



Annual Report 2008/09

SABC
Vuka Sizwe!






Aim for a star!

*Never be satisfied with a life that is less than the best,
Failure lies only in not having tried,
in keeping the soul suppressed.*

*Aim for a star! Follow its beckoning beam,
Make each tomorrow a better today
And don't be afraid to dream.*

*Aim for a star, and keep your sights high!
With a heartful of faith within,
Your feet on the ground, and your eyes on the sky,
Some day you are bound to win!*

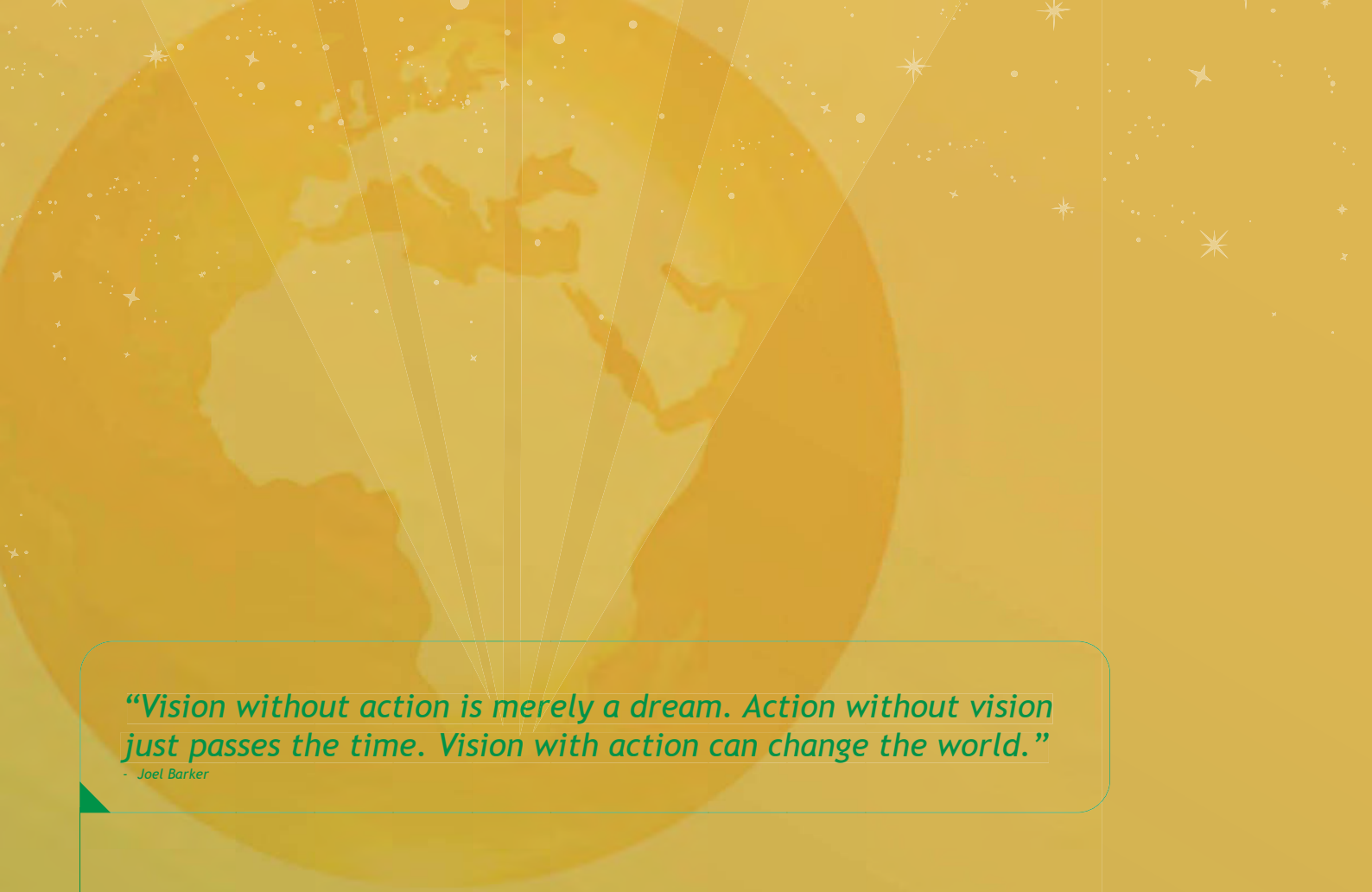
- Helen L. Marshall



The next few years will be very important for the SABC and will serve as a test of the organisation's ability to respond to a changing market environment and its ability to fulfil its Public Service mandate as set out in the Broadcasting Act.

As the official broadcaster of the 2010 FIFA Soccer World Cup, the organisation is presented with an opportunity to test its ability to broadcast to a global audience through a perfect production throughput/output that will offer the audience the best broadcast access to the tournament they could ever want.

Our commercial relevance will further be tested by the extent to which we are able to fully harness the technological benefits brought by digital technology, both during the soccer tournament and beyond, in pursuit of our vision of Broadcasting for Total Citizen Empowerment.



“Vision without action is merely a dream. Action without vision just passes the time. Vision with action can change the world.”

- Joel Barker

👁️ **Vision**
Broadcasting for Total Citizen Empowerment.

★ **Mission**
To be a people centred, content driven, technology enabled, strategically focussed and sustainable public service broadcaster.

♥️ **Values**
*Conversations and partnerships.
Restoration of Human Dignity.
Building a common future.*

Annual Report 2008/9 Contents

Overview

- 4 Chairperson's Statement
- 6 Acting Group CEO's Statement
- 8 CFO's Report
- 16 Statutory Context
- 18 Business and Economic Context
- 20 Organisational Challenges
- 22 Performance Management

Performance

Our Public Mandate

- 35 Programming Strategy
- 36 Public Broadcasting Services (PBS)
- 45 SABC Education
- 46 SABC Sport
- 47 News and Current Affairs
- 49 Industry Development
- 51 Universal Access
- 52 Public Commercial Services
- 55 Sales
- 57 TV Licences

Activities

- 59 New Media
- 60 Broadcasting Infrastructure
- 63 Digital Migration
- 65 Preparing for the 2010 FIFA World Cup
- 66 2009 General Elections

Growth

- 69 Audience Growth
- 71 Compliance with Licence Conditions
- 76 Complaints

About the SABC

- 80 SABC People
- 85 Governance
- 99 Engaging our Audiences
- 101 Awards and Recognition

Annual Financial Statements

Glossary



Getting in touch with and tuned into the SABC

This is the 72nd Annual Report of the South African Broadcasting Corporation Limited, referred to as 'SABC', 'the Corporation' or 'the Company' (Registration Number: 2003/023915/06). It is tabled in Parliament in terms of the Broadcasting Act, No 4 of 1999, as amended, and the Public Finance Management Act, No 1 of 1999, as amended. This report details the activities of the SABC for the twelve months ended 31 March 2009.

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.





Overview

Chairperson's Statement



The 2008/2009 financial year was not an illustrious one for the SABC.

It was marred by leadership and governance crises giving rise to very public and sustained battles between the Board of the Corporation and the Executive as well as the suspension of the Group Chief Executive Officer (“GCEO”). These battles were played out in Parliament, the Courts and the Media, and led eventually to the dissolution of the Board of the SABC in June 2009, the appointment of an Interim Board in July 2009 and the commissioning by Parliament of the Auditor-General of South Africa (“AGSA”) to conduct an investigation into allegations of financial irregularities and other mismanagement.

In an effort to minimise the risk of prolonged litigation and any further impairment of the SABC’s reputation, the Interim Board moved swiftly to stabilise the situation by reaching a settlement with the former GCEO which entailed payment by the Corporation of the GCEO’s remuneration until the expiry of his contract, bonus payments and legal fees, thus fulfilling the SABC’s outstanding contractual obligations. In addition, a restraint of trade payment was agreed to, which was settled by the Department of Communications. This intervention paved the way for the Interim Board to begin carrying out its mandate of stabilising the SABC.

The Annual Financial Statements included in this Annual Report in many ways reflect the impact that the leadership instability had on the Corporation. Amongst other things:

- ★ The financial statements show that the SABC’s loss before income tax was R913 million as of 31 March 2009, with revenue increasing by only 0.9% year-on-year whilst expenditure rose by 19%. Like other media companies, the Corporation’s commercial revenue was negatively affected by the economic downturn however, it would be disingenuous to blame this alone for the deficit, since the SABC’s failure to foresee this downturn and develop mitigating strategies was fundamentally limited due to management instability. Reputational damage

stemming from 18 months of negative reporting further contributed to the decline in revenue from advertising and television licence fee payments.

- ★ The Directors’ Report also provides additional information pertaining to events subsequent to Financial Statement date, as well as details of fruitless and wasteful expenditure during the year under review, which outline the findings of AGSA’s investigation and point to deficiencies in the Corporation’s quality of reporting, as well as a lack of governance and leadership oversight.

Despite the austerity measures announced in March of this year aimed at curbing costs, perpetuated by the SABC’s previous failure to attenuate the decline in revenue and contain expenditure, the Corporation’s liquidity challenges continued, with expenditure exceeding income for the first quarter of the new financial year.

The ensuing cash flow impediments prevented the Corporation from honouring payment of its committed local and international contracts and also resulted in the postponement of the commissioning of South African content productions.

The operating loss at the financial year-end, coupled with liquidity constraints, resulted in the SABC’s status as a going concern being at risk, precipitating delays in finalising this Annual Report.

The SABC has subsequently been granted an allocation of R200 million in terms of the Adjusted Estimates of National Expenditure and has recently secured a Government Guarantee amounting to R1,473 billion which will be used to secure medium-term funding from commercial banks at competitive rates. This has addressed the Corporation’s status as a going concern and resulted in the approval of the SABC’s Annual Financial Statements.

Despite all the adversity, it is important to emphasise the SABC's many positive achievements:

- ★ Notwithstanding the conflict at leadership level, on-air and off-air staff continued day after day, hour after hour, to flight programming which kept millions of South Africans informed, educated and entertained, with audience ratings remaining relatively stable.
- ★ Furthermore, the SABC continued to exceed its local content quotas on its television and radio services with, for example SABC1, the largest television channel, screening an average of 75% South African content for the year and Ukhozi FM, the largest radio station, airing an average of 62% South African music. Two radio stations deserve special mention for their commitment to South African music over the year; Radio Sonder Grense aired an average of 75% local music and XK FM, a local station in the Northern Cape, played an average of 88% South African music.
- ★ The SABC also commissioned a number of low-power transmitters, extending its reach to ensure that more South Africans have access to radio and television services.

Finally, it is important to highlight that action has already been taken to redress the effects of the crisis that faced the SABC during the financial year under review. These include decisive steps taken by the Interim Board as well as by the management and staff of the SABC, to begin the process of curbing expenditure and restoring the integrity of the Corporation.

Nevertheless, it is necessary to emphasise that there are no quick fixes to a crisis of this magnitude and that all stakeholders must continue to give their support to assist the SABC in ensuring that the Corporation meets its mandate by remaining a vibrant and viable public broadcaster that informs, educates and entertains all South Africans and remains commercially viable.



Ms Irene Charnley (*Chairperson of the SABC Interim Board*)

Acting Group CEO's Statement



Our Annual Report is our acknowledgment of our accountability as a public service broadcaster to the people of South Africa whose education, information and entertainment interests we are mandated to serve. For the year under review, we sought to enshrine our peoples' interests through corporate goals summarised by our vision of "Broadcasting for Total Citizen Empowerment"; our mission of being "a people centred, content driven, technology enabled, strategically focused and sustainable public service broadcaster"; and our values of "Conversations and Partnerships", "Restoration of Human Dignity", and "Building a Common Future".

At the same time it was a very challenging year, with the SABC posting a deficit and facing a number of challenges at a leadership level. Despite this, the public broadcaster did meet and exceed a range of its legislative and regulatory mandates.

As an organisation, the SABC set and measured itself against the following objectives in order to achieve its mandate:

Ensure the SABC promotes democracy, non-racism, nation building, and empowerment through news, current affairs and innovative programming, in all official languages, which is informative, educational and entertaining.

During 2008/09, the SABC aired an average of 60% South African content on its public service television channels and about 60% of music played across its PBS radio stations was local (excluding Radio Lotus which has more limited local content).

The SABC continued to build an emotional bond with the country's citizens by providing Public Service Announcements ("PSA") to the value of R3.7 million and social responsibility initiatives like national road shows; careers fairs; and commemorations of national days of importance. On radio alone the Corporation devoted about 4000 hours of airtime to socially critical issues like xenophobia; the energy crisis in the country; HIV and AIDS; the global economic crisis and the mobilisation of communities and the youth to secure green identity documents so as to be able

to vote and, in the medium to longer term, access government services.

Ensure 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 ICASA regulations.

Ensure that the SABC reflects the World, in particular Africa, in line with its editorial policies and corporate goals, and plays a meaningful role in supporting the African Renaissance and NEPAD.

The SABC and its platforms garnered more than twenty awards during the year under review. These include SABC1 being named the country's No. 1 TV Brand; Ukhozi FM the Best Radio Brand; Metro FM the No. 1 English Radio Station; and 5FM the "Coolest Radio Station".

The SABC, through its TV, Radio and New Media platforms, continues to provide international, national, regional and local news in all South African languages with an African and South African perspective.

SABC News has 24 million viewers and listeners and broadcasts 258 radio news bulletins and 19 TV news bulletins a day, both on weekends and weekdays. Research conducted by Plus 94 in 2006 shows that 80% of adult South Africans rely on the SABC as their primary source of news, and SABC news services are often the only media available to listeners and viewers in their home language.

Create an SABC that enjoys the support and respect of its viewers, listeners, shareholder as well as other stakeholders.

Research conducted by CapGemini shows that through its services and products, the SABC delivered public value amounting to

approximately R2.62 billion. For us, this is an attestation of our citizen centricity - our version of Batho Pele - putting audiences at the heart of the SABC and empowering public service broadcasting in the letter and the spirit of the Broadcasting Act, the Broadcasting Charter, and ICASA regulations.

To take universal access yet another step forward, during the financial year 2008/09, five new transmitter sites were switched on, collectively benefiting more than 250 000 people. Approvals were also secured for another eleven transmitters which will provide additional coverage in areas within five of the country's provinces.

Create a financially sound Corporation built on a sustainable business model, and ensure that its assets are used in an effective and efficient way in line with the requirements of key legislation to which the SABC is subject.

Establish a procurement policy that complies with the ICT Black Empowerment Charter and promotes ownership and the participation of youth, women and persons with disabilities in the broadcasting industry.

The objective of building a sustainable business model was not achieved. This can in part be attributed to the global economic downturn. Revenue was down for the year with Public Commercial Services' revenue for the year being 22% below the budgeted amount, and 7% lower than the previous year's revenue. Public Broadcasting Services' revenue was 14% below budget and 2.8% lower than the previous fiscal's revenue.

What the year has demonstrated is that the current funding model requires a drastic review if the SABC is to continue delivering on its public service mandate, otherwise major investments in DTT, the 2010 FIFA World Cup, and the digitisation of broadcasting - all unavoidable - will leave the public broadcaster on its financial knees.

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

The SABC invested significantly in the year under review in skills training, and spent R34.26 million on skills development initiatives including core skills, scarce skills, and leadership development.

The SABC invested in a Television Broadcast Management System that seeks to achieve an integrated broadcast solution for the broadcast value chain. The technology will certainly bear fruit in the medium term. SAP continues to serve as an integral part of the SABC's Enterprise Control Environment, with additional modules like Accounts Receivable which manages in excess of R4 billion of total revenue, going live in April 2008.

Put in place an innovative technology platform and infrastructure that will enable the SABC to deliver on its mandate.

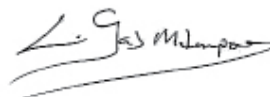
The SABC also participated in the pilot for digital terrestrial television - launching a test service in November 2008 in order to test both the technology and content of digital television.

Ensure full compliance by the SABC with the Broadcasting Act, the Charter, the Corporation's editorial policies and other legislation applicable to the SABC and put in place systems, policies and procedures to ensure improved business processes, achieve efficiencies and ensure good governance within the Corporation.

Whilst the SABC has achieved its legislative and regulatory mandates, it is evident that there are a number of challenges related to good governance. This has become clear subsequent to the end of the financial year, in the wake of the release of the Auditor-General's Report into amongst other things, fruitless and wasteful expenditure. It is patent that the SABC's processes, control environment and risk management are lacking. Management will review these aspects within the organisation with a view to strengthening and monitoring their effectiveness.

Monitor, evaluate and reward performance in implementing these Corporate Goals and the SABC's Editorial policies.

It is with this objective in mind that we close 2008/09 in anticipation of better financial performance in 2009/10, as we continue to meet our mandate of empowering our nation through public service broadcasting.



Mr Gab Mampone (Acting Group CEO)

CFO's Report



FOR THE YEAR ENDED 31 MARCH 2009

THE FINANCIAL YEAR UNDER REVIEW

This report is intended to provide some additional insight into the financial performance of the SABC for the 2008/09 financial year under review.

Challenges

The key financial challenges faced by the SABC during the 2008/09 financial year were:

- ★ Revenue from classic advertising which came under very significant pressure.
- ★ Revenue from Government showing only classic growth.
- ★ Debt collection in advertising revenues and TV Licences being impacted by the recession and the implementation of the sales-to-cash elements in the SAP project.
- ★ The inability to pay suppliers on time.
- ★ The high cost of funding as a result of the utilisation of short-term facilities.
- ★ Ongoing organisational instability due to the high turnover at a leadership level and the contention around the status of the Board of Directors.

Accounting policy changes

The SABC decided to change the accounting policy relating to the treatment of employee benefits in order to reflect the Actuarial Losses/(Gains) of the Defined Benefit Plans in the Comprehensive Statement as it does not form part of the core business of the SABC. The effect of the change is to recognise the actuarial valuation (gains)/losses and the Paragraph 58 limitation directly in the Statement of Comprehensive Income, whereas it was previously recognised directly in the Income Statement as part of Employee Compensation and Benefit expenses.

Post Year-end changes

The implementation of the last two elements of SAP occurred on 16 June 2009. Although an event after year-end, it has a direct and material bearing on the issues surrounding the recognition and management of international and domestic productions. The accounting system will for the first time, reflect the individual Rights elements acquired in a contract that are available for use upon date of signature. It was this deficiency that led to the initial difficulties in recording foreign liabilities, resulting in the delay in finalising the year-end. Provided the business complies with the operating procedures and the opening balances are timeously reconciled, such delays should not reoccur. Integration with the new scheduling systems remains an area of risk but with active management, the SABC is now able to have full visibility of all Rights available for transmission. The combined system should significantly reduce the stock write-offs in future financial years although some residual write-offs will occur in the 2010 financial year.

Review of results

Group Income Statements	2009	Move	2008 Restated
	R' million	%	R' million
Revenue and Other Income	4 746	0.9	4 705
Profit before net financing Income, Income Tax, Depreciation, Amortisation and Impairment	1 002	(36.9)	1 587
Depreciation, Amortisation, Impairment of Property, Plant and Equipment and Computer Software	(1 853)	(17.3)	(1 580)
Net Financing Expense / Income	(63)	(212.5)	56
Income Tax Income	124	313.3	30
(Loss) / Profit for the year	(790)	(949.5)	93
Total comprehensive (loss) / income for the year	(910)	(363.0)	346

Overview of results as reflected in the Income Statement

Overall income increased by 0.9% year-on-year. This increase does not match the prior year increase of 9.1% due to the tough economic conditions that have been experienced.

Discounts offered to clients and agencies also impacted negatively on Net Advertising Revenue generated - discounts were 39% (R1.7 billion) of gross advertising revenue in March 2006 compared to 44% (R2.5 billion) at the end of the financial year. Margins of both TV and Radio stations continued to deteriorate as a result of increased competition as well as the impact of discounts offered in order to retain customers. Schedule instability impacted heavily on SABC Revenue, requiring a large number of credit notes to be passed (R172 million) due to the organisation's failure to flight client adverts as per agreement. The issue of schedule instability is being addressed and should result in a reduction in the number of credit notes passed.

The loss before Depreciation, Amortisation and Impairments is mainly due to an increase of 15.3% in Employee Compensation and Benefit Expenses, driven by headcount. Also contributing significantly to the loss, is the increased investment in programming, film and sports rights. Sports Rights costs have risen

substantially in recent years, whilst increased Signal Distribution and Linking costs are a reflection of growth in audience and listener reach by the SABC.

