 089	**114 989**	**114 989**
Foreign - USD	**-**	15 089	**114 989**	**114 989**
Total commitments	**591 874**	78 881	**579 002**	**1 170 876**

39 Contingencies

Group and Company

Contingent liabilities comprise claims lodged by third parties against the Group which, in some cases, may be reduced by a counter claim for insurance.

Phumelela Aviation Services has instituted a claim of approximately R8 million in respect of an alleged breach of contract by the Group for the provision of Aviation Services to the SABC Morning Shows. A new trial date has not been set. On the 19th February 2007 this matter was removed from the roll and plaintiffs ordered to pay the costs. The Attorneys have taxed the bill of costs and have forwarded it to the Plaintiff for payment. It's unlikely that the plaintiff will enroll the matter for hearing. The actual exposure of the Group is expected to be significantly lower than the amount claimed.

The Public Investment Corporation ('PIC') has also instituted a claim of approximately R377 million plus interest against the Group for the cancellation of a lease agreement. A special plea has been entered. The PIC has raised an exception to the SABC's special plea. Exception to the special plea was set down for the 17th April 2007 and the matter was removed from the roll due to the unavailability of counsel on both sides. The Attorneys are trying to get a date in November 2007 to argue the exception. In the meantime the Group have sought intervention from the Department of Communications in this respect as the Group believe the that it is not liable for the amount the PIC is claiming, and because it is two state departments litigating about the matter that falls within the same ministry.

The SABC is being sued by Moses Matshediso Mahoko for breach of an oral agreement alternatively on breach of the Performers Protection Act 11 of 1967. The plaintiff is claiming R800 000 as royalties for the sale of tapes of the show that he co-hosted as an invitee or guest of the DJ. The pleadings have been closed and the matter is set down for trial on the 15th September 2007.

Thando Tokota and Nomsa Jacquiline Tokota have instituted a claim against the SABC for defamation which allegedly occurred during the CKI FM Broadcast on the 28 November 2004.The plaintiffs are claiming R100 000 each. The pleadings have closed and the Group are still awaiting trial date.

The National Lottery Board (NLB) brought an application against the Trustees of the SA Children's Charity and the SABC for breach of the Lotteries Act. The application is in regard to the WiniKhaya competition on SABC1. They are seeking an order stopping the SABC from broadcasting this competition. The matter has been set down for court for the 17, 18 and 19th of October 2007. This might have a significant impact on future revenue streams.

A potential claim of approximately R52 million by Sentech Limited in respect of transmission networks affected by the closure of the Bophuthatswana Broadcasting Corporation is being disputed. The Group is of the opinion that the Department of Communications will resolve these claims with Sentech Limited. There has been no action in this matter since. Sentech Limited only dispatched a letter to the SABC and has never issued summons.

The SABC together with Sicebisa Isizwe Ngemfundo are being sued by MIET for breach of contract. They are claiming R0,3 million. The SABC entered into an agreement with Sicebisa Isizwe Ngemfundo in terms of which they were to organise, manage and facilitate workshops and training of the Teachers in the Eastern Cape. Sicebisa Isizwe Ngemfundo sub-contracted MIET to perform certain services for them in terms of their original agreement with the SABC. There is no agreement between the SABC and MIET. The matter is set down for trial for the 20th of November 2007.

Christopher Frank Pulkowski is suing the SABC for Copyright infringement. He is the original composer of the original theme and background music for 'Generations'. He increased his claim from R5 to R13 million. The SABC has subsequent to that pleaded and joined MMSV Production (Marula Productions) which produces Generations as a party to the proceedings. We are currently awaiting trial date which is expected to be in mid 2008.

The SABC is currently being sued by Hamba Dompas for breach of an oral agreement. The plaintiff alleges that he entered into an oral agreement with Metro FM to film the Metro FM Awards. He is claiming R0,5 million. The pleadings have closed and the Group is awaiting a trial date. The Group expect the actual exposure to be significantly lower than the amount claimed.

Trustco (Proprietary) Limited has instituted a claim of approximately R140 million against the Group for an alleged breach of contract relating to a Wireless agreement for a game show on SABC2. The SABC lost the case and is appealing the arbitration award. The damages, should the plaintif succeed in proving same, will be substantially less than originally claimed.