Unbudgeted expenditure in the expansion of foreign bureaus and SABC News International also had a considerable negative impact on the overall financial performance of the SABC.

Your attention is drawn to the Income Statements for a further explanation of the operating costs of the organisation for the year under review.

The increase year-on-year in Depreciation, Amortisation, Impairment of Property, Plant and Equipment ("PPE") and Computer Software is due to the implementation of the Systems Application Programme ("SAP") and a Television Broadcasting Management System ("TVBMS"). This is the first year where the full impact of SAP is recognised, whilst the impact of the TVBMS is for four months in the current fiscal. Both of these projects and the corresponding technology roll out resulted in increased consultant and management fees for the year under review.

The increase in Net Financing Costs is a consequence of the strain on liquidity. There has been huge reliance on the use of overdraft facilities, which are short-term and expensive forms of financing.

The SABC is not expected to pay Income Tax in the current year as a result of the loss from operations.

Other Comprehensive Expenses are the net impact after tax of Actuarial Gains and Losses from the Pension Fund and the Post Retirement Medical Aid Fund. The loss is an impact of the changes in assumptions compared to what actually occurred.

DETAILS	2009 R' million	Move %	2008 Restated R' million
Amortisation and Impairment of Programme, Film and Sports Rights	(1 659)	15.3	(1 439)
Broadcast Costs	(296)	(6.0)	(315)
Signal Distribution and Linking Costs	(444)	17.5	(378)
Employee compensation and benefit expense, excluding actuarial gains / losses	(1 637)	15.2	(1 421)
Depreciation and Impairment of Property, Plant and Equipment and Amortisation of Computer software	(194)	38.6	(140)
Marketing Costs	(263)	4.0	(253)
Direct Collection Costs	(176)	15.8	(152)
Professional and consulting fees	(315)	38.2	(228)
Other expenses	(611)	63.4	(374)

Revenue Analysis

DETAILS	2009 R' million	Move %	2008 Restated R' million
Commercial	3 633	(0.7)	3 657
Licence	865	5.2	822
Other Revenue	142	6.0	151
Government Grant	106	41.3	75
Per Group Annual Financial Statements	4 746	0.9	4 705

Expressed as a % of Total Revenue

DETAILS	2009	Move	2008 Restated
	%	%	%
Commercial	77	(1.1)	78
Licence	18	0.7	17
Other Revenue	3	(0.2)	3
Government	2	0.6	2
Total	100		100

Revenue

The global financial crisis, as evidenced by the declining advertising revenues in the current fiscal also affected the collection of debts, which further negatively impacted on the ability of the SABC to pay its debts as they fell due.

Government Grant relates to funding from Government for funding Educational Programmes and Assets. This part of revenue is the direct impact of the depreciation on the assets funded by the Government.



Balance Sheet

Extract from the Balance Sheet:

	2009 R' million	Movement R' million	Restated*	
			2008 R' million	% Change
ASSETS				
Total non-current assets	2 179	165	2 014	8
Total current assets	2 353	(94)	2 447	4
Total assets	4 532	71	4 461	2
EQUITY	1 551	(911)	2 462	-37.0
LIABILITIES				
Total non-current liabilities	798	(95)	893	-11
Total current liabilities	2 183	1 077	1 106	97
Total liabilities	2 981	982	1 999	49
Total equity and liabilities	4 532	71	4 461	

The SABC has experienced growth in the balance sheet due to the acquisition of programme, film and sports rights, as shown in the table below. There has been high investment in the acquisition of local content to the value of R862 million. This is due to increased mandate requirements. Investments in sports rights to the value of R637 million were driven mainly by the competitiveness of the market.

Details	Purchase R' million	Amount R' million	Net movement R' million	Closing Balance R' million
Local Content	862	688	174	476
Foreign Content	398	258	140	515
Sports	637	635	2	53
Education	77	64	13	23
News	25	4	21	23
Other	14	10	5	10
Total	2013	1659	354	1,101

Significant investment in capital expenditure was driven by the acquisition of the TVBMS and a Government Grant for Technology. As a result of these investments, total assets have increased by R71 million (1.6%).

During the 2008/09 financial year, the following events had a significant impact on the balance sheet:

- ★ The acquisition of property, plant and equipment resulted in a net movement of R157 million.
- ★ The annual valuation of the Defined Benefit Pension Plan on 31 March, using the Projected Unit Credit Method for the financial statements. These valuations are performed by Actuaries and have resulted in a net movement of R100 million.
- ★ The economic downturn impacted on the collection of licence fees as well as advertising revenue, resulting in the Trade Receivable Account increasing by R170 million, (before taking into account Provision for Impairment of Trade Receivables and Provision for Credit Notes to the value of R158 million).
- ★ Short-term deposits of R373 million were withdrawn during the financial year and cash in the bank was utilised to pay creditors, resulting in net negative movement of R130 million. The bank overdraft is R408 million.
- ★ Trade Payables increased by R200 million due to the liquidity problems experienced.

Liquidity

Slow cash collection due to the recession has led to the number of Debtors Days outstanding being 91 days compared to a target of 65 days, making it difficult for the SABC to meet its short-term obligations. This is evidenced by the increase of R200 million in Trade Payables compared to the prior year balance.

The liquidity crisis has resulted in those independent producers who are highly dependent on the SABC, also facing liquidity and going concern issues as a consequence of the SABC's inability

to meet its current obligations on time. Lack of liquidity has furthermore resulted in the deferment of considerable investments in programmes, film and sports rights as well as technology.

Trade Receivables

There is an increased risk of default by trade debtors in the current economic climate. In order to manage this risk as effectively as possible, a revised collection strategy has been implemented with the objective of reducing the value of the overdue Book by R200 million within three months.

Trade Payables and cash and cash equivalents

Trade Payables have increased by R200 million and are expected to worsen in light of the financial crisis.

Cash Flow

The SABC utilised R721 million more in the current year of operations than was collected from customers.

Cash utilised from operations was further increased by net interest of R37 million as well as income taxes of R26 million. Consequently, net cash outflow from operating activities was R784 million in 2008/09 compared with an outflow of R9 million in the 2007/08 financial year. Payments to suppliers increased by 19%, offset by increased receipts from customers of 4%.

During 2008/09, capital expenditure totalled R294 million and investment in computer software amounted to R75 million. The capital spend was funded from operating cash flow, debt facilities and in part, from the proceeds of held-to-maturity investments of R373 million.

The proceeds from interest bearing loans amounted to R89 million; R21 million was finance-raised with instalment sales and R132 million was received in the form of a Government Grant

Bon Jo wie?

Slegs Afrikaanse en SA musiek.
Eerste Vrydag, elke maand. 05h00-22h00.



Almal se fil.
DIS DIE EEN

for education and technology projects. Repayments on instalment sales for the year amounted to R16 million.

Going Concern

Declining revenues and increased expenditure have negatively impacted the liquidity of the SABC, forcing the company to utilise a substantial amount of its overdraft facilities. Creditors' payments were not met as they fell due which will impact negatively on the going concern status of the SABC in the 2009/10 financial year. The process to secure additional funding from a combination of sources is however, well under way and should resolve most of the issues in the foreseeable future.

The funding model for a public broadcaster focused on delivering an expanding public service mandate coupled with increasingly costly technologies with shorter replacement cycles, will remain at the core of the challenges facing the SABC. Furthermore, sudden economic shocks that lead to a rapid decline in revenue exacerbated by a lack of strategic vision and management stability as well as a shortage of certain critical skills resulting in poor operational outcomes in terms of audience share and public perceptions, do not give rise to the sustainable funding required to deliver the public value that is expected from the SABC.

A sustained commitment to funding the public service broadcaster in whatever form that takes in future and a better managed SABC are the only ways in which to eliminate the going concern issues currently being faced by the organisation.

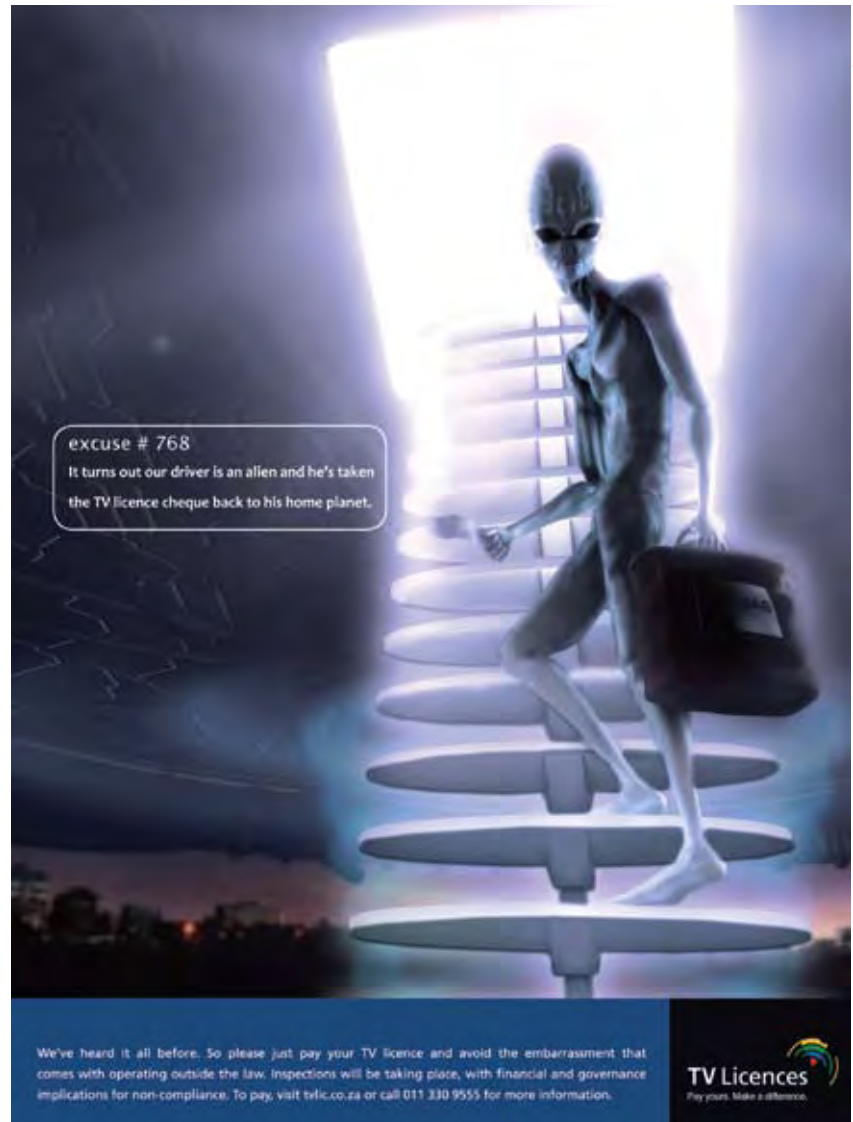
Conclusion

Whilst the 2008/09 year was an extremely challenging one, the implementation of the proposed Turnaround Strategy together with the continuous review of the operating models as well as improved collection strategies, should see the SABC being the profitable organisation it has the potential to be.

My thanks go to all the Financial and Administrative staff for their efforts throughout the 2008/09 financial year and, in particular, for their hard work in delivering these financial results in difficult circumstances.



Mr Robin Nicholson (*Chief Financial Officer*)



excuse # 768
It turns out our driver is an alien and he's taken
the TV licence cheque back to his home planet.

We've heard it all before. So please just pay your TV licence and avoid the embarrassment that comes with operating outside the law. Inspections will be taking place, with financial and governance implications for non-compliance. To pay, visit tvlic.co.za or call 011 330 9555 for more information.

TV Licences
Play yours. Make a difference.

Statutory Context

LEGISLATIVE, REGULATORY AND STRATEGIC CONTEXT

The SABC is a statutory entity existing in terms of the Broadcasting Act of 1999. It is a public service broadcaster mandated to provide information, education and entertainment for the people of South Africa. The specific objectives of the SABC are set out in the Broadcasting Charter, which is incorporated in the Broadcasting Act. The SABC must also comply with the provisions of the recently promulgated Electronic Communications Act.

As a public service entity, the SABC is also subject to the Public Finance Management Act (“PFMA”) in terms of which it is obliged to ensure the prudent management of its financial resources in line with specific corporate governance principles.

As one of many broadcasters in the country, the SABC operates in an environment regulated by the broadcasting regulator, the Independent Communications Authority of South Africa (“ICASA”).

Broadcasting Act

The duties and functions of the SABC are specified in the Broadcasting Act of 1999. In terms of the Charter for public broadcasting set out in the Act, in pursuing its goals and exercising its powers the SABC 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 the official languages of South Africa, a range of informative, educational and entertaining programmes that showcase the attitudes, opinions, ideas, values, talent and artistic creativity of the people of South Africa.

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

ICASA Regulations

As the regulatory authority, ICASA sets regulations on a range of matters including for example, South African content quotas, and determines and monitors compliance by the SABC with its licence conditions which the organisation must comply with in order to fulfil its public service mandate.

ICASA also oversees the SABC’s compliance with the Corporation’s mandate set out in its Charter.

All these have implications for the SABC’s operations and services. During the 2008/09 financial year, the SABC’s investment in local content totalled R115 million for sports programmes; R107 million for education programmes; and R579 million for other programmes.

Broadcasting Charter

The Broadcasting Charter, which is part of the Broadcasting Act, sets out the objectives of the SABC as follows:

- ★ To make broadcasting services available throughout the Republic.
- ★ To provide radio and television broadcasting services, by analogue or digitally, programmes of information, education and entertainment, funded by advertisements, subscriptions, sponsorships, 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 Independent 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 an account of 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 discs, 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 objectives of the company.
- ★ To establish and maintain libraries and archives containing materials relevant to the objectives 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 objectives 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.

Business and Economic Context

The converged media and broadcasting landscape has created more opportunities for traditional broadcasters to extend their offering to new media platforms, making it possible for audiences to consume content from new digital platforms such as online sources and personal electronic devices.

Although it is a public entity, due to its funding model and as one of a number of competing broadcasters in the country, the SABC operates in a competitive business context which includes being affected by the dynamics of the macro-economic environment.

Macro-economic Environment

From a macro-economic perspective, the financial year 2008/09 was not an auspicious year as the world entered an economic recession.

While 2008 started relatively well for media owners, by the second quarter the tide had turned and advertisers started to cut back on advertising budgets, negatively affecting the revenues of media companies. Retail adspend declined due to retail sales growth dropping sharply from 7.1% in 2007 to -5% in 2008.

The drop in retail adspend, which contributes 25% of total media adspend, contributed to a drastic slowdown in all media adspend - from a 17% growth level in 2006 to the current 4.4%. All media adspend is projected to grow by less than 5% in 2009/10, mainly due to declining retail sales, a downturn in motor vehicle sales and the overall economic slowdown affecting companies' profitability. Offering a glimmer of hope were Government adspend growth rates, which remained buoyant and were expected to continue in 2009 due to general elections.

BUSINESS ENVIRONMENT

The business environment within which the SABC operates is changing.

Changing Media and Broadcasting Landscape

The communications landscape is changing due to the opening up of the airwaves and the convergence between broadcasting, telecommunications and information technologies and the migration of terrestrial television from analogue to digital transmission.

Future of Television in South Africa

Given the introduction of new channels and the growth in Pay TV subscriptions due to cheaper subscription packages, the SABC has to provide a clear value proposition to retain its current audiences and gain new ones. At the same time, the SABC is facing more competition with the migration to digital television transmission. Whilst this offers many exciting possibilities for both the SABC and for audiences, it is inevitable that the audience figures for individual channels will drop and the public broadcaster will need to find ways to mitigate this.

Future of Radio

Radio is still an important means of reaching the poorest sections of society. Radio is listened to by 61% of people in the LSM 1 bracket; 42% of those in LSM 2; 17% of people in LSM 3; and 8% of those in LSM 4. Twelve percent of the South African population only has access to radio, while 84% consumes both radio and television. Public service radio is therefore a core strategic platform as it remains the main vehicle through which the SABC can deliver on its public service mandate to the poorest sections of society.

The challenge faced by the SABC however, is that competition is increasing and audiences are changing even where radio is concerned.

In response to this, the SABC's radio stations have been repositioned to broaden their appeal and increase their listener base, while strategies to increase revenue per listener and decrease costs per listener have been implemented across all stations.



Future of Television and our audiences.

84

the percentage of both radio and TV consumers



Future of radio and our audiences.

Apartheid ended in '94. Let's not bring it back.



New Media Take-up in South Africa

The converged media and broadcasting landscape has created more opportunities for traditional broadcasters to extend their offering to new media platforms, making it possible for audiences to access content from a range of platforms, including online sources and personal electronic devices.

In order to maintain its relevance, the SABC has had to develop new media platforms and position itself as a content provider to other media platform operators. Related to this, the SABC has been confronted with critical organisational challenges, including issues of funding and competition for high calibre human resources.

Organisational Challenges

Funding

The SABC continued to rely almost solely on advertising revenue to fund its operations, with 80% of its funding coming from advertising revenue; 18% from licence fees; and 2% from Government. Any drop in adspend as was experienced during the year under review thus directly affects the SABC. At the same time the SABC had to prepare for the 2009 General Elections and for broadcasting the 2010 FIFA World Cup in line with its public service mandate. Increased costs have further been driven by the need to prepare for Digital Terrestrial Television (“DTT”) migration and the need to digitise broadcast infrastructure.

DTT Investment

During the year under review the SABC launched its pilot DTT channels for testing on 1 November 2008.

With regard to digital terrestrial television (DTT), the key challenge the SABC, along with other broadcasters, has faced has been funding. Whilst Government has agreed to cover digital transmission costs, the SABC has had to use income from its existing services to fund other associated costs such as research into and development of new channels.

Even after the launch to the public of DTT services in the 2010/2011 financial year, the SABC will continue to bear these costs until the uptake of DTT services is sufficient enough to be able to attract revenue from the new channels.

Digitisation of Broadcasting Infrastructure

The SABC has had to invest in the general digitisation of its broadcasting infrastructure during the financial year 2008/09. In particular, the SABC has focused on the acquisition of Outside Broadcast Units (“OBUs”) for TV broadcasts; the implementation of a digital playout system for radio and the digitisation of news production facilities and computer systems.

The SABC’s substantial investment in the digitisation of broadcasting infrastructure will ensure the organisation’s future in the digital broadcast market.

Delivering the 2010 FIFA World Cup

The SABC also had to ensure its preparedness for the broadcast of the 2010 FIFA World Cup. In this respect it was guided by the following strategic imperatives:

- ★ ensuring that every South African has access to the World Cup in the language of their choice;
- ★ creating a 2010 legacy not only for the SABC but for broadcasting and football in South Africa, across Sub-Saharan Africa and Africa;
- ★ supporting Government’s continental commitments through the creation of a truly African World Cup;
- ★ galvanising the nation and engendering the development of national pride and patriotism around the World Cup;
- ★ producing and delivering a signal of the most reliable, technically sound, artistic, visionary and entertaining quality possible, surpassing current international trends and benchmarks, whilst championing the nation’s readiness and the African agenda;
- ★ establishing strategic partnerships for the attainment of the organisation’s 2010 Vision.



Our Rooted audience.



Our Nation building audience.

NOT EVERYTHING WAS COOL IN THE 80s. BUT THE MUSIC WAS. ON SALE NOW.

GOOD HOPE

RIGHT AFRO

Rights

Programme rights prepayments have escalated in the last 15 months or so, significantly impacting the SABC's cash flows. As these payments inevitably fall due before the programmes are broadcast, there is no off-set of revenue against the cash out. The lengthy delays before any revenues can be generated means that the SABC is pre-funding the Rights - and in the case of certain sports rights such pre-funding may extend for years.

There has been a significant surge in the level of Rights held over the last 12 to 18 months. The value of Rights was R748 million in March 2008 and R1.1 billion by the end of March 2009.

Advertising

The drop in classic revenue is evident across all Channels. Total classical advertising to date is R2.5 billion, R363 million below target and far less than 2007/08 revenues for the same period. Current challenges within the global and local economy have taken their toll, especially on television revenues.

Sponsorships and TV Licence Revenue

Sponsorship revenues are 18% below budget, at R329 million. This is due to a decline in sports sponsorship which, at R75 million, performed 53% below budget.