The Group has been sued for R7 million, being a personal injury claim by Letta Mbuli / C Semenya for the broadcast of their licensed programme. The matter has been set down for trial on the 12th of November 2007. In the agreement T. Music Management warranted that it had authority to sell the aforesaid recordings to the SABC and further indemnified the SABC from any third party liability.

Three separate groups of former and current employees are seeking a court order against the Group to re-instate the Group's 60% contribution to the post-employment medical aid scheme. The claims, if successful, may increase the Group's post-employment medical aid liability by approximately R141 million. The cases are at various stages of litigation but the Group has served and filed their plea on two of their cases. The Group is also making an attempt to consolidate all the matters and have them heard as one matter. The facts and legal arguments in all the cases are substantially the same.

40 Related parties

The Group is 100% controlled by its shareholder, the Government, represented by the Department of Communications.

The company 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 7). The list of public entities in the national sphere of government was provided by National Treasury on their website www.treasury.gov.za.

The comparative information has been based on the list of public entities and their subsidiaries as at 31 March 2006.

40 Related parties (continued)

(i) The following transactions were carried out with related parties:

	2007		2006	
	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000
Air Time TV Outside Broadcast (Proprietary) Limited *trading as Airwave Travel*	**(1 051)**	**(9 999)**	(388)	(10 094)
Auckland Programme Trade B.V. (incorporated in the Netherlands)	**315**	**(10 905)**	353	(8 175)
	(736)	**(20 904)**	(35)	(18 269)

Related party relationships exists 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 (previously named Ing Trust) and transactions within this subsidiary are limited to adminstration costs and exchange differences arising from the translation of items into Rands (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.

	2007		2006	
(ii) Included in revenue and trade receivables - Group and Company	Amount of transactions R'000	Outstanding balance R'000	Amount of transactions R'000	Outstanding balance R'000
Airports Company South Africa	**-**	**-**	-	(6)
Eskom Holdings Limited	**593**	**(11)**	1 237	361
Sentech (Proprietary) Limited	**-**	**-**	682	-
South African Airways (Proprietary) Limited	**439**	**-**	-	-
South African Post Office Limited			(70)	(56)
Telkom South Africa Limited	**-**	**1**	78	-
Transnet Limited and subsidiaries	**373**	**30**	245	149
Uthingo Management (Proprietary) Limited	**-**	**-**	3 508	-
Department of Agriculture	**1 459**	**1 104**	2 416	977
Department of Arts and Culture	**49**	**57**	2	-
Department of Communications	**1 806**	**24**	251	-
Department of Correctional Services	**1 503**	**670**	171	149
Department of Finance and Economic Affairs	**1 757**	**91**	2 219	549
Department of Education	**1 432**	**(1 243)**	842	1 413
Department of Environmental Affairs and Tourism	**209**	**63**	93	40
Department of Foreign Affairs	**-**	**-**	-	(224)
Department of Health	**8 809**	**5 006**	3 830	1 056
Department of Home Affairs	**841**	**659**	282	630
Department of Housing	**2 459**	**1 365**	2 922	79
Department of Justice and Constitutional Development	**284**	**144**	176	(4)
Department of Labour	**102**	**5 570**	15	148
Department of Land Affairs	**2 442**	**(202)**	-	-
Department of Provincial and Local Government	**2 413**	**1 082**	613	213
Department of Public Works	**1 853**	**685**	1 255	219
Department of Safety and Security	**1 026**	**408**	1 494	627
Department of Social Development	**1 670**	**764**	1 635	798
Department of Sport and Recreation	**1 236**	**596**	1 426	349
Department of Trade and Industry	**158**	**589**	541	503
Department of Transport	**9 128**	**2 060**	3 054	1 504
Department of Water Affairs and Forestry	**1 254**	**166**	385	314

40 Related parties (continued)

(ii) Included in revenue and trade receivables - Group and Company (continued)	2007 Amount of transactions R'000	2007 Outstanding balance R'000	2006 Amount of transactions R'000	2006 Outstanding balance R'000
Department of Science and Technology	**40**	**(28)**	-	-
Department of Minerals and Energy	**109**	**128**	-	-
Department of Social Development	**1 316**	**1 010**	-	-
Department of Finance	**137**	**165**	-	-
Department of Economic Development (Provincial)	**329**	**352**	-	-
Government Communications and Information system	**(452)**	**50**	17 497	611
The Independent Electoral Commission	**562**	**(660)**	5 917	5 625
National Empowerment Fund	**-**	**-**	-	29
National Energy Regulator	**-**	**-**	259	-
National Productivity Institute	**-**	**-**	59	(7)
National Treasury	**119**	**132**	834	(1 394)
National Youth Commission	**-**	**22**	-	100
Parliament	**982**	**16**	-	4 260
National Arts Council	**62**	**78**	92	-
South African Revenue Services	**4 455**	**3 277**	-	-
South African Police Service	**7**	**-**	-	(30)
Total	**50 961**	**24 220**	53 960	18 982

Goods and services are sold to related parties on an arms length basis at market related prices.

(iii) Grants and sponsorships - Group and Company	Note	2007 Amount of transactions R'000	2007 Outstanding balance R'000	2006 Amount of transactions R'000	2006 Outstanding balance R'000
Government grants recognised in revenue	*28*	**84 045**	**-**	50 455	-
Deferred government grant	*22*	**-**	**188 735**	-	100 000
		84 045	**188 735**	50 455	100 000
(iv) Purchases of goods and services					
Telkom South Africa Limited		**34 147**	**-**	31 635	1 554
South African Post Office Limited		**32 408**	**197**	30 307	374
Sentech (Proprietary) Limited		**311 614**	**-**	315 082	-
South African Revenue Service		**643 132**	**36 667**	731 409	144 282
Income Tax		**178 299**	**(19 165)**	234 357	119 877
Value-Added-Taxes		**223 341**	**38 507**	261 228	4 705
Employee taxes (Pay-As-You-Earn)		**241 492**	**17 325**	235 824	19 700
Sector Education and Training Authority ('SETA')		**10 542**	**788**	3 848	849
Unemployment Insurance Fund		**9 715**	**846**	3 730	733
Eskom Holdings Limited		**1 462**	**1**	1 520	-
		1 043 020	**38 499**	1 117 531	147 792

Goods and services are purchased from related parties on an arms length basis at market related prices.

(v) Interest payments					
Shareholder - permanent capital	*20, 32*	**1 796**	**27 390**	1 780	27 390

40 Related parties (continued)

(vi) Employee benefit payments - Group and Company

	Note	2007 Amount of transactions R'000	2007 Outstanding balance R'000	2006 Amount of transactions R'000	2006 Outstanding balance R'000
SABC Pension fund	*24*	**(75 122)**	**(9 521)**	(61 254)	(7 799)
SABC Medical aid scheme	*24*	**(106 517)**	**(9 559)**	(91 996)	(8 321)
		(86 473)	**(19 080)**	(104 799)	(16 120)
(vii) Loans and receivables - Group and Company					
Sentech (Proprietary) Limited	*8, 32*	**880**	**5 300**	1 894	18 000

(viii) 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-divsions of the Department of Communications. The net amount of administered projects of R2,9 million (2006: R3,1 million) is included in trade and other payables.

	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 2007						
Channel Africa	**3 080**	**31 393**	**(31 755)**	**362**	**(490)**	**2 590**
Community Radio Project	**34**	**-**	**(2 692)**	**255**	**2 692**	**289**
	3 114	**31 393**	**(34 447)**	**617**	**2 202**	**2 879**
For the year ended 31 March 2006						
Channel Africa	3 152	29 616	(29 132)	(556)	-	3 080
Community Radio Project	16	17 500	(11 859)	(7 314)	1 691	34
	3 168	47 116	(40 991)	(7 870)	1 691	3 114

(ix) Administered funds

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Bank balances of Community Radio Project	**45 986**	57 580	**45 986**	57 580

(x) Service contracts for executive directors

Service contract	D.C. Mpofu	S.Q.M Mokoetle	R.A. Nicholson
- start date	1 August 2005	1 January 2001	1 July 2001
- end date	31 July 2010	31 December 2006	30 June 2006
Service period	5 years	6 years	5 years
Remaining	3 years and 4 months	-	*

* R.A. Nicholson's contract renewal is not yet finalised.