The erosion of disposable income of South African households resulting from higher fuel and food prices, interest rates, and consumer debt has put television licence revenue under a great deal of pressure.

Performance Management

PERFORMANCE REVIEW: APRIL '08 - MARCH '09 - Performance Measurements & Deliverables			
Goal	KPI	Target	Performance Results
PILLAR: PEOPLE INTERNAL (First Citizens)			
Theme: Skills and Capacity Building			
Ensuring the attraction, development and retention of Media and Broadcasting industry relevant skills needed by the SABC to deliver on its Value Proposition and mandate obligations	<ul style="list-style-type: none"> ★ Provide adequate learning environment and infrastructure ★ Implement a Reward and Recognition Programme 	<ul style="list-style-type: none"> ★ SABC Academy Curriculum Design ★ Develop a robust SABC Reward Strategy and the redesign of Incentive Schemes 	<ul style="list-style-type: none"> ★ The establishment of an SABC Training Academy has been approved by the Group Executive and the Board. ★ A budget for the design and development of the concept and curriculum has been approved for the 2009/10 financial year. ★ Training venues have been upgraded with proper operational and technical equipment to provide adequate and focused technical training for News and Dalet training. ★ A Hybrid Incentive Scheme in its final year ★ Remuneration guidelines and directives implemented ★ Redesigned Incentive Scheme partially implemented ★ Retention scheme approved and being implemented ★ Restraint of Trade strategy approved and to be implemented in FY2009/10 ★ New salary ranges established and implemented
Theme: Talent Management			
Ensuring that the SABC attracts and retains key talent	<ul style="list-style-type: none"> ★ Existence of retention schemes for key talent 	<ul style="list-style-type: none"> ★ Identify key talent in the organisation 	<ul style="list-style-type: none"> ★ Strategy has been approved and is being implemented ★ Bulk of the retention agreements have been implemented ★ Retention agreements have been signed in some areas of the business

Goal	KPI	Target	Performance Results
Theme: Leadership Development			
Ensuring existence of succession planning and mentorship programmes for SABC senior management in support of the SABC Strategy Implementation	<ul style="list-style-type: none"> ★ The Senior Management Forum must be fully operational and driving the SABC strategy ★ Every member of the Senior Management Forum assessed in terms of leadership potential for the next level 	<ul style="list-style-type: none"> ★ Implementation of the Green Leaders project ★ The assessment of the Next Generation of Executives for each level of the organisation will begin 	<ul style="list-style-type: none"> ★ Green Leader reporting framework developed and approved by Group Exco ★ Green Leader SAP model developed and approved and went live in November 2008 ★ Green Revolution Awards Framework developed, awaiting approval ★ Integrated Green Leaders with performance management framework <p><u>Leadership Pipeline:</u></p> <ul style="list-style-type: none"> ★ First Phase of the Leadership Pipeline implementation will be the Succession Reviews at Group Executive level, expected to resume in April 2009, depending on the availability of funds
PILLAR: PEOPLE EXTERNAL (Public Value)			
Theme: Nation Building			
Promote issues of national importance and nation building across portfolio of services including programming that promote democracy and tolerance and reflects the aspirations of South African citizens	<ul style="list-style-type: none"> ★ Investment on content and programmes that promote nation building ★ Participation in community events and government programmes that promote nation building 	<ul style="list-style-type: none"> ★ Content themes to show contribution to nation building ★ Each of SABC business units, channels and radio stations to identify and supports at least 2 events and programmes a year that promote nation building ★ Implementation of Outreach projects that contribute towards nation building 	<ul style="list-style-type: none"> ★ Portfolio management has ensured that committed content themes have been met and are in line with national priorities and the Corporate Goals ★ Each and every business unit participated in key national campaigns on women, children, youth, human rights and HIV/AIDS <ul style="list-style-type: none"> - 16 Days of Activism - National Youth Day - Human Rights Day - International and National Children's Day - World Aids Day - Heritage Day ★ Special Events that have been successfully implemented: <ul style="list-style-type: none"> - Durban and Northwest Film Festival - Showcasing our regions talent and providing a platform where regions can communicate with the SABC - SATMAs - SABC Crown Gospel Awards - SAFTA Awards - SABC Vuka Sizwe Benefit Concert



90

- 90 Plein street is one of SABC Education's dramas

90 PLEIN STREET

A visuals from our local educational programme - 90 Plein Street.

Promoting social cohesion through programming - Tracing your Roots.

Goal	KPI	Target	Performance Results
PILLAR: PEOPLE INTERNAL (Public Value)			
Theme: Social Cohesion			
Promote issues of national importance and nation building across portfolio of services, including programming that promotes democracy and tolerance and reflects the aspirations of South African citizens	<ul style="list-style-type: none"> ★ Investment in content and programmes that promote social cohesion ★ Participation in community events and Government programmes that promote social cohesion 	<ul style="list-style-type: none"> ★ Content themes to show contribution to social cohesion ★ Each of SABC business units, Channels and radio stations to identify and support at least 2 events and programmes a year that promote social cohesion ★ Implementation of outreach projects that contribute towards nation building 	<ul style="list-style-type: none"> ★ Programmes that promote social cohesion include: <ul style="list-style-type: none"> - <u>Range of Education programmes</u> <ul style="list-style-type: none"> • Khululeka • 90 Plein Street • Tshwaraganang • Our Moment • Talk SA • Sinekghono • Shift • Issues of Faith • Trace your Roots • Chat Room • Spirit Sunday - <u>Programming Icon Series</u> <ul style="list-style-type: none"> • The Manuscripts of Timbuktu • The Robert Mangaliso Sobukwe Story • Winnie Mandela Speaks • The Life of Steve Biko • The Oscar Mpetha Life Story • A Life in Music with Johnny Clegg • Oliver and Adelaide Tambo
Theme: Contribution to African Renaissance and NEPAD			
To support the SABC's Corporate Goal aimed at ensuring that the SABC plays a meaningful role in supporting the objectives of the African Renaissance and NEPAD	<ul style="list-style-type: none"> ★ Existence of bilateral and multilateral relations in support of national and continental priorities in media and broadcasting ★ A strategy implemented in positioning the SABC as the leading African Broadcaster that influences the broadcasting agenda 	<ul style="list-style-type: none"> ★ Support for the African Agenda in the broadcasting and media landscape through AUB initiatives: <ul style="list-style-type: none"> - FIFA Events - Beijing Olympics - Establishment of distribution platform for broadcasters 	<ul style="list-style-type: none"> ★ Organised the second AUB conference ★ Launched two of the five AUB projects [Greening Africa, HIV/AIDS] ★ SABC produced and distributed the African Olympics Channel - an African first ★ SABC underwrote the Olympics rights for AUB to ensure access for other broadcasters in Africa ★ Establishment of SABC News International and Foreign Bureaus
Theme: Stakeholder Management			
To ensure that the SABC enjoys the support and respect of stakeholders	<ul style="list-style-type: none"> ★ Creation of an emotional bond with all SABC stakeholders 	<ul style="list-style-type: none"> ★ Visible and on-going engagement with SABC stakeholders 	<ul style="list-style-type: none"> ★ Stakeholder Management Framework implemented ★ Various interactions with key stakeholders across the business units and outside the organisation ★ Developed a Public Value discussion document for stakeholder interaction and engagement



972

million rands collected through TV Licences



Clips from the TV Licences advertising campaign - Passion.

Funding of local productions.

Goal	KPI	Target	Performance Results
PILLAR: FUNDING AND FINANCIAL HEALTH			
Theme: Financial Sustainability			
<p>Ensure that the SABC attains financial sustainability in order to deliver on its public service mandate</p> <p>Ensure that the SABC grows market share both in terms of audiences and revenue</p>	<ul style="list-style-type: none"> ★ Significant revenue growth for TV, Radio, and New Media ★ Achieve significant growth in classic and programme sponsorship sales ★ Achieve growth in sports, merchandising, mobile services, co-productions, and programme funding ★ Optimise TV licence funding 	<ul style="list-style-type: none"> ★ At least 5% year-on-year incremental increase in TV, Radio and New Media ★ 10% growth in classical and programme sponsorship ★ 25%, 10%, 11% in sports, merchandising and mobile services respectively ★ 1.2% growth in TV Licence revenue 	<ul style="list-style-type: none"> ★ Achieved a 5% growth year-on-year ★ R972m cash collected during FY2008/09 - R43m (4.6%) better than budget and growth of R47m (5%) year-on-year ★ Operating revenue of R865m was R38.6m (4.7%) higher than budget, representing growth of R42m (5.2%) year-on-year ★ Cost-to-revenue ratios: <ul style="list-style-type: none"> - Actual collection cost is 20.4% (20.9% budgeted) - Actual Opex is 11% (12.6% budgeted) - Marketing cost as a ratio of operating revenue is 1.6% against a budget of 1.7% ★ Year-to-date cash collections of R972 m were better than target by R43 m (5%) <ul style="list-style-type: none"> - Year-on-year growth achieved despite the weakening economy, no TV licence tariff adjustment and the higher cost-of-sales having had to be absorbed

77

percent local content
presented by
PBS Television

Behind the scenes production of our local soap Generations.

Behind the scenes production of our live News bulletins.

Goal	KPI	Target	Performance Results
PILLAR: FUNDING AND FINANCIAL HEALTH continued...			
Theme: Public Service Funding			
Reduce over reliance on commercial revenue through increased public funding	<ul style="list-style-type: none"> ★ Identify key opportunities contributing estimated R1.520 billion in order to close the funding gap of approximately R1.250 billion 	<p><u>Engage Government and Implement on:</u></p> <ul style="list-style-type: none"> ★ 50% Funding of SABC News International ★ Funding during dual illumination <p><u>Engage Government on:</u></p> <ul style="list-style-type: none"> ★ Removal of VAT on Licence Revenue ★ Establishment of a Section 21 Company ★ Imposition of Broadcast Levy ★ Introduction of Licence Fee Subsidy ★ TV Licence collection from Pay TV Operators 	<ul style="list-style-type: none"> ★ MTEF Submission made to DOC/Treasury - not granted, engagement ongoing with DoC and Treasury ★ MTEF Submission made to DOC/Treasury - granted to Sentech - effect that SABC only pays for analogue transmission ★ Public Funding opportunities have been identified and costed ★ The DOC has been engaged, further discussions and submission to be made during the 2009/10 Financial Year ★ Further implementation subject to enhancements to current TV licence legislation and envisaged Public Value Conference
PILLAR: CONTENT AND PLATFORMS			
Theme: Increase in Local Content Delivery			
Ensuring that local content delivery takes cognisance of the diverse needs of the multiplicity of South African audiences	<ul style="list-style-type: none"> ★ Aligning content to new audience segmentation and in line with platform positioning 	<ul style="list-style-type: none"> ★ Capture and introduce new audiences to DTT platforms 	<ul style="list-style-type: none"> ★ DTT business plan finalised, awaiting approval ★ DTT Pilot launched ★ Commission briefs and acquisitions are in line with new audience segments and in preparation for DTT ★ 55% of content commissioned from HDIs and 5% from regions
Ensuring that the commissioning and development of local content takes cognisance of the need to introduce new players in the market	<ul style="list-style-type: none"> ★ Increasing the participation of content producers from HDIs, including regions 	<ul style="list-style-type: none"> ★ Deliver 55%/35% local content on PBS/PCS TV respectively 	<ul style="list-style-type: none"> ★ Exceeded local content TV requirements: <ul style="list-style-type: none"> - PBS: 77% • SABC1: 77% against a 55% quota • SABC2: 76% against a 55% quota - PCS: 49% across all day parts [11% over-delivery]
Ensuring that local content meets the requirements as stipulated by ICASA's licence conditions	<ul style="list-style-type: none"> ★ Deliver content according to ICASA licence conditions 	<ul style="list-style-type: none"> ★ Deliver 60%/35% local music content on PBS/PCS Radio respectively 	<ul style="list-style-type: none"> ★ Exceeded local content Radio requirements: <ul style="list-style-type: none"> - PBS Radio: 60% music quota - PCS Radio : 30% delivery against 25%

1755

the number of Set-top-boxes distributed to DTT pilot participants

SABC News International Presenter.

SABC News studios behind the scenes.

Goal	KPI	Target	Performance Results
Theme: Platform Positioning			
Ensuring that the SABC Platform Positioning is aligned to the new SABC Value Proposition	<ul style="list-style-type: none"> ★ Putting audiences at the centre of the SABC Platform Positioning 	<ul style="list-style-type: none"> ★ Finalise and implement DTT Platform positioning for Television in line with the new audience segmentation 	<ul style="list-style-type: none"> ★ DTT Channel positioning has been aligned to new audience segmentation as well as strategic gaps created in market due to existing Channel realignment ★ Platforms have been positioned according to the new audience segmentation ★ New Network Strategy developed to support cross-platform offering and transversal marketing
Theme: Multi-Channel Line-Up			
Ensure DTT Switch-Over by November 2008	<ul style="list-style-type: none"> ★ Align the DTT Channels to new audience segmentation and prepare for launch 	<ul style="list-style-type: none"> ★ Launch the first wave of new Channels on the DTT platform aligned to new audience segmentation 	<ul style="list-style-type: none"> ★ DTT test launched in November 2008 ★ Standard SABC Channels plus four others are being tested ★ An interim structure to support a multiplatform environment has been developed and proposed for approval ★ Network Strategy developed to support a multichannel environment
Theme: Audience Focus			
Ensuring that the SABC places audiences at the centre of its Value Proposition	<ul style="list-style-type: none"> ★ Implement the new audience segmentation on all SABC Platforms 	<ul style="list-style-type: none"> ★ An audience segmentation and offering implemented on DTT and Analogue Platforms ★ An audience segmentation and offering on SABC Radio 	<ul style="list-style-type: none"> ★ All platforms, radio and television, have been aligned with the new audience segmentation ★ New SABC Audience Segments have been adopted by SAARF ★ Content acquisition and commission is now aligned to the new audience segments ★ Discussion on a new currency for audience is being proposed to Trade
PILLAR: TECHNOLOGY			
Theme: DTT Migration and Readiness			
Ensure the implementation of a DTT Migration Plan for DTT Switch-On by November 2008	<ul style="list-style-type: none"> ★ Set up the DTT Migration Office and implement plan for switch-on ★ Final Multi-Channel Line-Up ★ Develop and finalise Channel and programming positions ★ Implement distribution strategies per Channel 	<ul style="list-style-type: none"> ★ Multi-Channel FCC and multiplexing in place ★ 56% DTT network coverage ★ 1st wave of DTT Channels operational 	<ul style="list-style-type: none"> ★ DTT pilot switch-on took place on 1st November 2008 ★ Encoders and MUX facilities in place ★ Commercial launch has been delayed pending regulatory and licensing finalisation. Consumer launch now expected by April 2010 provided the following processes are finalised: <ol style="list-style-type: none"> 1. Regulatory processes 2. Manufacturing strategy finalised 3. Confirmation of funding ★ The total number of set-top-boxes that were distributed to trial participants was 1 755 of which 1 270 was sent to research panel, 24 to external stakeholders, 30 for testing and monitoring and 431 to SABC staff members



Inside one of our HD TV OB Vans for Outside Broadcasting.



Bringing live events to audiences through broadcasting.

Goal	KPI	Target	Performance Results
PILLAR: TECHNOLOGY continued...			
Theme: Technology Upgrade and Digitisation of Broadcasting Infrastructure			
To ensure that the SABC takes the lead in digital broadcasting infrastructure	<ul style="list-style-type: none"> ★ Upgrade of OB Units for TV broadcast to digital ★ Implementation of a Dalet 5.1 Radio System ★ Digitisation of News Production Facilities ★ Establishment of a high-end Sport Centre 	<ul style="list-style-type: none"> ★ Acquire 4 HD TV OB Vans for Outside Broadcast ★ Digitisation of Studio 9 News International ★ Studio Main FCC and Multi-Channel Layout ★ Digitisation of Regional Infrastructure ★ Implement TV BMS DTT MUX for scheduling and archiving Data in a Multi-Channel environment ★ Implement Radio Main Control and Layout 	<ul style="list-style-type: none"> ★ OB units in procurement. Two for 2009 and two for 2010 ★ News Studio 9 approved and in procurement process ★ News Studio 10 completed in July 2008 ★ FCC long form play out Server project in progress ★ Radio regional infrastructure digitisation project in process, Server-based ingest, production and playout tools (Dalet 5.1) 95% complete ★ TVBMS went live in August 2008 ★ Radio main control 100% completed, tested and commissioned ★ Sport production Server was installed (first tapeless production during Beijing Olympics) ★ SABC News Server NPS has been approved by Group and Board - in the phase of implementation and will overhaul the entire news production system
Theme: Digitisation of Archives			
To mitigate the risk of losing valuable archive material and transfer of current formats to a file-based format	<ul style="list-style-type: none"> ★ Continue with the digitisation of archive material (audio, visual and broadcast-related print material) 	<ul style="list-style-type: none"> ★ At least 25% of all archive material to be digitised for the 3-year period 	<ul style="list-style-type: none"> ★ Digital Archive project to be digitised by 2009/2010 due to lack of funds
PILLAR: GOVERNANCE			
Theme: Risk Management Framework			
Ensuring that the SABC is able to anticipate, monitor, mitigate and control risk throughout the organisation	<ul style="list-style-type: none"> ★ Implement the Enterprise Risk Management (ERM) Framework and Policy ★ Develop a Risk Management Reporting Process ★ Ensure compliance with applicable legislation and statutory framework 	<ul style="list-style-type: none"> ★ Align and consolidate various ERM processes with the Corporate Risk Management process ★ 100% of all Risk Champions trained on ERM 	<ul style="list-style-type: none"> ★ Risk management framework and policy approved ★ Risk software acquired to assist in alignment and implementation of the Risk Management Framework and Risk Reporting - (Curasoftware Solutions) ★ Top 20 risks identified and quantified



03

the number of SABC TV channels

Phalaphala FM DJ's broadcasting live.

Goal	KPI	Target	Performance Results
Theme: PFMA Compliance			
To ensure full compliance with the PFMA and other legislation within the SABC	<ul style="list-style-type: none"> ★ Quarterly report of PFMA compliance 	<ul style="list-style-type: none"> ★ Clean audit report on PFMA compliance 	<ul style="list-style-type: none"> ★ As reflected in the Directors' Report, a number of areas of non-compliance have been identified ★ PFMA compliance and regular reporting implemented throughout the organisation
Theme: Policy and Regulatory			
Ensure compliance with ICASA licence conditions	<ul style="list-style-type: none"> ★ Regular report to ICASA on compliance with licence conditions ★ Develop a strategy to ensure the viability of the Public Broadcaster 	<ul style="list-style-type: none"> ★ Regular monitoring and evaluation of the SABC's licence conditions and those of competitors ★ Active participation in broadcasting-related applications to ICASA ★ Preparation and submission of responses to ICASA's position Papers and RFI/Ps ★ Preparation and submission of broadcasting-related policy documents. 	<ul style="list-style-type: none"> ★ Compliant with ICASA regulations and conditions ★ Have participated in all of ICASA activities in response to regulatory changes
Theme: Procurement			
Ensure a procurement and contracting process that complies with BBBEE and achieves maximum value for the SABC in terms of financial returns and contributes to capacity building	<ul style="list-style-type: none"> ★ Implement Strategic Sourcing ★ Procurement and subcontracting process to comply with PFMA and Regulatory framework ★ Implement a contract management framework 	<ul style="list-style-type: none"> ★ 50% Cost Savings achieved ★ Preferential Procurement Policy compliance ★ Implementation and roll-out of contracting process 	<ul style="list-style-type: none"> ★ Policy is being implemented though gaps in relation to content acquisition policies need further review ★ Procurement Process is now aligned to SAP ★ Contracting process rolled out ★ Bidding and Approval Committee in place ★ Benefits tracking for wave ongoing, cost heads savings are work in progress

2005

the year when Siyanqoba campaign on Bafana Bafana started

The relocation launch of Radio 2000, the official 2010 Radio Station.

Ambassadors united on the anniversary of the 2010 FIFA World Cup announcement.

Goal

KPI

Target

Performance Results

PILLAR: OTHER KEY INITIATIVES

Theme: 2010 FIFA World Cup

Ensure that every South African has access to the World Cup through the provision of broadcast facilities in line with the requirements of FIFA

- ★ A mass mobilisation plan to create awareness and relevant information on 2010
- ★ Broadcast infrastructure ready to deliver a quality broadcast of the 2010 FIFA World Cup

- ★ A media campaign that advertises relevant information on 2010
- ★ A technology plan developed for all broadcast facilities for 2010
- ★ Public Viewing Events
- ★ Providing access to the 2010 World Cup through “Every Child a Radio” Campaign
- ★ Launch of Radio 2000 as official 2010 Radio Station
- ★ Relaunch of Siyanqoba Campaign in Parliament

- ★ Production plan in development, thereafter technology plan will follow
- ★ Marketing and Communication Strategy has been approved by 2010 FIFA World Cup Local Organising Committee (LOC) and SABC Working Committee
- ★ Siyanqoba campaigns on Bafana Bafana games on-going since 2005 where 2010 FIFA World Cup is promoted
- ★ News has established special 2010 desks, both nationally and in some of the regions, that focus on the World Cup from a societal as well as a sporting perspective
- ★ Roll-out of low powered transmitters to remote areas has started to ensure universal access
- ★ Radio 2000 has been launched as the SABC’s official 2010 FIFA World Cup radio station
- ★ Funding requirements with supporting plans have been submitted to the DOC for 2010 FIFA World Cup requirements
- ★ The acquisition of HD OB vans has been commissioned



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Performance



Public Mandate



Programming Strategy

The SABC's programming strategy is aimed at ensuring that the SABC promotes democracy, non-racism, nation building and empowerment through news, current affairs and innovative programmes in all the country's official languages.

The SABC's programming strategy ensures that the corporation promotes democracy, non-racism, nation building and empowerment by broadcasting news, current affairs and innovative programmes in all South Africa's official languages.

A key imperative for the SABC is to contribute to the development of a cohesive society which embraces the values espoused in South Africa's Constitution, the Broadcasting Charter, the SABC's licence conditions and its corporate goals. The organisation is committed to delivering against its mandate through, for example,

a non-racial approach in all programmes, the use of sub-titles, the use of sign language as well as the eleven official languages in the delivery of content - all in the interests of nation-building and ensuring access to public broadcasting for all.

National values and themes of social cohesion and nation-building are not only reflected in traditional PBS genres such as informative and educational programmes but are also woven into entertainment programmes, with nationally important issues, for example, being introduced into soap operas and dramas.



Scenes from programmes featured: City Ses'la | Soul City | Nomzamo.

Public Broadcasting Services

The SABC's public service mandate is primarily delivered through its Public Broadcasting Services ("PBS"), which houses both radio and television. The strategic intent for radio and television is to mobilise and engage the nation through content that drives social consciousness, influences citizens to trust, connect, make informed choices, and to act collectively in addressing social, political, and economic challenges. This is done by way of providing for different viewpoints and interrogating complex social issues, thereby encouraging the active involvement of citizens in driving the South African agenda.

The PBS Radio portfolio comprises 14 national radio stations and a local radio station, XK FM. The SABC's radio stations aim to provide compelling programmes that are informative, educational and entertaining and which contribute to nation building, social cohesion and citizen empowerment.

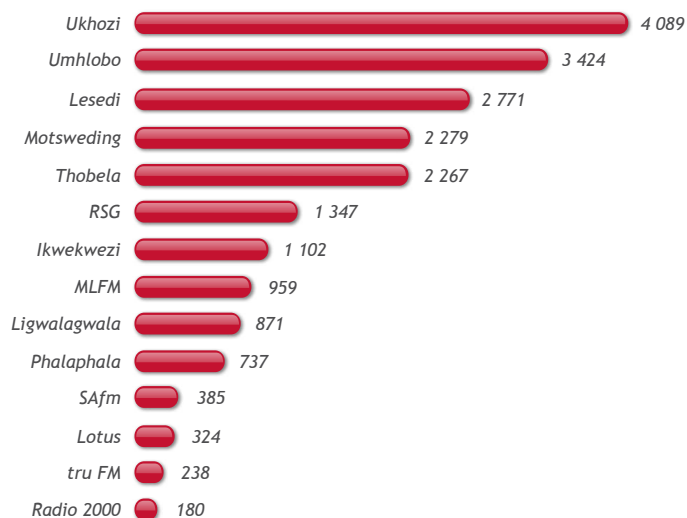
In keeping with the Corporation's vision of Broadcasting for Total Citizen Empowerment, the ethos of PBS is to champion the right to Total Citizen Empowerment.

PBS is inspired by its divisional mission of broadcasting content that informs, educates, entertains and inspires the public through innovative, authentic and transformative programming which seeks to restore the dignity of the South African citizenry and facilitate the ideals of nationhood.

In the year under review, both radio and television were successful in delivering public value content with television Channels winning a number of international awards for programmes such as Home Affairs, Tsha Tsha, Khumbul'ekhaya, YoTV, 7de Laan, Zero Tolerance and Strictly Come Dancing, as well as for other programmes that drive social consciousness and nation building.

PBS radio stations continue to air factual, documentary, educational, children's, religious, sport, news and current affairs programmes. Topics covered include issues around the African Renaissance, crime, labour, human rights, health, travel and tourism.

Average daily audience of the PBS radio stations nationally



Source: SAARF

RADIO

What Informs Programming and Content?

PBS Radio programming is informed by the Broadcasting Act, the ICASA regulations, the SABC's Editorial Policy and the SABC's corporate goals.

PBS Radio has adopted a thematic approach to deliver on its public service mandate. In thematic programming, issues are identified and dealt with in such a way that the programme tells the story-behind-the-story, thereby informing, educating and empowering listeners. To this end, production teams are trained and equipped to deal with issues in an in-depth manner through probing and analysis.



Radio 2000 DJ interviews Joburg Mayor Maseko at the Miss World pageant.

Lotus FM DJ's entertain fans with fashion during their road show.

Public Value

Public Value research conducted by CapGemini in November 2007 found that audiences' impression of the SABC's PBS Radio stations were high, with good scores being achieved for broadcasting in the listener's home language as well as for providing educational, news and current affairs, sport, music, drama and children's programmes.

Languages

For the period 1 April 2008 to March 2009, radio services continued to broadcast in all official languages.

In addition, XK FM aired equal amounts of Xintali and Khwedam; and Lotus broadcast in English, with some broadcasts in Urdu, Tamil, Gujarati and Hindi.

Music and Music Development

With regard to local music, ICASA has prescribed a 40% quota for the SABC, with a special dispensation of 20% for Lotus FM. PBS Radio plays a crucial role in the promotion of the culture of South Africa's people by showcasing the cultural diversity of the country and music occupies a central place in its programming. PBS Radio stations play predominantly local music with an emphasis on traditional music. This music not only appeals to listeners by taking them back to their roots, but also serves as an audience driver, giving PBS Radio its competitive edge.

With regard to compliance, all PBS Radio stations exceeded ICASA's quota of 40% local music, with Lotus FM also delivering on its special dispensation of 20% local music. PBS Radio contributed further to music development in the country by participating in the Moshito Music Conference and also featured and exposed up-and-coming artists during their popular birthday concerts. Munghana Lonene FM, for example, held its ever-popular xiTsonga Music Awards as well as Ilombe Choral Music Awards to reward artists and promote xiTsonga music.

Lotus FM



Lotus FM continues to cater mainly for the needs of the South African Indian community. It combines a mix of Indian music, news and current affairs, interviews and entertainment. The station also recently introduced its first radio melodrama, "Lollipop Lane", which has been well received by audiences.

Motsweding FM



Motsweding FM broadcasts in Setswana. It provides a mix of news and current affairs, talk-shows, education, sport, the weather and traffic. The station introduced a Reality Radio concept on Saturdays where a presenter visits weddings, birthday parties, anniversaries and other community events to engage listeners on issues in their areas. The feature also encourages people to do backyard vegetable gardening and other activities to develop their communities.

SAfm



SAfm, the SABC'S national English language radio station, is almost 71 years old. One of the station's highlights during the year was the promotion of radio drama. The station conceptualised, commissioned and produced a stage play based on the recording of a radio melodrama. The play, "For Your Ears Only", was written by acclaimed writer Paul Slabolepszy and premiered at the National Arts Festival with funding provided by the Festival. It has subsequently been performed in Johannesburg and Cape Town.

15

the number of PBS
radio stations

MLFM hands over a house to a destitute family.

SAfm presenter on air.

Umhlobo Wenene FM



Umhlobo Wenene broadcasts in isiXhosa. One of its core focuses during the financial year has been celebrating the Mandela Legacy. Amongst other things, the station did an outside broadcast at the unveiling of Madiba's statue at Drakenstein Prison, formerly Victor Verster Prison, where Mr Mandela spent the last part of his incarceration.

XK FM



XK FM conducted its first broadcast on 27 February 2004. XK FM broadcasts in Khwedam and Xintali and is a community radio station for the !Xu and Khwe people. It organised a number of outside broadcasts during the year, including commemorations of Youth Day, Women's Day and Heritage Day.

Ukhozi FM



Ukhozi FM is the biggest radio station in South Africa. It is a full-spectrum station that broadcasts in isiZulu. Worth mentioning is the station's hosting of the popular community event called AmaQhawe oKhozi, which acknowledges community upliftment initiatives. The station also spearheaded the national campaign to assist flood victims in the KwaZulu-Natal region. The campaign secured blankets and groceries to the value of about R1 million.

Phalaphala FM



Phalaphala broadcasts in Tshivenda. In a bid to empower South African citizens, Phalaphala FM successfully organised, in partnership with the Limpopo Business Support Agency, a workshop which was attended by over 200 SMEs. The station continues with its informal employment programme which

secures an average of 100 informal jobs per week for the station's listeners.

Tru FM



Tru FM is a public radio station broadcasting to the youth of the Eastern Cape. Broadcasting in isiXhosa and English, the station has a current average of 381 000 listeners daily. In the past financial year, Tru FM successfully re-branded and re-established itself as a public service youth radio station. To this end, Tru FM continued with the successful hosting of its annual Youth Awards, which acknowledge the good work done by the youth in the development of their communities.

RSG



RSG, SABC's Afrikaans language station, played an average of more than 70% local music in its music line-up during the fiscal under review, thanks partly to the introduction of its concept of playing only South African music from different communities on Fridays. The highlight of the year was a documentary series that explored all kinds of slavery, particularly modern-day slavery. The station also collected books for poor and needy Afrikaans schools.

Thobela FM



Thobela FM is a full-spectrum Sepedi station. The station's main theme during the year was an identity document campaign to assist listeners to acquire ID books to enable them to apply for social grants and other benefits due to them. To this end, the station worked in partnership with the Department of Home Affairs both through on-air and outside broadcast campaigns. The station also assisted students from disadvantaged families with tuition fees for tertiary studies.



Ukhozi FM enjoying outside broadcast experience.

8760

the minimum hours of airtime
currency each PBS Radio
Station
had to deliver



Phalaphala FM donates shoes to local school children.

Lesedi FM



Lesedi FM is a seSotho radio station. The station strives to reconcile traditional values and the freedom to fuse cultural roots with the modern world. The station offers its listeners news and current affairs, information, talk-shows, and drama reflecting their lifestyles. During the year under review, the station continued its partnership with the Department of Transport and the Road Accident Fund, which resulted in the reduction of taxi violence in some areas.

Ligwalagwala FM



Ligwalagwala FM broadcasts in siSwati, predominantly in the Mpumalanga area. It is a full-spectrum station offering news, information, education, talk shows and drama.

Ikwewezi FM



Ikwewezi FM is an isiNdebele radio station. It focuses on improving the lives of listeners by keeping them in touch with issues. It is a full-spectrum radio station.

Radio 2000



Radio 2000 launched its new programme schedule while continuing its core function of being a facility radio station. The station is now focusing on sports of national interest, bringing live coverage of games such as cricket, soccer and rugby to listeners. The station was repositioned to also cater for adult contemporary local music and as the SABC's 2010 Radio broadcaster.

Munghana Lonene FM



Mungana Lonene FM is a full-spectrum radio station and broadcasts in xiTsonga. During the year under review, the station contributed towards nation building and social upliftment through projects such as building houses for the needy.

Channel Africa



The SABC also administers Channel Africa - South Africa's international radio service - on behalf of the Department of Foreign Affairs (DFA). A separate grant from the DFA is received for this. The station broadcasts on three platforms: shortwave, satellite and over the internet internationally. The shortwave service covers south, east, west and central Africa. It broadcasts in Chinvanja, Silozi, Kiswahili, English, French and Portuguese.

131400

the total broadcast hours for all PBS Radio Stations

Eager youngsters touring MLFM's OB unit.

Local content from MLFM - Mima hi Mina showcased live at a road show.

South African music content delivery

The table below shows the percentage of South African music played by each of the PBS radio stations on a month by month basis:

Radio Stations	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Tru FM (CKI FM)	50	51	51	51	50	52	52	48	47	47	48	49
Ikwewezi FM	61	60	59	66	70	71	70	73	71	67	68	68
Lesedi FM	62	64	61	63	65	71	68	63	63	65	60	63
Ligwalagwala FM	70	71	65	67	69	71	64	61	60	56	64	68
Lotus FM	23	22	22	21	20	20	24	22	20	21	20	22
Motswedding FM	42	53	50	51	50	56	54	55	55	59	62	59
MLFM	65	67	69	67	67	69	70	74	67	69	73	70
Phalaphala FM	63	62	62	63	65	61	61	59	61	63	62	59
Radio 2000	42	46	47	47	50	50	48	45	44	45	43	45
RSG	80	83	81	75	73	76	75	70	72	71	72	71
SAfm	45	57	54	49	47	48	48	49	49	48	50	48
Thobela FM	53	65	64	67	70	94	72	65	60	58	57	56
Ukhozi FM	65	65	60	64	61	63	61	63	65	61	57	61
Umhlobo Wenene FM	61	65	63	63	64	55	60	62	64	61	58	59
X-K FM	93	94	90	93	88	90	90	85	86	90	85	82

Programming Content

PBS Radio dedicated an average of 75% of primetime broadcast to spoken word content. During the period under review, the 14 PBS radio stations, excluding Radio 2000, delivered the following consolidated performance in terms of ICASA quotas:

Genre	ICASA quota	PBS delivery
News (Mon -Fri)	3 668 hours	6 171 hours
News (Sat)	728 hours	870 hours
News (Sun)	713 hours	812 hours
Current Affairs (Mon -Fri)	4 699 hours	9 315 hours
Current Affairs (Sat)	650 hours	677 hours
Current Affairs (Sun)	636 hours	701 hours
Information Knowledge Building	2 288 hours	18 008 hours
Education	3 176 hours	3 869 hours
Children (Mon -Fri)	2 497 hours	3 490 hours
Children (Sat)	468 hours	503 hours
Children (Sun)	459 hours	501 hours
Drama	1 638 hours	2 167 hours



DJ Cleo and DJ Motion.

4000

the number of hours of airtime allocated to special programmes focussing on issues such as Xenophobia and HIV/Aids



Ligwalagwala FM focusing on its siSwati cultural community.

As a facility radio service, Radio 2000 delivered as follows on its PBS mandate:

Genre	ICASA quota	R2000 delivery
Arts	None	208 hours
Education	None	9 hours
IKB	None	1 248 hours
News	None	373 hours
Religion	None	17 hours
Sport	None	905 hours
Youth	None	61 hours

The PBS radio portfolio focused on a number of issues of importance to South Africa. The total amount of time devoted to some of these issues across all PBS radio services is summarised below:

Campaign / Issue	Genre/Format	Delivery
Power outages	Talk shows; Ad libs; Interviews and Promos	904 hours
Xenophobia	Talk shows; Ad libs; Magazine programmes; Interviews; Promos and Drama	2 408 hours
Multilingualism	Promos; Live Broadcasts and Phone-ins	33 hours
Heartlines	Pre-recorded promos and Interviews	70 hours
Africa Youth Parliament	Outside broadcasts and Live crossings	15 hours
Culture, Religion and Language	Talk shows; Discussions; Magazine programmes and Interviews	151 hours
Limpopo Children in Need and Durban Flood Victims	Promos and Interviews	21 hours
SAWID (<i>South African Women in Dialogue</i>)	Talk shows; Promos and Interviews	12 hours
HIV and Aids	Promos; Drama and Vox pops	27 hours
Ubuntu and Values	Promos and Interviews	12 hours
Voter Education	Promos and Drama	80 hours



1981440
 the Value of airtime given by
 PBS Radio to Nelson Mandela
 Children's Fund
 Initiatives



Lesedi FM on air via their OB unit.

Madiba's 90th Birthday Celebrations.

Radio Highlights

PBS Radio provided South African citizens with insights into news-making stories such as the Zimbabwean elections and the creation of that country's Government of National Unity; South Africa's own political changes; as well as national commemorations such as Madiba's 90th Birthday; the 25th anniversary of the United Democratic Front and the 80th anniversary of the formation of the Communist Party.

In preparation for the 2009 Elections, voter education was a key highlight, with PBS Radio stations primarily targeting first-time voters and encouraging the youth to exercise their democratic right to vote.

PBS Radio also played a pivotal role in the "Siyanqoba Campaign", the purpose of which was to generate support for the national soccer team, Bafana Bafana. On the entertainment front, PBS Radio brought sporting events like the Tri-Nations Rugby tournament; the Africa Cup of Nations and the FIFA World Cup qualifying games to the homes of South Africans.

Partnerships

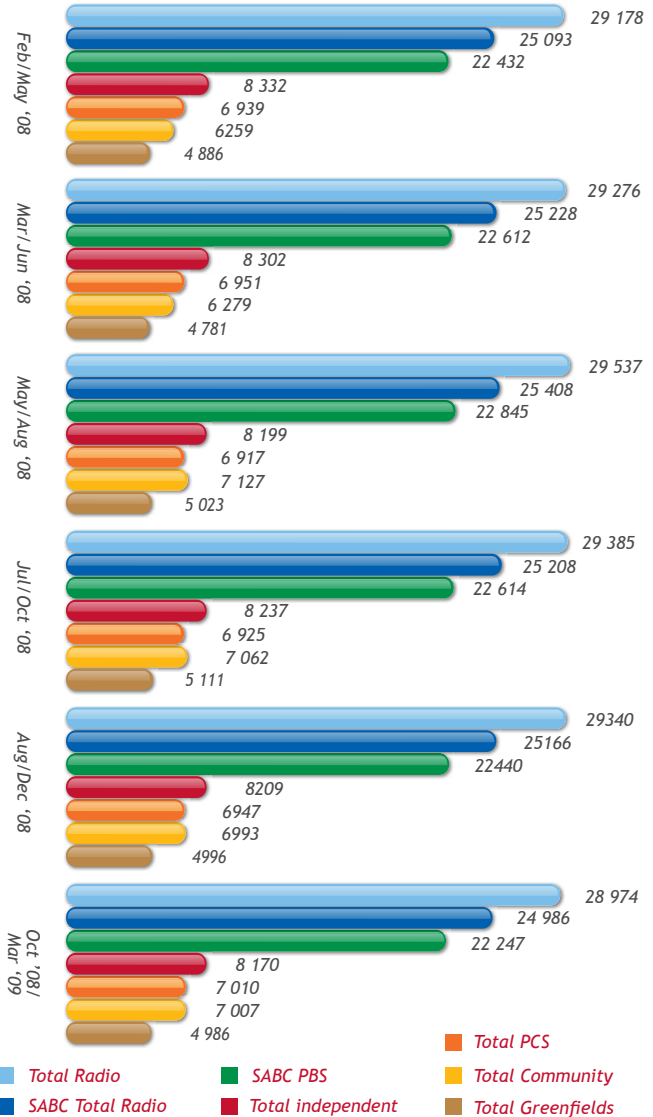
PBS Radio successfully collaborated with external partners to develop Content and to broadcast some key campaigns, including

- ★ **Heartlines** - a campaign which dealt with human values.
- ★ **It Begins with You** - programmes dealing with issues of HIV and AIDS in partnership with African Broadcasters' Media Partnership (ABMP).
- ★ **Crimeline** - a campaign in partnership with Primedia aimed at creating crime awareness and prevention.
- ★ **Language Conference** - with the Department of Provincial and Local Government.

Audience Performance

Total SABC Radio listenership remained relatively stable during 2008/09. SABC Radio still commands the largest weekly CUMEs of 22 million listeners. Downward trends experienced in the May/Aug diary were largely due to the fact that rural data was refreshed during this period even though the new commercial stations such as Capricorn FM, North-West FM and MPower FM had gained listeners.