(xi) Directors' and key management personnel compensation

	Service as	Service period	Basic salary R'000	Allowances R'000	Employer's contribution to pension fund R'000	Bonuses and commissions R'000	Total R'000
Directors' emoluments							
Executive							
Year ended 31 March 2007							
Advocate D.C. Mpofu	Group Chief Executive Officer	12	**1 806**	**264**	**275**	**1 453**	**3 798**
Mr. S.Q.M. Mokoetle	Chief Operations Officer	9	**991**	**238**	**161**	**1 165**	**2 555**
Mr. R.A. Nicholson	Chief Financial Officer	12	**1 302**	**271**	**219**	**1 072**	**2 864**
			4 099	**773**	**655**	**3 690**	**9 217**

40 Related parties (continued)

(xi) Directors' and key management personnel compensation (continued)

	Service as	Service period	Basic salary R'000	Allowances R'000	Employer's contribution to pension fund R'000	Bonuses and commissions R'000	Total R'000
Directors' emoluments							
Executive							
Year ended 31 March 2006							
Advocate D.C. Mpofu	Group Chief Executive Officer	8	1 136	176	175	-	1 487
Mr. P. Matlare	(Former) Group Chief Executive Officer	12	-	-	-	908	908
Mr. S.Q.M. Mokoetle	Chief Operations Officer	12	1 241	277	206	964	2 688
Mr. R.A. Nicholson	Chief Financial Officer	12	1 210	286	205	964	2 665
			3 587	739	586	2 836	7 748
Non-executive							
Year ended 31 March 2007							
E. Funde	Board Chairperson	12	**-**	**347**	**-**	**-**	**347**
C. Qunta	Board Member	12	**-**	**233**	**-**	**-**	**233**
A. Gillwald	Board Member	12	**-**	**144**	**-**	**-**	**144**
F. Lagadien	Board Member	12	**-**	**149**	**-**	**-**	**149**
A. Maralack	Board Member	12	**-**	**174**	**-**	**-**	**174**
T. Mazwai	Board Member	12	**-**	**113**	**-**	**-**	**113**
A. Mbeki	Board Member	12	**-**	**188**	**-**	**-**	**188**
K. Mkonza	Board Member	12	**-**	**209**	**-**	**-**	**209**
C. Msomi	Board Member	12	**-**	**167**	**-**	**-**	**167**
D. Swartz	Board Member	12	**-**	**109**	**-**	**-**	**109**
A.H. Trikamjee	Board Member	12	**-**	**226**	**-**	**-**	**226**
			-	**2 059**	**-**	**-**	**2 059**
Year ended 31 March 2006							
E. Funde	Board Chairperson	12	-	237	-	-	237
C. Qunta	Board Member	12	-	185	-	-	185
A. Gillwald	Board Member	12	-	131	-	-	131
N. Gosa	Board Member	8	-	90	-	-	90
F. Lagadien	Board Member	12	-	127	-	-	127
A. Maralack	Board Member	12	-	132	-	-	132
T. Mazwai	Board Member	12	-	119	-	-	119
A. Mbeki	Board Member	12	-	168	-	-	168
K. Mkonza	Board Member	12	-	139	-	-	139
C. Msomi	Board Member	12	-	152	-	-	152
D. Swartz	Board Member	12	-	127	-	-	127
A.H. Trikamjee	Board Member	12	-	152	-	-	152
			-	1 759	-	-	1 759

40 Related parties (continued)

(xi) Directors' and key management personnel compensation (continued)