* Figures below expressed in millions



16

the number of PBS Radio employees identified for retention based on core skills and expert knowledge



Lesedi FM interviewing key community members via its OB units.

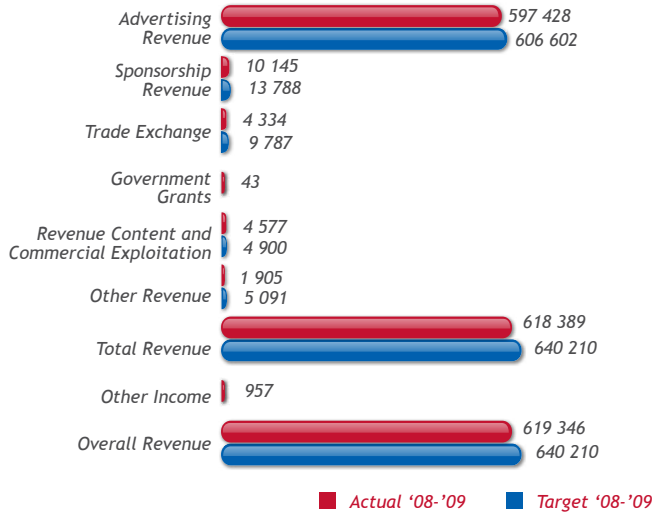


Ikwewezi FM broadcasting on location.

PBS Finance

During the year under review, PBS Radio narrowly missed its revenue target.

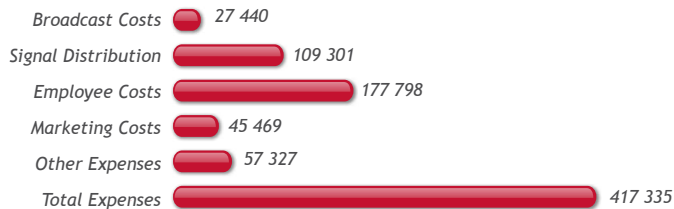
Actual Revenue vs Target 2008-09



Expenditure:

Given that broadcasting is a people intensive industry, a large slice of PBS Radio's operating investment goes towards programming and people costs.

Key Costs Drivers



PBS Radio in a healthy state

For the 2008/09 fiscal, PBS Radio achieved a ratio of R1:R2 on cost versus revenue.

Technology

Analogue Signal Distribution

PBS Radio stations broadcast on FM. The average broadcast time for all the stations exceeds 98%.

All stations, except for XK FM, are streaming on the World Wide Web. The websites of the radio stations are in the process of being fully developed to supplement the bouquet of alternative platforms through which to reach audiences.



The Future of Radio via your phone.



Local programmes featured on SABC1: Jika Majika | Jam Alley.



14.5

the number in millions, of adult viewers SABC1 boasts



Strictly come dancing | Q-base 28 | Motswako

TELEVISION

Our PBS Television Channels, SABC1 and SABC2, continued - through education, entertainment and information programming - to play a significant role in our efforts to fulfill our public service mandate.

Although the organisation faced many challenges during the year under review, PBS television Channels increased their local content delivery from 55% in 2007/08 to 60% in 2008/09.



With over 14.5 million adult viewers, SABC1 is by far South Africa's biggest television Channel.

SABC1 continued to dominate TV viewership in prime time, especially key performance slots, with a 45% share vs a 38% target for the core target; and a 38% share vs a 32% target for all adults.

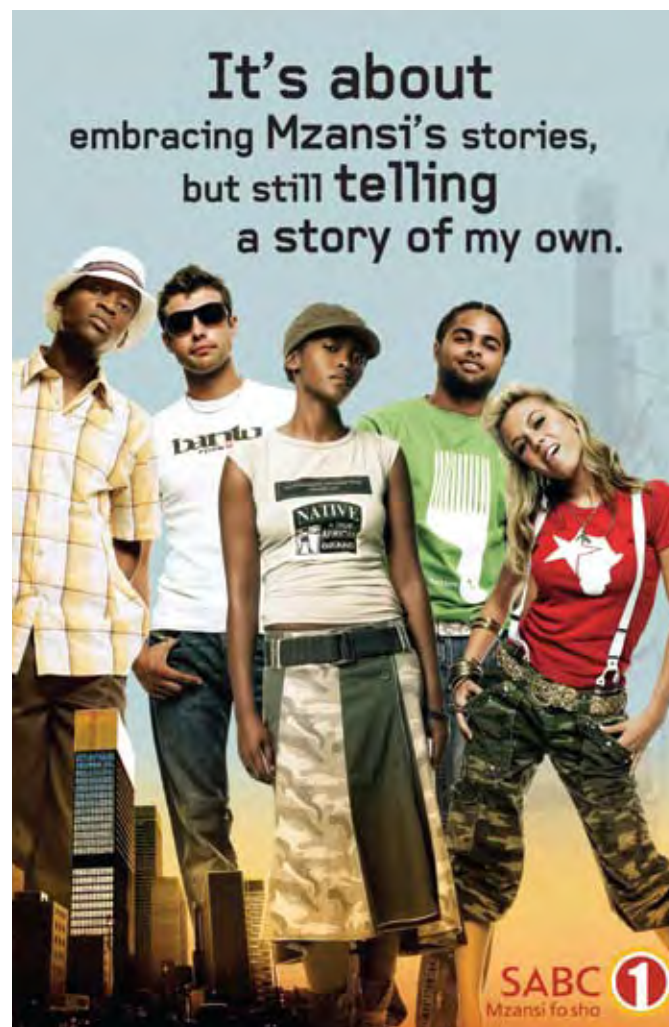


SABC2 is positioned as the "Channel for the Nation", and delivers a broad spectrum of content in seven of the country's official languages. In the year under review, it played a key role in airing events of national importance, including the opening of Parliament; the Budget Speech; the Nelson Mandela Lecture; 46664 - Madiba's 90th Birthday Concert live from London; voter education and daily updates from Parliament through a programme called A View from the House.

It also covered the Beijing Olympics and the station invested heavily in preparations for the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup.

SABC2 aims to promote social cohesion and nation building and, in line with this, broadcast Hopeville, a programme that sought to instil the values of Ubuntu and community, which was presented in partnership with Heartlines. The station also introduced two programmes, Drawing the Line and Encounters, as a contribution to the country's debate on values.

Furthermore, the Channel also showcased local heroes by broadcasting the Community Builder of the Year event and celebrating South African women through the Woman of the Year Awards. In addition, SABC2 broadcast the SABC Yuka Sizwe Benefit Concert, live.



SABC Education provides education broadcasting content to SABC TV channels and radio stations as well as to other African broadcasters.

As a provider of content, SABC Education is dedicated to providing programmes that promote human dignity, equality, knowledge, skills, values and attitudes that help to build individuals, families, inclusive communities, society and the nation.

Using radio, television, the web, print, outreach, telephones, cell phones and other new media platforms, SABC Education's programming and services reach many South Africans. The Channel's programming covers a variety of categories, including formal education, Tweens and youth development as well as public information and social development.

Formal Education

Programming that supports the accredited curriculum from reception year to the tertiary level for learners and educators targeting the foundation, intermediate, senior, FET (Further Education and Training), higher and ABET (Adult Basic Education and Training) education phases. Programmes include Adopt-a-School campaign, 8 Hours, Techno Bus and Pimp My School.

Tweens and Youth Development

Programming for young people that is non-curriculum based and informal. It promotes involvement in personal empowerment, community development and societal well-being. Tweens audiences are aged 8 to 12, and youth audiences are aged 13 to 25.

Public Information and Social Development

Programming that plays a key role in building democracy through non-curriculum programmes that are informal and provide information, skills and knowledge through social action campaigns and strengthens sustainable development for individuals, families and communities.

During the year under review, SABC Education invested in the following social action campaigns:

- ★ **Ispani:** A project that creates temporary employment for unemployed matriculants and provides training in various skills.
- ★ **High 5 Clubs:** A project where regional coordinators and coaches train and support schools with weekly visits to them, guiding and advising club members on planning and dealing with various challenges. Members are committed to a pledge, "I choose to live a life of purpose in contribution to the greater good, with respect for others, the environment and myself."
- ★ **Voter Education: ID Ur-Self Now!** Promoting participation in the 2009 Elections. The project created awareness, and informed and educated the youth and the general public about voting.

SABC Education also provides outreach support that includes, but is not limited to, creating multimedia educational materials for the resource centres, various training initiatives and an interactive website chat room. Its monthly newsletter provides practical user-friendly information for many readers.



Educating the youth on HIV Aids in the Get Tested initiative.

The SABC's sports coverage is informed by three broad areas of mandatory coverage:

- ★ sports of national interest
- ★ developmental sports
- ★ minority sports

In August 2008 the Beijing Olympics were broadcast on SABC2 and SABC Radio, while the Paralympics were broadcast the following month.

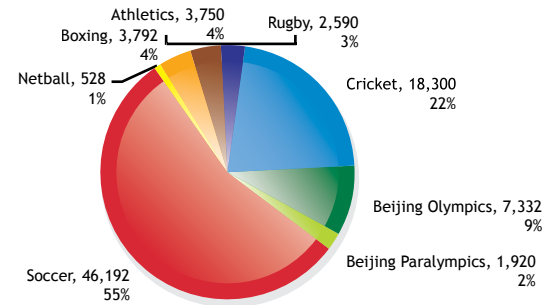
As the official broadcaster of the 2010 FIFA World Cup, SABC Sport broadcast the 2009 FIFA Confederations Cup draw held at the Sandton Convention Centre in November 2008. The feed was distributed to more than 10 countries worldwide. Prior to that, on 22 September 2008, SABC Sport jointly launched the FIFA mascot, Zakumi, with the 2010 Local Organising Committee. On 26 January 2009, a special broadcast commemorated the 500-days countdown to the 2010 FIFA World Cup.

SABC Sport produced and broadcast the South African leg of the A1 Grand Prix at Kyalami in February 2009 as well as the Sport Hall of Fame on SABC2 in February and March 2009.

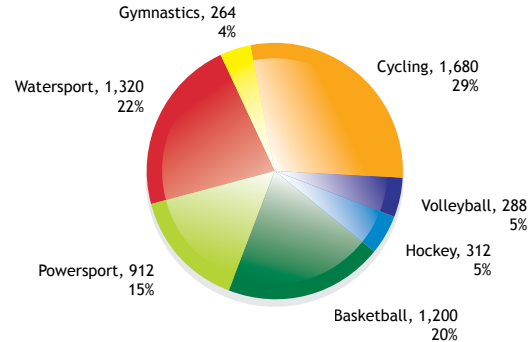
Broadcast rights acquired during the year under review include Netball SA; the English Premier League; the Spanish League, La Liga; Soccerex and ICC Cricket. Although the SABC lost the television gatekeeper's rights to local soccer broadcasts, SABC Sport nevertheless broadcast 138 Premier Soccer League (PSL) games live. It also secured radio broadcast rights for PSL matches.

The graphs alongside depict SABC Sport's coverage of sports of national interest; developmental sports and minority sports.

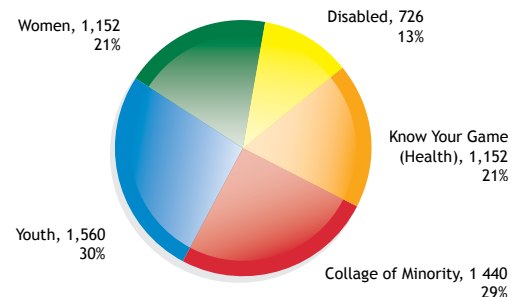
Sports of National Interest



Developmental Sport



Minority Sport



The charts above give a breakdown, in minutes, of time devoted to the different sports across SABC 1, 2 and 3.

SABC News is guided and bound by legislative requirements, its own editorial code and the SABC's policies and goals. The Division offers wide ranging and in-depth coverage of local, continental and global events and trends.

Research commissioned by the SABC shows that about 24 million, or 80% of adult South Africans, choose the SABC as their primary source of news. SABC news services are also the only media that offer news in all official languages. The latest ratings show that with a viewership of more than 10 million, the Nguni (isiZulu and isiXhosa) TV news bulletins are the most watched in South Africa. IsiZulu boasts 5.3 million viewers while isiXhosa has 4.9 million viewers.

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, as well as for SABC News International, the SABC's 24-hour news Channel. News is also delivered through a range of new media channels, including handheld devices, such as cell phones, and on the web via sabcnews.com.

SABC News and Current Affairs has 13 domestic editorial offices, a staff complement of almost 1 000 permanent and fixed-term employees, a countrywide network of correspondents and, during the financial year under review, operated 13 international bureaus. Three of these (People's Republic of China, Jamaica and Brazil) were opened in the year under review.

In line with its commitment to deliver news about the continent from an African perspective, SABC Radio and TV News covered several major elections on the continent, including the Zimbabwean elections, where both the initial poll and the subsequent run-off received extensive coverage. The most significant story locally was the xenophobic violence of May 2008.

Some of the highlights for the 2008/2009 financial year include:

World Today, a news and current affairs programme, was successfully launched on SABC3 in two additional languages, Sesotho and Afrikaans.

Sign language interpretation was introduced in the SiSwati, IsiNdebele, Morning Live and SeSotho bulletins.

Radio News introduced lunch-hour current affairs programmes on Lesedi FM and Ikwewezi FM, while 24-hour news bulletins were introduced on SAfm and Radio 2000. This was facilitated by the introduction of 24-hour news production operations in most regions.

A further milestone was the April 2008 launch of SABC News International as a fully-fledged 24-hour news Channel, delivering news and current affairs to viewers across the African continent and in parts of the United States. SABC News International brought the inauguration of US President Barack Obama live to local and international television audiences, a move which was widely applauded.

Closer to home, for the first time, SABC News broadcast live from Angola during that country's Parliamentary elections, with similar coverage of the inauguration of President Ian Khama of Botswana. The SABC also continues to be the only broadcaster to provide extensive coverage of the Pan African Parliament and the only source of live coverage of significant continental and regional events such as the Inter-Parliamentary Union; the Conference of the African Development Bank in Tunis; and the Nelson Mandela and Steve Biko Memorials.

Challenges

The costs associated with establishing SABC News International and the international bureaus have placed a significant financial burden on the Corporation. These services and strategies will require review in the new financial year.



24
the number in millions,
of daily viewers and
listeners for SABC News



Bringing home the political developments in Zimbabwe.

Bringing home international presidential events.



WE DON'T BEND WITH THE BREEZE

Whatever the winds of change, SABC News editorial team remains firm and resolute. Our editorial policy – and the people – require nothing less. We are here to serve. We are proudly SABC.
To learn more about the SABC editorial policy, visit www.sabc.co.za



Industry Development

In pursuit of its mandate to enrich the country's cultural heritage and support traditional and contemporary artistic expression, the SABC invested in industry activities that sought to recognise, acknowledge, nurture and grow the film and music industries.

Through its various services, the SABC also supported the following industry activities:

- ★ **Radio Drama Regional Workshops** - SABC Education developed creative and technical workshops in six regions.
- ★ **Breaking The Barriers** - A regional filmmaker training initiative that will enter Phase Two during Financial Year 2011/12. Ten first-time filmmakers were selected from the country's nine provinces and taken through an intensive production course.
- ★ **Animate** - This was a regional scripting workshop held in Mpumalanga, with the Department of Arts and Culture, and run by the Script Writers' Organisation
- ★ **Student Reel** - An innovative "first exposure" slot for students to showcase their work on national television. Student Reel is in its second year following the successful screening of over 40 films in the first series.
- ★ **Nabu'bomi** - A training initiative specifically designed to empower school learners with an understanding of film making. This initiative is closely linked to career mapping and uses the medium of film making as an outcomes-based educational tool, allowing these learners to express themselves and communicate with each other.
- ★ **Light, Camera, Action** - This project is aimed at children between the ages of 10 and 16 across all provinces. Children are invited to write and submit - individually or as a group of no more than three - stories for a short film.
- ★ **Arts Alive** - For the fourth year running, the SABC was the sole broadcast sponsor of Arts Alive, which took place in September 2008 (Heritage Month), bringing together a variety of cultural offerings from dance, poetry, comedy, visual arts and theatre, to local and international music through the Corporation's radio and television platforms.
- ★ **Highway Africa** - Also in September 2008, the SABC once more sponsored the 12th Highway Africa Conference, a partnership between Rhodes University's School of Journalism and Media Studies and the public broadcaster.
- ★ **SABC Vuka Sizwe Concert** - Following the success of the 2007 debut concert honouring Busi Mhlongo, the SABC hosted another concert in 2008, this time in tribute to Saartjie Baartman. The concert also marked the launch of the 16 Days of Activism Against Women and Children Campaign.
- ★ **Design Indaba** - As part of promoting the local creative arts industry, the SABC maintained its sponsorship of the Design Indaba.
- ★ **Cape Town International Jazz Festival** - The SABC was one of the gold sponsors of the 2008 Cape Town International Jazz Festival, an event through which the Corporation was able to deliver on its mandate of advancing cultural heritage through music.
- ★ **The Loerie Awards** - The SABC has been a major sponsor of the Loerie Awards in previous years, and in the year under



Behind the scenes of Light, Camera, Action.



70

the percentage of local content on SABC Television

Cape Town International Jazz Festival | Design Indaba.

Community Media Awards | Stars of Mzansi | Metro FM Music Awards.

review the organisation strengthened both its partnership with the Loeries and increased its sponsorship of the creative and advertising industry.

- ★ Also representative of investment in the local industry was the SABC's support for the **South African Music Awards**, which were broadcast live, as were the **METRO FM Music Awards** and the Crown Gospel Awards.
- ★ SABC1, the country's No.1 TV brand, hosted the inaugural **Stars of Mzansi Awards**, the single biggest and most prestigious platform recognising, rewarding and celebrating South Africa's best talent in pop culture, media and entertainment, creative industries and sport.

- ★ In May 2008 SABC News, in partnership with community media bodies, held the first ever **Community Media Awards**. The awards were designed to acknowledge the hard work done by community radio stations and their journalists. Sanelisiwe Fortunate Cele, a 10-year old girl from Radio Ikhwezi in KwaZulu-Natal, was the overall winner of the award. Sanelisiwe is a presenter of Kids on Air, a programme which focuses on issues that affect the young people of KwaZulu-Natal.
- ★ In a related endeavour, Good Hope FM introduced the **Best of Cape Town Awards** to applaud and reward Capetonians as part of creating a sense of Ubuntu within the city.



SABC Vuka Sizwe Concert a tribute to Saartjie Baartman marking the launch of the 16days of Activism Against Women and Children Campaign.

As part of its public service mandate, the SABC is required to provide services to South Africans in all the official languages.

In responding to its wide-ranging mandate, the SABC is acutely aware that there are South Africans without access to its radio and television services. To address this, the broadcaster embarked on an extensive programme to roll out low-power transmitters to South African citizens who currently do not have access to its services. The aim is to deploy about 300 low-power transmitters by the end of 2011, a development which will provide radio and TV services access to approximately 1.5 million people who are currently outside the broadcast range of the SABC.

During the financial year, four new transmitter sites went on air. SABC1, SABC2, SABC3 and Motswedding FM were all switched on at Heuningvlei, Laxey, Severn and Loopeng in the Kgalagadi ISRD node, benefiting about 250 000 people. Another SABC3 transmitter was switched on at Schweizer-Reinecke.

Additional approvals for transmitter sites were obtained from ICASA in the Free State, Western Cape and Limpopo, with Sentech subsequently having commenced with the installation of the transmitters. Approvals given were for the following sites:

Free State Province

- ★ Philippolis - SABC1, 2 and 3 and Lesedi FM
- ★ Villiers - SABC1, 2 and 3 and Lesedi FM

Western Cape Province

- ★ Agterwitszenberg - SABC1, 2 and 3 and RSG
- ★ Genadendal - SABC1, 2, and 3 and RSG

Limpopo Province

- ★ Indermark - SABC1, 2 and 3 and Thobela FM
- ★ Vhuladzi - Mavhunga - SABC1, 2 and 3 and Phalaphala FM
- Mpzema - SABC1, 2 and 3 and Phalaphala FM

On 9 January 2009, ICASA approved a further three licence amendment applications that were submitted between March and July 2007.

The approved licence applications are:

- ★ Lesedi FM transmitter expansion in Mafikeng Province;
- ★ Phalaphala FM transmitter expansion in Pretoria and Tshamavhudzi - Limpopo, North West and Gauteng Provinces;
- ★ Umhlobo Wenene FM transmitter expansion in Mafikeng - North West Province;
- ★ METRO FM transmitter expansion to improve coverage in Gauteng and expand the signal to Nelspruit.



New Transmitter expansions | Kgalagadi residence benefitting from the new transmitters.

Public Commercial Services

The Public Commercial Services (PCS) division is funded through advertising and sponsorship.

PCS comprises SABC3 television and three radio services - 5FM, Good Hope FM and METRO FM.

Revenue for the year under review totalled R1.2 billion, which is R330 million, or 22% below budget, but 7% lower than the previous year's revenue.

Overall, revenue from sponsorship was below budget however, it increased by 19% when compared with the previous year. The main contributor to the fall was a decline in sport sponsorship whilst programme sponsorships performed well.

The SABC's commercial platforms aim to appeal to those audiences in LSM 7-10 who do not have access to Pay TV.

The SABC's commercial portfolio reaches 48% (or 10.3 million) of the total television and radio audience in LSM 7-10.

RADIO

Over the years, PCS Radio has redefined its target market in an effort to better serve listeners.

Listenership figures by year-end

- ★ METRO FM - 2.6 million
- ★ 5FM - 1.1 million
- ★ Good Hope FM - 0.3 million



5FM DJ Gareth Cliff on air.



International musician Wyclef Jean flanked by 5FM DJs.

20

the millions of rands generated by Good Hope FM in advertising revenue



Local artists performing at a METRO FM event.



The station has been positioned as the entertainment radio service for South African youth, offering popular contemporary music and entertainment. **5FM** has shown excellent audience growth within the target market during the past year and is currently at its highest audience levels since the early 1990s.

Though the station did not reach its revenue target during the year under review, it generated additional revenue through interactive campaigns, events and website advertising.



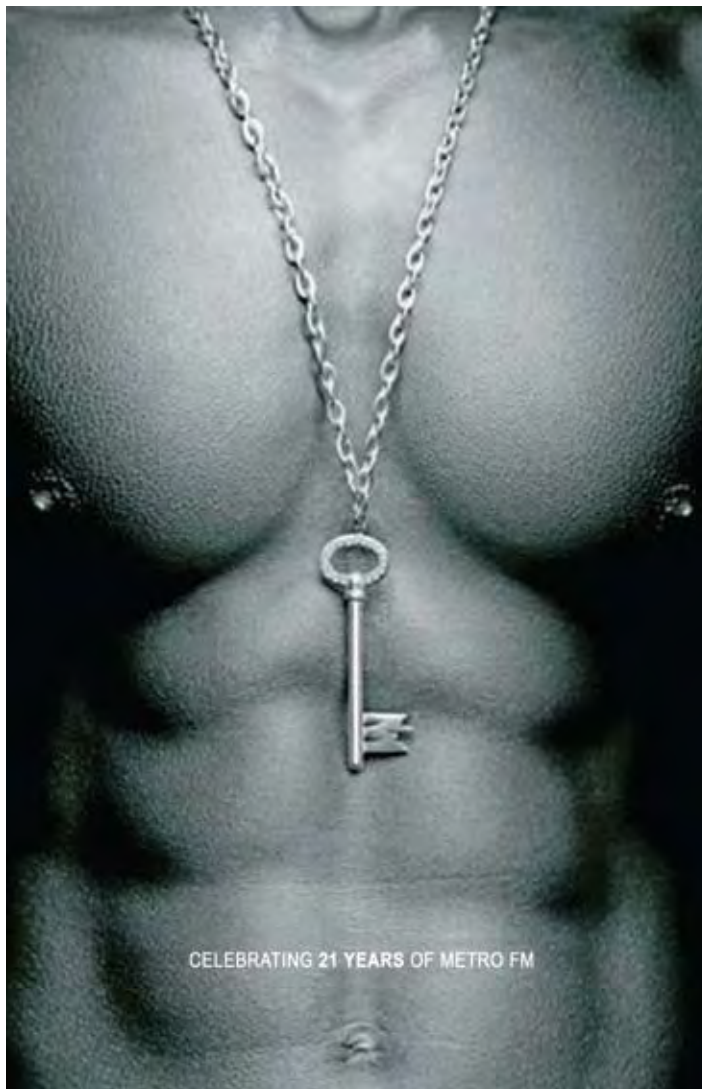
Good Hope FM services the Cape Town metropole and surrounds, and targets an audience of 22 to 32 year olds in LSM 6-9. The station showed a marginal year-on-year decline in its day performance, but equalled its previous year-on-year average day listenership.



METRO FM is a national, urban, English-medium, commercial radio station. Year-on-year, the station's core target market audience in the age group 25 to 34 increased by 0.6 % within LSM 6-10 and by 8.3 % within LSM 5-10, culminating in an overall gain in audience share of 0.7%.

METRO FM achieved actual revenues of R187 million compared to a budget of R194,4 million, representing a deficit of 4% against budget but still delivering year-on-year growth of 8%.

The station went live on the DSTV Audio bouquet in September 2008, a move which saw it expand its potential audience base beyond South Africa's borders, as well as locally in areas where it had not previously been available.





Local Soap Isidingo actors.

9.9m

number of SA adults watching TV daily



Local Movie Mr Bones featured on SABC3.

TELEVISION



SABC3 is an adult, contemporary Channel targeted at LSM 8-10 viewers in the 25 to 49 year old age group.

Its broadcast footprint covers the metropolitan areas of South Africa and is continually being expanded.

Programming

The Channel's movie themes proved to be a successful formula during the year under review. With titles from the Bond, Schuster and Disney stables, SABC3 viewers were taken on adventurous and nostalgic journeys, increasing revenue share and audience delivery.

Ground-breaking programming also came in the form of South Africa's first successful live heart surgery, where viewers had the opportunity to "Meet Wally's Heart". Screened in a traditional movie slot (Saturday 20:00), 3Talk's heart surgery gave the Channel a competitive edge.



Noleen from 3 Talk.

SABC Radio (PBS and PCS)

Overall, the SABC's radio platforms exceeded the organisation's classic revenue target for 2008/09 by 10.3 %, and the sponsorship target by 91%. These results were achieved through traditional and non-traditional advertising campaigns, with advertisements consisting of pre-recorded spots, live reads and on-air promotions.

Radio Sales successfully launched Radio Adspplits on five PBS Radio stations: Ukhozi FM, Lesedi FM, Umhlobo Wenene, Motsweding and RSG. The capital outlay was recouped in less than eight months, ensuring that the project outperformed all expectations.

The SABC's affiliation with the broadcast monitoring company, Afstereo, also ensured that clients' actual commercial playouts were audited.

New Media

New Media played an increasingly important role in the development of clients' campaigns, achieving 7% growth compared to competitors' 1%, and increasing market share by 2%, despite a negative economic outlook. It is anticipated that this area will continue to experience growth in the future.

SABC TV (PBS and PCS)

During the year under review, TV Sales revenue totalled approximately R2.5 billion, of which R310 million was generated through programme sponsorships and the balance from classic advertising. This represents approximately 54% of the current South African television media share.

Although the advertising industry publicly acknowledged SABC TV Sales as the most innovative media owner (due to the launch of the long term rate card and TV Adspplits), the 2008/09 financial year was characterised by great challenges.

SABC Mobile Services

SABC Mobile utilises technologies, platforms and content to empower audiences to participate and interact via their mobile phones.

The SABC's Mobile Services Unit facilitated the launch of more than 100 mobile interactive campaigns on behalf of clients, both the SABC's internal channels/stations and external clients.

These mobile campaigns ranged from SMS competitions for game shows such as *Noot vir Noot*, to voting lines for programmes such as *Strictly Come Dancing* and Mobile Internet portals such as mzansifosho.mobi.

Mobile internet browsing and mobile email access are likely to increase rapidly, with BMI-T forecasting over 15 million users accessing the Internet directly or indirectly by 2013.

Mobile instant messaging is also likely to increase significantly, with users demanding the functionality and affordability it offers. It is also expected that mobile social networking will experience strong growth. Research commissioned by the SABC shows that mobile phones will become the most likely way that South Africans will access the Internet, making it imperative for the SABC to exploit the mobile Internet platform.

SABC Merchandise

SABC Merchandise is responsible for the management and commercial licencing of SABC trademarks for use by third parties. It focuses on the use of logos, radio stations and TV channels, as well as on selected brands or names of various programmes. During the year under review, a decline in music sales impacted negatively on its revenue, with the Unit losing 13% of projected revenue. The Unit has however, developed strategies which, in the new financial year, will focus on expanding the SABC's merchandising range through best practice and innovative ideas, resulting in an increase in the visibility of SABC brands in retail outlets.



247

in millions of rand, the amount generated by SABC Sports Sales



Adverts seen on SABC Television: Vodacom - Single Ladies | Coke - Brrr.

ABSA - Best foot forward.

SABC Sports Sales

In the year under review, the SABC Sports Sales Unit generated revenue of approximately R247 million, of which R113 million was generated through programmes and event sponsorships, while the balance was generated from classic advertising. The unit's core business is to generate classic, programme and event sponsorship revenue across all SABC TV channels and radio stations.

The Unit intends to embark upon the development of a stringent Sales Sponsorship Policy as a foundation for good governance and structured sales efficiencies. Innovative ways of selling sponsorship will also be explored with the aim of becoming the leading sport sponsorship sales house in the country. Among approaches envisaged are proactive sport tracking and a rigorous study of international sales trends.

Sponsorship Revenue and Rights

Although sponsorship revenue came in 17% below budget, attributable mainly to a decline in sport sponsorship, total sponsorship revenue increased by 19% year-on-year. A decline in sport sponsorship contributed overwhelmingly to the budget loss during the year under review.

There was a significant surge in the level of rights over the last 12 to 18 months. The value of rights was R748 million in March 2008 and R1.1 billion by the end of March 2009. These escalating rights prepayments have a negative impact on the SABC's cash flow as they fall due before the programmes are broadcast; and there is no immediate off-set of revenue against the cash out.

Content Exploitation and Sub-Licensing

The Content Enterprises Division is responsible for the sale of SABC Content to countries on the African continent and the rest of the world. It is also responsible for building partnerships with Government, donors and the corporate sector to source funding for educational programmes. Revenue of R44 million was generated for the production of educational programmes during the year under review.

Revenue achieved in the 2008/09 financial year was R79.1 million, compared to a target of R65.4 million. This success was driven mainly by international and local Content sales which accounted for R35 million, comprising sales of Content to broadcasters and the packaging of Content into DVDs for retail sales. SABC Content is

currently sold in a number of countries, including African countries, the UK, Japan, the USA, Germany, Malaysia, Saudi Arabia and Argentina. Distributors have been appointed to expand the SABC's customer base in Europe, India and the United Kingdom.

The face-off is on!

For the love of the game

Follow us live in New Zealand vs Spain vs Brazil vs Egypt vs USA vs Italy. Catch all the FIFA Confederations Cup South Africa 2009 action live on SABC Sport and exclusively on SABC Radio from 16 until 29 June.

SABC SPORT, YOUR FRONT ROW SEAT TO THE FIFA CONFEDERATIONS CUP SOUTH AFRICA 2009

TV Licences

Pay yours. Make a difference.

Television licence revenue is a major source of funding for the SABC's public service mandate and, in terms of the Broadcasting Act, is to be used solely for that purpose. Currently, television licence revenue contributes about 18% of the SABC's total income.

The TV Licence Unit's performance during the 2008/09 financial year exceeded expectations. The Unit collected R972 million during the 2008/09 financial year, which was R43 million (4.6%) better than budget and represents a growth of R47 million (5%) year-on-year. Operating revenue for the review period exceeded target by 4.7% (R38.6 million), representing a growth of 5.2% (R42 million) year-on-year.

Operating expenditure was within budget, with cost ratios (both cost of sales and operating expenditure) within target. For the first time since the implementation of a staggered licence year in September 1996, (with renewal dates spread over all twelve months of the year), more than R100 million in television licence fees was collected in a single month (October 2008).

Several projects designed to enhance customer service efficiencies and revenue-generating opportunities for the TV Licence Unit were initiated. Strategies aimed at ensuring awareness and compliance at all levels as well as debt collection strategies and initiatives aimed at optimising the recovery of outstanding television licence fees were successfully implemented. Debt collection agencies focused on dormant (long overdue, inactive) accounts and habitual defaulters.

Other noteworthy achievements during the 2008/09 financial year include:

- ★ A total of 644 253 new accounts were created on the TV Licences database.

- ★ The new Television Licence Inspectorate Services added ±160 000 new accounts to the TV Licences database.
- ★ Divisional inbound call service levels were maintained above the set target of 80%. The average service level for the 2008/09 fiscal was 87%, with the average percentage of calls answered being 98%. More than 1.2 million inbound calls were received.
- ★ Divisional correspondence response times (excluding TV licence cancellation requests) averaged 18 days compared to a target of 28 days.



TV Licences at KKNK assisting viewers in paying their licences.



Activities





SABC's New Media Unit, SABC Digital Media, was established in September 2008. The specific objective of this Unit is to generate new revenue streams for the Corporation through the use of alternative technology other than radio and TV.

The Digital Media office effectively implemented "Dart for Publishers" ("DFP") across 20 SABC websites, enabling these websites to offer advertising opportunities which can be tracked and monitored by means of technology.

In November 2008, SABC News re-launched its website, www.sabcnews.com, featuring new media technologies and incorporating WEB2.0 aspects in its design and layout as well as technology through which the telephone service, Newsbreak (082 152), is updated. These measures were put into place in preparation for future projects envisaged by the SABC as well as to ensure that the website enhances the company's corporate image.

The new website boasts features that include podcasts, discussion forums and comments on articles. It also carries offerings from the SABC's old website, including video bulletins, audio bulletins, video and audio visual articles, features, pictures of the day, news programme sub-sites, and video. The SABC's profile has also been added to Facebook and Twitter.

The Newsbreak Service - a technology of dialing a cellular phone operator server to upload bulletins - has been converted into a File Transfer Protocol ("FTP") system. This has seen the quality and efficiency of bulletins improving. The Newsbreak service carried Matric Results, with 350 000 calls being made to the service.

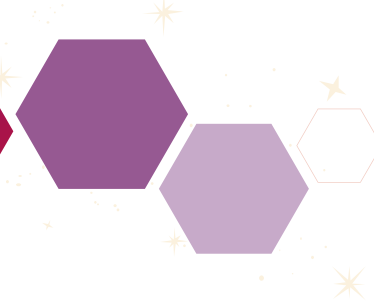
SABC1 revamped its website, www.sabc1.co.za, as well as its mobile site, mzansifosho.mobi. The Channel also has a new on-line magazine, 'One', and a new Facebook page.

Although confronted by challenges with regard to the stability and performance of the SABC's portal and content management solution, the New Media Unit successfully completed the Web Consolidation Programme that began in 2007/08, delivering 29 websites and effectively consolidating the SABC's online presence. This foundation is critical for future digital media channels (e.g. mobile), which the SABC intends to utilise to reach its target audience.



The new www.sabcnews.com website.

Broadcasting Infrastructure



Technology

The Technology Division of the SABC is the provider of technology and engineering infrastructure solutions for the SABC's content and business operations. A comprehensive Technology Plan was developed in 2002/03, with phased implementation taking place over five years. With the migration to new technologies and the continued development of digital and modern IT skill sets, the SABC is positioning itself as a digital broadcaster for the 21st century.

The Technology Division comprises five business units providing 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 in favour of content acquisition.

Technology Plan

For the 2008/09 financial year, a Capex cash flow budget in excess of R886 million was approved by the Board. A key driver for this allocation was the digitisation of the SABC's facilities provided for in the Corporation's Technology Plan. The implementation was however, hampered by factors such as lack of capacity within the Technology Division, re-negotiation of the contract with the co-source partner providing resources to assist with the rollout of the Plan, and delays caused by internal processes. Actual Capex expenditure of R389 million was achieved, net of R111 million received from the refinancing of the high definition TV ("HDTV") Outside Broadcast ("OB") units.

The major Capex allocations in the budget were for:

- ★ New digital high definition ("HD") outside broadcast units.
- ★ The development of a digital archive system, which has been deferred to 2009/10.
- ★ The Digital Terrestrial Television ("DTT") project, of which the pilot was implemented during 2008/09.
- ★ Completion of the digitisation of the radio main controls.
- ★ Development of a News production and computer system, now in the planning stage.

- ★ The Development and launch of a Television Broadcast Management System ("TVBMS"), a new scheduling system.
- ★ Digitisation of News Studio 9, now in the planning stage.
- ★ Digitisation of various Henley studio facilities; and
- ★ Various IT, plant and equipment infrastructure developments and other replacements.

In 2008/09, the SABC ordered four new high definition, Outside Broadcast units as part of a programme to digitise its outside broadcast facilities. All four units will be delivered in 2009/10, with two in place for the coverage of the FIFA Confederations Cup 2009 and two due for delivery by early 2010, in time for the 2010 FIFA World Cup. TV News Studio 10 was refurbished and digitised and has been in use since December 2008.

Further work in progress is the conversion of News Studio 9 to a fully digital, four-camera, high definition, television News production and final control studio with three edit suites. The Studio is expected to be in production in March 2010. Provision has also been made for a new Server-based Newsroom Computer System and Newsroom Production System for SABC News, expected to be completed by August 2010.

Television Broadcast Management System (TVBMS)

November 2008 saw the successful implementation of the TVBMS project, a replacement of the aging system used for scheduling TV broadcasts and managing associated media.

TVBMS will enable the SABC to better respond to the challenges that will arise out of the Corporation's multichannel, multiplatform and digitisation strategies by providing a solid foundation on which to build the necessary capabilities.

The coming year will see a concerted effort to ensure that the SABC derives the benefits of TVBMS, which will encompass:

- ★ Improved managerial monitoring and governance of the TV broadcast management process;
- ★ Enhanced productivity through improved access to relevant data and an integrated view of broadcasting information; and



On camera | On air.



886m

budget approved
by the Board for the
Technology plan



M1 Studio facilities.

★ Improved communication, interaction and collaboration by all stakeholders in the broadcast process.

Ultimately, every employee will be able to perform more effectively and efficiently in a highly productive work environment.

TV Outside Broadcasts (TV OBs)

With international and sporting events increasing in the run-up to the 2010 FIFA World Cup, the requirement for outside broadcasts surged. Local and international productions carried out by TV OBs included the Live Earth Concert, broadcast worldwide in High Definition (HD); the FIFA-sanctioned “90 minutes for Nelson Mandela” soccer match in HD; the FIFA 2010 Preliminary Draw in HD; the 46664 Concert broadcast (which was the first fully tapeless HD production in South Africa); the Women’s World Cup of Golf; the Zimbabwe Elections and Run-off Elections; the Beijing Olympic Games; the Comrades Marathon; the Miss World pageant and the Vodacom Challenge.

Radio Broadcast Facilities

Radio Broadcast Facilities (“RBF”) was created in 2005 in the interests of the continued technological consolidation of radio in the country.

RBF is faced with an increasingly competitive business environment and continues to position itself to take the lead in radio digital broadcasting infrastructure. During this financial year, RBF underwent a number of studio upgrades, with KwaZulu-Natal playing a digital pioneering role.

RBF embarked on closing the value chain in implementing digital Main Controls with direct links onto the Asynchronous Transfer Mode (“ATM”) networks.

In 2008/09, RBF provided facilities for the radio coverage of the Beijing Olympics (both in China and in the Radio Park Mezzanine Broadcast Centre); the Paralympics; the Euro 2008 soccer tournament; the African Youth Soccer Championships in Rwanda; the 2010 FIFA World Cup draw; the Nedbank Golf tournament at Sun City; the A1 Grand Prix at Kyalami; the launch of COPE in Bloemfontein; the Jacob Zuma court proceedings; and Madiba’s birthday celebrations in Qunu.

In line with its public service mandate, RBF also provided remote assistance to a number of community radio stations, including Chai FM, Kasie FM, Radio Lichtenveld, Radio Kragbron and Thaba Stereo.



Our new HD OB Units.

389m

in rands,
net capital expenditure
achieved

News broadcasting facilities in Television Centre.

Broadcasting behind the scenes.