	Service as	Service period	Basic salary R'000	Allowances R'000	Employer's contribution to pension fund R'000	Bonuses and commissions R'000	Total R'000
Company Secretary							
Year ended 31 March 2007							
R. Naidoo	Company Secretary	12	**683**	**238**	**105**	**142**	**1 168**
Directors' emoluments							
Group Executive							
Year ended 31 March 2007							
P. Luthuli	Group Executive	12	**954**	**315**	**144**	**371**	**1 784**
T.C.C. Mampane	Group Executive	12	**677**	**227**	**128**	**301**	**1 333**
M.M. Mbebe	Group Executive	12	**966**	**234**	**170**	**572**	**1 942**
L.P. Mokhobo	Group Executive	12	**832**	**209**	**150**	**216**	**1 407**
P.M. Naves	Group Executive	12	**572**	**235**	**112**	**147**	**1 066**
P. Ntombela-Nzimande	Group Executive	12	**572**	**288**	**88**	**122**	**1 070**
S. Rapeti	Group Executive	12	**849**	**268**	**145**	**274**	**1 536**
S.J. Zikalala	Group Executive	12	**833**	**235**	**151**	**325**	**1 544**
L.G.Mampone	Group Executive	6	**383**	**37**	**105**	**68**	**593**
M.W. Jakins	Group Executive	4	**380**	**95**	**63**	**1 606**	**2 144**
I.L. Rensburg	Group Executive	-	**-**	**-**	**-**	**539**	**539**
			7 018	**2 143**	**1 256**	**4 541**	**14 958**
Year ended 31 March 2006							
M.W. Jakins	Group Executive	12	1 060	255	184	2 359	3 858
T.C.C. Mampane	Group Executive	12	636	181	121	212	1 150
M.M. Mbebe	Group Executive	12	907	221	160	261	1 549
S. Rapeti	Group Executive	12	786	203	135	310	1 434
I.L. Rensburg	Group Executive	12	1 038	300	178	360	1 876
S.J. Zikalala	Group Executive	12	782	232	143	193	1 350
P.M. Naves	Group Executive	7	315	121	64	-	500
P. Luthuli	Group Executive	6	450	136	68	-	654
L.P. Mokhobo	Group Executive	6	393	100	71	-	564
P. Ntombela-Nzimande	Group Executive	6	270	107	41	-	418
			6 637	1 856	1 165	3 695	13 353

41 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 2012: SABC1, SABC2 and SABC3.

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 2010: 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, 5 FM, METRO FM, GOOD HOPE FM, X-K FM, CKI 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.

42 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 losses through criminal conduct and losses through 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 recommended	Losses identified R'000	Losses recovered year to date R'000	Losses written off R'000	Recovery outstanding R'000
Year ended 31 March 2007					
CASE 1	**Criminal action**	**8 871**	**-**	**-**	**8 871**
Products promoted on an SABC radio station for which airtime was not legitimately purchased.					
CASE 2	**Criminal action**	**178**	**-**	**-**	**178**
Fraudulent invoices submitted to substantiate expenditure in a production.					
CASE 3	**Criminal action**	**97**	**(7)**	**-**	**90**
Unauthorised use of the SABC credit facilities.					
CASE 4	**Disciplinary and criminal action**	**1 809**	**-**	**-**	**1 809**
Irregularities in the payment of services from service providers and excessive billings.					
CASE 5	**Disciplinary and criminal action**	**81**	**-**	**-**	**81**
Collusion of various filling stations for purchase of fuel for non-SABC related use.					
		11 036	**(7)**	**-**	**11 029**
Year ended 31 March 2006		-	-	-	-

(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 lossses 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:

Year ended 31 March 2007					
CASE 6	**Disciplinary action**	**33 038**	**-**	**-**	**33 038**
CASE 7	**Disciplinary action**	**19 383**	**-**	**-**	**19 383**
Various	**Aggregate amounts below the materiality threshold for reporting amounts individually**	**1 708**	**(6)**	**(1 671)**	**31**
		54 129	**(6)**	**(1 671)**	**52 452**
Year ended 31 March 2006					
Various	Aggregate amounts below the materiality threshold for reporting amounts individually	6 108	(1 150)	-	4 958

Continuing the process of attaining the SABC's vision of Broadcasting for Total Citizen Empowerment, we have chosen the colour green and elements of nature to symbolise the freshness, renewal and new growth taking place with in the company.

SABC employees and their families volunteered to introduce each section to become part of the vision of empowerment.

In the spirit of our 'green revolution', this Annual Report has been printed on Papersmith & Son's Cyclus offset, a 100% recycled and environmentally friendly paper stock. No harmful chemicals were used in the production process.

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Paul du Plessis
Editor
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