Henley Television Facilities

Henley TV Facilities is the biggest production facility in Southern Africa. The facilities comprise three sections - Production Facilities, Post Production Facilities and Broadcasting Facilities. These are dedicated to the SABC production houses: SABC Sport, SABC News and News International; SABC Education and the three Channels, SABC1, 2 and 3.

Henley TV Facilities is home to three of the most popular drama productions in South Africa; *Generations*, *Isidingo* and *Muvhango*.



Introducing the next generation to our broadcasting infrastructure during a Technology road show.

A highlight of the 2008/09 financial year was the rollout of a state-of-the-art studio in News facilities. This studio serves as an introduction to file-based and tapeless TV production and paves the way to connectivity across all equipment in Henley TV Facilities.

The EVS Server was another leap forward in technology. The system was procured to coincide with the broadcast of the much anticipated Olympics in Beijing.

Information Technology Broadcast

Broadcast IT ("BIT")'s function is to provide the SABC with IT infrastructure and Applications support and services. The business Unit's historical focus has predominantly been to provide infrastructure support to the SABC.

During the 2008/09 financial year, the Unit embarked on improving the direction of IT and deploying innovative solutions to enable and support key information technology initiatives across the SABC.

SAP Customer Competency Centre (CCC)

BIT played a pivotal role in the establishment of an outsourced SAP Application support function following the Project Moribo ERP implementation.

Enterprise Application Integration

To realise the vision of Enterprise Application Integration and to align with the emerging IT trends of SOA, BIT embarked on an assessment of the SABC's IT landscape. This led to the establishment of an Enterprise Architecture capability, incorporating an internal in-house integration capability (Integration Competency Centre). This is an on-going initiative into 2009/10, and possibly beyond, to support the required system integration efforts of business units across the SABC.

Digital Migration

The buzz word in broadcasting circles and the television industry is Digital Terrestrial Television (DTT). Throughout the world, countries are involved in the process of migrating from analogue to digital transmission of television.

DTT features many benefits, including allowing the SABC to offer more channels and interactive services. The picture and sound quality is far better than what the SABC's audiences are currently receiving. With a click of a button, DTT viewers will be able to have access to weather services, games, electronic TV guides, news headlines, and information from Government.

The SABC has been working on preparations for digital migration for over two years. Early planning meant that the SABC was able to drive the process of migration from the start.

In January 2008, the SABC dedicated a fully-fledged project team focused on preparing the public broadcaster for digital migration. This included setting up the infrastructure, launching pilot TV Channels, contributing to the ICASA regulations on DTT, setting up a research sample comprising the SABC, stakeholders and members of the public, putting up encoders and multiplexing facilities, and starting a communication drive for the technology.

A DTT trial service was launched on 1 November 2008, with the SABC leading the free-to-air trial in Gauteng and KwaZulu-Natal. The trial currently comprises seven SABC TV Channels, including three trial Channels, SABC Entertainment, Education and Sport as well as two eTV channels and 19 radio stations.

The DTT trial is aimed at testing the technology and the service in general, to enable the successful launch of digital terrestrial television.

A total of 1 755 set-top boxes have been given to members of the public participating in the DTT pilot project.



Digital Migration as we move from analogue to digital.

Digital TV: What you need to know

What is DTT?

Digital Terrestrial Television is the replacement for analogue terrestrial broadcast. It makes more efficient use of radio frequency spectrum, allowing more television channels to be licenced.

Does DTT use satellite?

No, it is unrelated to satellite television however, people who want to receive STT signals will need to buy a set-top box that looks similar to a satellite decoder.

Do I have to buy a set-top box?

No. If you have DSTV, you already receive all of SA's terrestrial channels however, you may not receive all the new channels that will be launched on the DTT platform. The choice is yours.

How much will the set-box cost?

It depends on the feature set, but the decoders should start at about R700. Lower income households will be able to buy subsidised set-top boxes.

Do I need a TV Licence to get DTT?

Yes. You will be required to produce your TV Licence when buying a set-top box.

Do I need a flat screen TV to watch DTT?

No. Flat screen technologies will replace older cathode-ray tube ("CRT") TV's but you don't need to throw away your CRT just yet. Flat-screen displays are recommended if you watch high definition (HD) channels, and none of the channels on DTT will be HD at launch.



SABC staff receive Set-Top-Boxes.

Angie Hammond at the launch of DTT

The SABC will carefully analyse the research and feedback received from participants in the DTT trial with a view to developing a compelling DTT proposal at launch.

DTT PILOT PROJECT CHANNELS



SABC Entertainment

On 1 November 2008, SABC Entertainment was successfully launched as one of the trial Channels on the DTT platform. SABC Entertainment is being used as a research and development channel to test the DTT platform for future digital channels. The Channel has also been tasked with assisting SABC Education to set itself up as a Channel on the DTT platform.

The Channel utilises previously run SABC Content and free outsourced material. Its vision is to be a leading premium entertainment Channel which provides authentic, hassle-free infotainment aimed at meeting and exceeding the expectations of its stakeholders. Until the trial phase is concluded and the

DTT platform is fully operational, the Channel cannot fully inform its programming, scheduling and marketing objectives due to the lack of audience ratings and thorough marketing intelligence feedback.

Operationally, the Channel has excelled in creating new standard operating procedures for the digital broadcasting environment. It has also hired and empowered a combination of media institution graduates, industry newcomers and unskilled personnel.

SABC Sport

A 24-hour DTT channel dedicated to sports is currently on trial. The Channel will reduce and ultimately eliminate the schedule disruption and rights amortisation for channels like SABC1, 2 and 3, which often have to abandon their scheduled programmes in order to broadcast sport, resulting in a loss of advertising and programme sponsorship revenue for the Channels.

SABC Education

The Channel began airing on SABC Entertainment between 14:00 and 18:00. It provides content targeted at the formal education sector, from primary to high school education.



Set-Top-Box functions.



Preparing for the 2010 FIFA World Cup

The SABC's vision for the 2010 FIFA World Cup is: 'Driving African access and legacy behind the 2010 FIFA World Cup' and its mission is 'to deliver a world class broadcast and projects that are entertaining and empowering, whilst championing the nation's readiness and African agenda'.

As the official broadcaster of two major international soccer spectacles, the SABC has had to prepare for both the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup during the year under review.

2009 FIFA Confederations Cup



Technical highlights of the preparations for the 2009 FIFA Confederations Cup included the procurement of cameras as well as providing Outside Broadcast units, all high definition, in line with FIFA requirements.

The FIFA Confederations Cup draw took place, as did Soccerex, in November 2008, having been preceded by a special SABC presentation on the FIFA Confederations Cup during the Highway Africa Conference in September 2008. In the same month, FIFA President, Mr Sepp Blatter, was hosted by the SABC at a Board luncheon.



Bafana Bafana supporters in full cry.

From a public service perspective, the most far-reaching of the SABC's interventions in support of the FIFA Confederations Cup during the year under review was the sustained Siyanqoba campaign which saw the organisation mobilise South Africans to attend soccer matches and to support the national soccer team, Bafana Bafana.

2010 FIFA World Cup



The SABC's 2010 FIFA World Cup objectives extend beyond delivery of the tournament broadcast. The Corporation is committed to making the tournament a social development and nation-building

experience for all South Africans, and a legacy of unity for Africa.

In preparation for this, the SABC launched the 500-days countdown to the 2010 FIFA World Cup under the banner "FEEL IT" and embarked on an initiative to plant 1 000 trees as part of the countdown - with 52 indigenous trees representing the 52 African countries. The objectives of this campaign were to energise citizens and stimulate excitement around the 2010 FIFA World Cup soccer tournament.

The SABC has made preparations for Public Viewing Events across six provinces, where there will be live broadcasts of matches for those who are unable to attend the matches, thus fulfilling the SABC's obligation to be accessible to the nation.

In addition, a number of programmes were developed to educate and engage viewers on various aspects of the 2010 FIFA World Cup, including infrastructure development, teams and personalities.

Other 2010 FIFA World Cup milestones include the launch of Radio 2000 as the SABC's official radio broadcaster of the 2010 FIFA World Cup; the hosting of the 2nd African Broadcasters Conference on 2010 with a view to Africanising the 2010 FIFA World Cup; and the SABC-FIFA-LOC Green Goal partnership to raise awareness about global warming and environmental issues during the World Cup.

2009 General Elections



A major undertaking by the SABC during the year under review was preparing for the 2009 National General Elections. The SABC has to ensure that all political parties are treated equitably and that voters have sufficient information to make an informed choice. Principles of election coverage are outlined in law and regulations.

In January 2009 the SABC unveiled a comprehensive election coverage plan with an estimated cost of between R32 million and R42 million. Through its regional offices, the SABC undertook countrywide road shows and engaged various stakeholders, including the political parties, the Independent Electoral Commission (“IEC”) and ICASA, on the election coverage plan.

Included in the plan was a new results system that would deliver results comprehensively, contextually and immediately.

As part of the coverage plan, SABC News planned the introduction of special election slots and formats, providing national and provincial platforms for participating political parties. The formats included a series of inter-party debates to be aired on SAfm, SABC2 and SABC International.

To assist in resolving complaints from political parties associated with the planned coverage of political parties, the SABC appointed a Complaints Officer to handle all disputes.

The SABC also commissioned an independent monitoring agency, Media Monitoring Africa, to analyse its election coverage with the aim of enhancing the Corporation’s credibility and demonstrating transparency in its handling of the election. The analysis was also aimed at providing the SABC with independent research into its radio and television services’ coverage of the elections.

SABC Education embarked on a series of provincial voter education road shows to create election awareness and emphasise the importance of voting, particularly amongst the youth and first-time voters.



**His Future?
The Power... is in Your Hands.**
Catch all the elections coverage on SABC2 Election debates, Sundays 2000.



Commercial Break



Global warming. Let's have the conversation.



(kiss)⁵

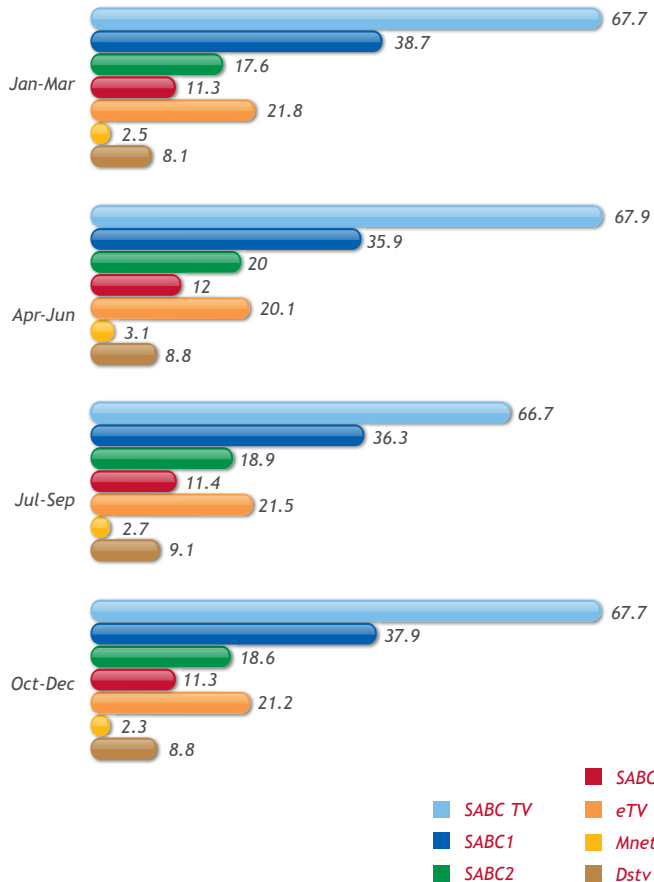
THE POWER OF 5 FM

Growth



Audience Growth

Prime time television audience share Quarterly Performance Levels 08/09 in terms of percentage of television audience



As regards radio, LSMs 1, 2 and 3 have seen a decline in radio listening. This decline in listenership could be attributed to the national decrease in the size of these three LSM groups. Alongside this decline was growth in the LSMs 5, 6 and 9 audience brackets.



The cast of our local favourite soap, Generations.



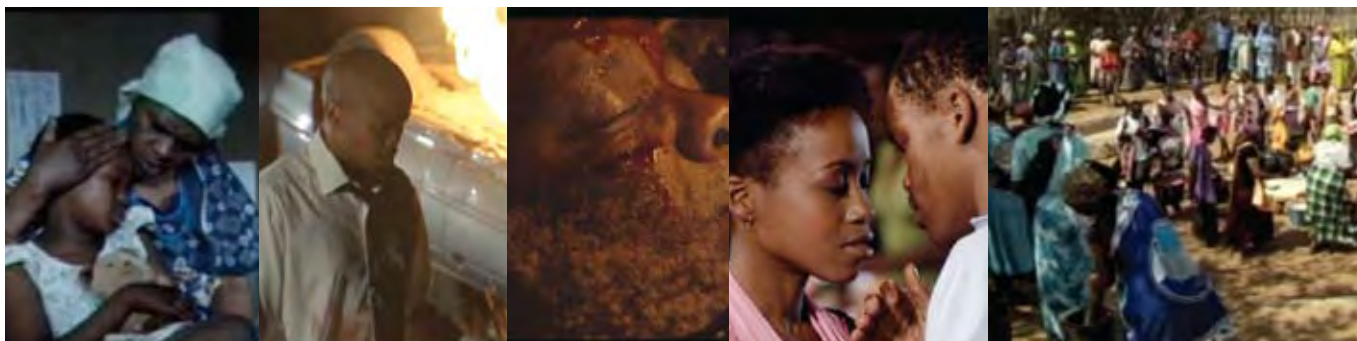
Tshisa | Zone 14 | Ubizo | Tsha Tsha.

A Place Called Home | Home Affairs.

Top 20 programmes across the SABC TV Network: FY 08/09 (All SABC1 programmes)

	Programmes	Channel	Genre	Adults 16+		
				AMR %	SHR %	AMR
1	<i>Generations</i>	SABC1	Soap Opera	25.6	61.9	5 891 680
2	<i>Tshisa</i>	SABC1	Drama	23.1	56.7	5 356 720
3	<i>Shakespeare: Death of a Queen</i>	SABC1	Drama	22.8	56.9	5 289 690
4	<i>Soul City</i>	SABC1	Drama	22.6	53.4	5 226 937
5	<i>Generations 15 year Birthday Special</i>	SABC1	Soap Opera	22.0	53.8	5 105 677
6	<i>Generations 15 year down Memory Lane</i>	SABC1	Variety	20.9	54.0	4 844 636
7	<i>Zone 14</i>	SABC1	Drama	20.6	53.9	4 553 235
8	<i>Mirror Mirror</i>	SABC1	Drama	20.2	51.5	4 675 149
9	<i>Shakespeare: Uguu No Andile</i>	SABC1	Drama	20.2	51.4	4 670 030
10	<i>Ubizo: The Calling</i>	SABC1	Drama	19.5	49.3	4 528 858
11	<i>Glory to Victory</i>	SABC1	Drama	18.9	47.7	4 377 452
12	<i>SAMA Awards 2008</i>	SABC1	Variety	18.8	57.3	4 353 364
13	<i>Tsha Tsha</i>	SABC1	Drama	18.6	46.0	4 312 391
14	<i>A Place Called Home</i>	SABC1	Drama	17.8	43.5	4 124 625
15	<i>Case 474</i>	SABC1	Drama	17.6	44.7	4 073 895
16	<i>A Drink in the Passage</i>	SABC1	Drama	17.1	44.1	3 967 048
17	<i>Shakespeare: Izingane Zobaba</i>	SABC1	Drama	17.0	45.1	3 934 138
18	<i>Telkom Charity Cup</i>	SABC1	Sport	16.8	49.8	3 902 703
19	<i>Shakespeare: Entabeni</i>	SABC1	Drama	17.7	45.8	3 731 004
20	<i>Home Affairs</i>	SABC1	Drama	16.8	44.0	3 894 934

Source: TAMS (Arianna)



Scenes from the Mzansi version of Shakespeare.

Compliance with Licence Conditions



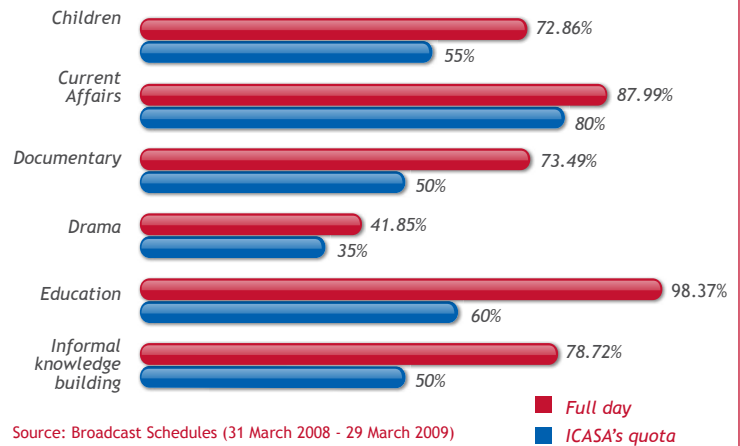
The individual licence conditions for the SABC's channels and radio stations specify minimum quotas for each service. Television is measured on the weekly average over a year, while radio has daily and weekly quota requirements.

During the year under review, both radio and television continued to surpass the minimum requirements for local content quotas stipulated in the Regulations on South African Content. Whilst television channels have complied with quotas across the full performance period, they have slightly underperformed with respect to marginalised languages and languages other than English, during primetime.

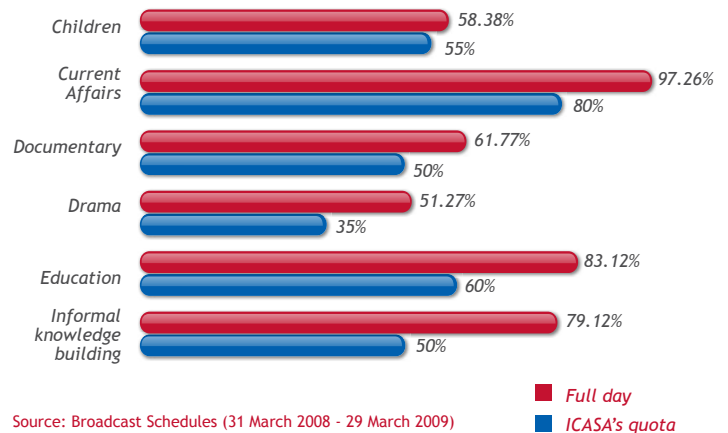
Television

All local content quotas were met and exceeded during the year under review.

SABC1 as PBS channel % local content per genre



SABC2 as PBS channel % local content per genre





Local content Askies featured on SABC2.

98

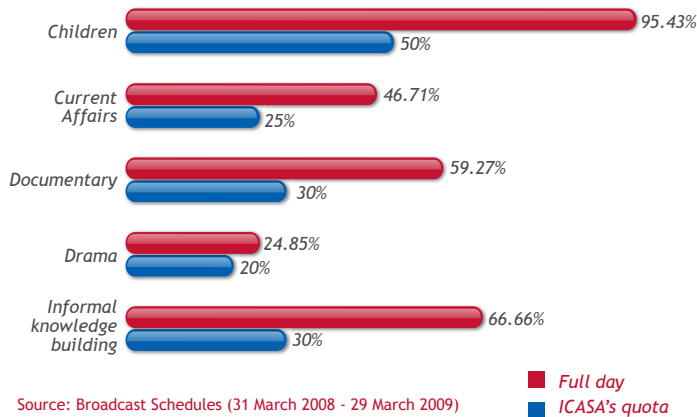
percentage of local content on SABC1 Educational programmes



Local content Mofereferere featured on SABC1.

SABC3

% local content per genre



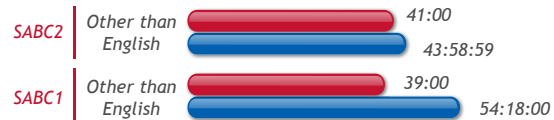
Language

Language quotas for the PBS Channels are based on four different criteria:

- ★ A minimum number of hours of programming in languages other than English, excluding marginalised languages in prime time.
- ★ A minimum number of hours of programming in marginalised languages in prime time.
- ★ A minimum number of hours of programming in languages other than English, including marginalised languages in prime time.
- ★ A minimum number of hours of programming in languages other than English, including marginalised languages in the performance period.

The graphs below reflect the SABC's performance against these quotas:

Language delivery during TV performance period
Current performance vs ICASA's quota

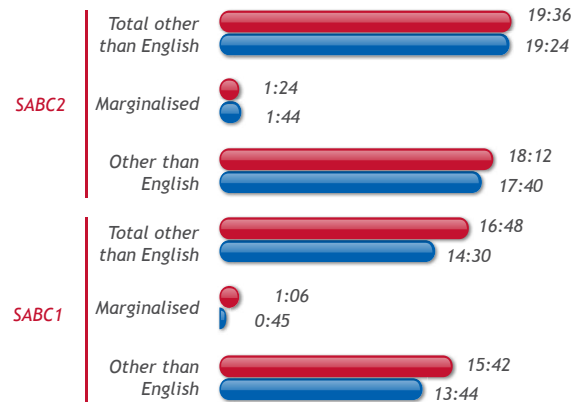


Average Hours/min per week

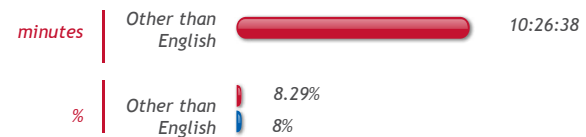
Source: Broadcast Schedules (31 March 2008 - 29 March 2009)

■ ICASA's quota
■ Current Performance

Language delivery during Prime Time
Current performance vs ICASA's quota



SABC3's language delivery during TV performance period
Current performance vs ICASA's quota



Source: Broadcast Schedules (31 March 2008 - 29 March 2009)

■ ICASA's quota
■ Current Performance



A scene from our local Award winning movie Tsotsi.



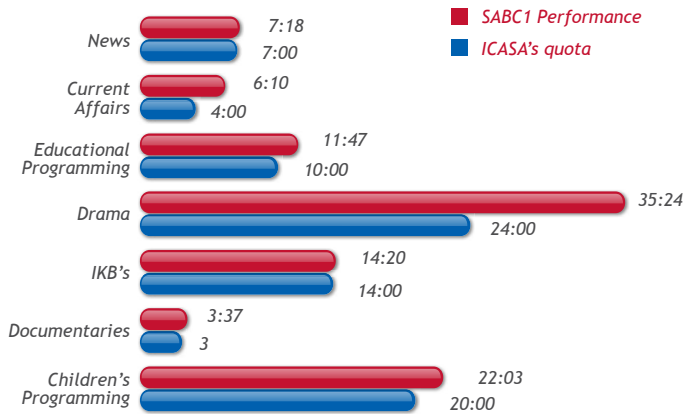
Local content Muvhango featured on SABC2.



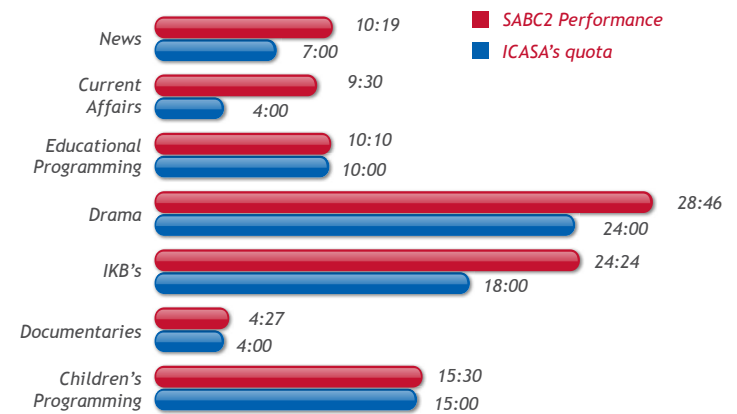
Genre Quotas

Genre quotas are applicable to television Channels for both the performance period and prime time.

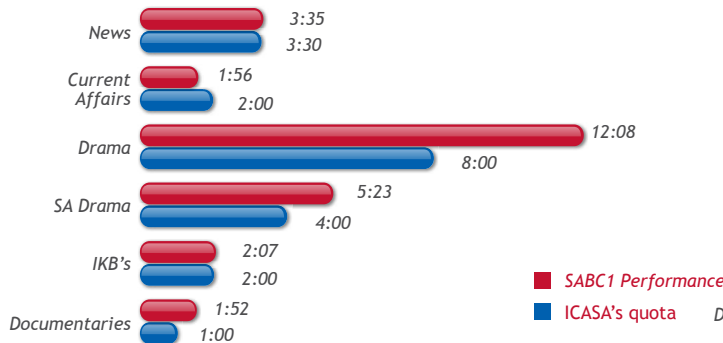
SABC1 TV Performance period - Genre quotas



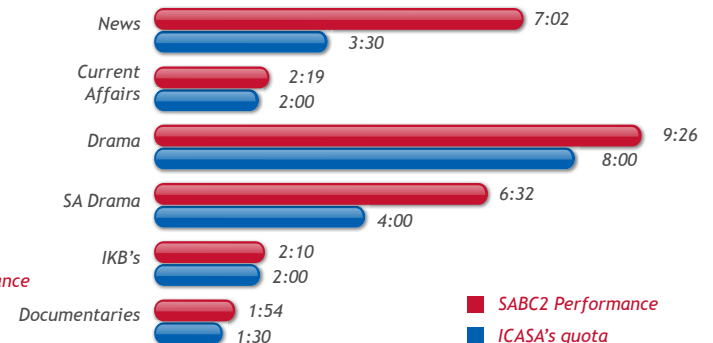
SABC2 TV Performance period - Genre quotas



SABC1 Prime Time - Genre quotas



SABC2 Prime Time - Genre quotas



Average hours/min per week | Source: Broadcast Schedules (31 March 2008 - 29 March 2009)

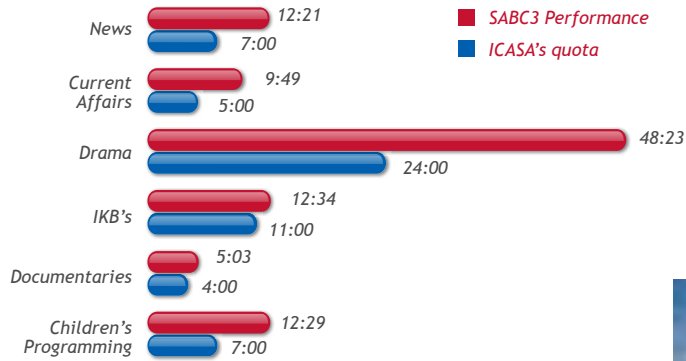


Local Magazine programme Top Billing featured on SABC3.

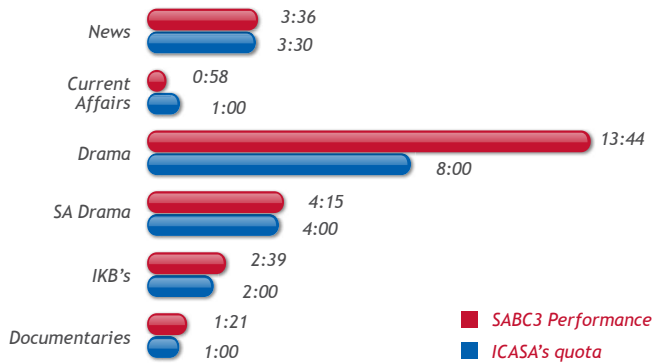


Broadcasting from the new facilities at Radio Park.

SABC3 TV Performance period - Genre quotas



SABC3 Prime Time- Genre quotas



Advertising Quotas

The SABC's licence conditions state that the television Channels may not:

- ★ During any licence year, broadcast more than an average of 10 minutes of advertisements per hour on the licenced service.
- ★ Air in excess of 12 minutes of advertising in any one hour.

Radio

All PBS Radio stations complied with and exceeded local content quotas as reflected in the schedule alongside.



Genre quotas on radio station performance in minutes and percentages

Radio Stations at week 13	News			Current Affairs			IKB	Education	Children			Drama	
	Mon-Fri	Sat	Sun	Mon-Fri	Sat	Sun	Weekly	Weekly	Mon-Fri	Sat	Sun	Weekly	
ICASA's Quota minutes													
Ikwekwezi FM	60	60	60	60	60	60	180	300	60	60	60	150	
Minutes	135	80	70	140	60	60	1 800	430	65	85	65	360	
%	225	133	117	233	100	100	1 000	143	108	142	108	240	
MLFM	60	60	60	60	60	60	180	300	60	60	60	150	
Minutes	85	80	75	110	60	60	1 385	385	70	60	60	225	
%	142	133	125	183	100	100	769	128	117	100	100	150	
Thobela FM	60	60	60	60	60	60	180	300	60	60	60	150	
Minutes	213	110	80	101	60	60	1 665	420	80	60	60	160	
%	355	183	133	168	100	100	925	140	133	100	100	107	
Phalaphala FM	60	60	60	60	60	60	180	300	60	60	60	150	
Minutes	132	65	60	110	60	90	2 240	365	65	60	60	135	
%	220	108	100	183	100	150	1 244	122	108	100	100	90	
Ukhozi FM	60	60	60	60	60	60	180	300	60	60	60	150	
Minutes	84	60	60	165	60	110	2 955	320	61	75	70	260	
%	140	100	100	275	100	183	1 642	107	102	125	117	173	
Lesedi FM	60	60	60	60	60	60	180	300	60	60	60	150	
Minutes	92	65	65	191	60	60	2 060	445	64	60	65	185	
%	153	108	108	318	100	100	1 144	148	107	100	108	123	
Umhlobo Wenene FM	60	60	60	60	60	60	180	300	60	60	60	150	
Minutes	97	90	80	170	60	60	1 065	295	60	60	60	160	
%	162	150	133	283	100	100	592	98	100	100	100	107	
Ligwalagwala FM	60	60	60	60	60	60	180	300	60	60	60	150	
Minutes	99	60	60	110	60	60	1 870	355	60	60	85	240	
%	165	100	100	183	100	100	1 039	118	100	100	142	160	
Motsweding FM	60	60	60	60	60	60	180	300	60	60	60	150	
Minutes	109	60	60	133	60	60	1 080	350	65	60	60	255	
%	182	100	100	222	100	100	600	117	108	100	100	170	
SAfm	90	90	90	<i>Daily - 240</i>			360	240	<i>Weekly - 60</i>			150	
Minutes	110	100	100				326	1620	320				85
%	122	111	111				136	450	133				142
RSG	60	60	60	60	60	60	180	300	<i>Weekly - 60</i>			150	
Minutes	116	60	60	202	60	60	1 325	330				200	
%	193	100	100	337	100	100	736	110				333	
Lotus FM	60	60	60	30	30	30	60	120	<i>Weekly - 30</i>			-	
Minutes	70	65	65	60	30	55	1 345	475				55	
%	117	108	108	200	100	183	2 242	396				183	
X-K FM	30	30	30	30	30	30	180	300	<i>Weekly - 15</i>			-	
Minutes	66	50	50	99	55	55	1 580	425				785	
%	220	167	167	330	183	183	878	142				5 233	
tru fm (CKI FM)	60	60	60	30	30	30	60	120	<i>Weekly - 30</i>			-	
Minutes	70	65	65	60	30	55	1 345	475				55	
%	177	108	108	200	100	183	2 242	396				183	

Complaints

The SABC has made a concerted effort to re-assure its audiences of the significance it attaches to every complaint received and to impress upon its staff the importance of taking every complaint seriously and acknowledging the time and effort taken by the listener or viewer to raise an issue of concern. Audiences have clearly also started to understand their right to complain if they are dissatisfied and are increasingly recognising the mechanisms, both formal and informal, that are available to them for this purpose.

During the 2008/09 fiscal year, the SABC dealt with complaints from regulatory bodies such as the Broadcast Complaints Commission of South Africa (BCCSA), the Advertising Standards Authority of South Africa (ASA) and the Independent Communications Authority of South Africa (ICASA) as well as with complaints addressed directly to the SABC.

★ BCCSA

A total of 112 complaints against SABC services were processed by the BCCSA. Of these complaints, 106 cases were dismissed, while the SABC was found to be in contravention in six instances. There has been a substantial decrease in the number of complaints received this year compared to last year, from 165 to 112. This is attributed to educating staff about the applicable regulations and educating audiences on their rights and obligations in terms of the BCCSA Code of Conduct, with advertisements being broadcast in all languages across radio and television services.



★ ASA

Only nine complaints against advertising in various formats by SABC services were reported. All of these were dismissed by the ASA.

★ ICASA

Only one SABC case was heard at ICASA into a complaint by the Freedom of Expression Institute regarding the alleged blacklisting of commentators and analysts by the Head of News. The matter was still being considered by the Complaints and Compliance Committee of the Regulator by the end of the financial year.

★ SABC Services

In addition to the complaints dealt with by regulatory authorities, the SABC also received complaints directly and dealt with them at that level.



Broadcasting for total Citizen Empowerment





About the SABC

SABC People

SABC staff are the means by which the Corporation strives to meet its mandate.

HUMAN CAPITAL SERVICES (HCS)

HCS's primary role is to enable the Corporation to manage its human resources.

HCS includes six major functional areas; Learning and Development; Remuneration and Reward (which includes HCS Policy); Employee Relations; Employee Wellness; Organisational Development (including Employment Equity); Performance Management and Talent Management.

LEARNING AND DEVELOPMENT

Investment in skills development has been a key focus. In the 2008/09 fiscal year the SABC spent R34.26 million on skills development initiatives. This excludes related costs such as transport, subsistence, accommodation and printing. A total of 1035 employees attended programmes that were linked to personal development plans ("PDP").

Bursaries

A total of 128 bursaries were awarded by the SABC, with 43 new bursaries awarded to employees and 20 to children of employees.

Skills Development Initiatives

Competition for broadcasting industry skills intensified during the year under review, with skilled presenters and broadcast engineers being lost to competitors. At the same time, it proved difficult to attract skills in the areas of broadcast engineering, economic news, current affairs and IT.

The following skills development initiatives focused on technical training, operational requirements training and learnerships in scarce skills such as Broadcast Engineering:

- ★ Journalism Internship (SABC News): A total of 55 interns were selected for training and practical work exposure in news. Of these, 23 were subsequently permanently absorbed into the Corporation's News Division.

- ★ Broadcast Engineering: A learnership in Broadcast Engineering saw 23 unemployed learners placed with the National Electronic Media Institute of South Africa ("NEMISA").

- ★ Film and Television Practical Learnership: In the film and television practical learnership, the SABC's Technology Division provided experiential learning to 50 unemployed learners while another 20 graduates were given practical experience.

Formal partnerships were established with entities such as HESA (Higher Education South Africa), MAPPP-SETA, the National Electronic Media Institute of South Africa (NEMISA) and private enterprise to mobilise and harness their diverse and complementary expertise for the purpose of addressing skills shortages within the SABC and the media industry at large.

Leadership Development

In an effort to strengthen the SABC's leadership, the Leadership Pipeline Model was developed with five strategic performance standards comprising Financial and Operational, Management, Leadership and People, Customer and Stakeholder Relations and Innovation and Technology. This will assist SABC managers to optimise business results.

The Leadership Pipeline Model is designed to enhance work levels and outputs at relevant management levels i.e. getting the right work done at the right level to increase performance and competitiveness.

A succession planning process has been developed and the succession review will form part of the corporate calendar. The first phase identifies critical and key leadership positions within the SABC.

Skills Audit

A skills audit project was started and various skills matrices were completed for business units, with a pilot project undertaken in the Technology Division. The skills audit was conducted as part of the SABC's critical and ongoing effort to identify skills required now and in the future in order to ensure that all the organisation's learning and development initiatives are aligned with its strategic objectives and operational requirements.



55

the number of interns taken for training and practical work in the News department

SABC Staff.

SABC Staff.

The project will also assist in identifying the scarce skills that the SABC and the industry require.

REMUNERATION AND REWARD

During the year under review, HCS also implemented a holistic remuneration and benefits strategy which included:

- ★ The implementation of a retention strategy, including skills transfer.
- ★ The approval of the Restraint of Trade Policy framework.
- ★ The cascading of the SABC's revitalised performance management-linked incentive scheme to include middle management.

EMPLOYEE WELLNESS

In 2008, the SABC's Employee Wellness Unit focused on strengthening its service offering in partnership with Occupational Care South Africa ("OCSA"). The following core services were provided: Wellness, Employee Assistance Programme ("EAP"), Primary Health Care (PHC) and Occupational Health Care ("OHC"). Statistical evidence indicates that of the total clinic attendance, 1078 visits were for EAP, 3 441 for PHC and 592 for OHC.

The year under review revealed a remarkable increase in the use of wellness services and in particular, voluntary counselling and testing for HIV and Aids increased exponentially.

A total of 515 employees participated in the HIV in-house programme. Of the 515 participants, 60.3% participated in voluntary counselling and testing ("VCT") whilst 39.7% received counselling only, as they indicated that they were not ready to be tested. Of the 60.3% who participated in voluntary counselling and testing (VCT), 7.39% tested positive for HIV. HIV contributed to high absenteeism largely due to opportunist diseases as well as to a loss of skills as we noted deaths related to HIV at the SABC.

EMPLOYEE RELATIONS

The 2008/09 fiscal was a challenging year as far as the SABC's relations with its workforce were concerned. This was as a result of the implementation of transformational projects like SAP and Digital Terrestrial Television.

The highlight of the year was the conclusion of the multi-term salary agreement. Programmes geared at promoting good employment relations were also implemented in conjunction with the Organisational Development ("OD") Unit.

ORGANISATIONAL DEVELOPMENT (OD)

The following was achieved by OD during the year under review:

- ★ **Employment Equity:** The SABC Disability Strategy and Guidelines were developed in line with the UN Charter of People with Disabilities. The implementation of the strategy focused on the education and the sensitisation of the workforce on the strategy in order to ensure a more disability-friendly environment and a better understanding of the needs of people with disabilities. 1.95% of SABC staff are people with disabilities.
- ★ **Sexual Harassment:** Also undertaken was a review of the organisation's Sexual Harassment Policy to ensure the understanding of rights and complaints processes by all employees.
- ★ **Performance Management:** To ensure the SABC's effective fulfillment of its mandate, the new revitalised Performance Management System was successfully linked to an incentive scheme and extended to middle managers as well. Previously, only Executives were beneficiaries of this scheme. A process is underway to align individual performance with organisational performance as outlined in the SABC's Corporate Plan.

STAFF RETENTION

Competition for broadcasting industry skills intensified during the year under review, with skilled presenters and broadcast engineers being lost to competitors. At the same time, it proved difficult to attract skills in the areas of broadcast engineering, TVOB, Economic desk editors and reporters, executive producers, IT and assignment editors.

A key aspect of the SABC's strategy to remain competitive is to retain scarce and critical skills. This is particularly important as the emergence of new players has raised the premium attached to highly sought-after skills.

One of the key initiatives to retain critical skills within the SABC has been a large-scale project to identify and categorise the SABC's skills. This initiative was also integrated into the retention strategy. The management of independent contractors however, continues to be a challenge, but a project is under way to reclassify and categorise the independent contractors in line with legislation and specific SABC business requirements.



3524

the total number of permanent staff

SABC Staff.

SABC Staff.

CHALLENGES

Although the year under review was largely successful, a number of challenges requiring further attention in the year ahead emerged. These include:

- ★ The absence of recognition agreements with organised labour making it difficult to negotiate regarding employee needs. It remains a challenge to finalise the recognition agreements with organised labour.
- ★ Implementation of the Leadership Pipeline Model to support leadership development.
- ★ Management of staff numbers through the management of the organisational structure in such a manner as to ensure efficiencies and avoid duplication. As can be seen from the table on the next page, SABC staff numbers continued to grow and a thorough assessment of needs is required.
- ★ Completion of the Skills Audit Project to ensure that all the SABC's learning and development initiatives are aligned to the organisation's operational requirements and strategic objectives.

Key appointments for the year:

- ★ Chief Technology Officer: Richard Waghorn (March 2009)
- ★ GE: Legal Services and Regulatory Affairs: Ntsietso Mofokeng
- ★ Company Secretary: Thelma Melk
- ★ Senior Manager, Sports Productions: Diana Stanton Lourens
- ★ Stakeholder Manager, Content Enterprises: Webster Mfebe
- ★ General Manager, Finance: Richard McCullough
- ★ General Manager, Finance: Matsobane John Gololo
- ★ Executive Manager, Sayinile Ginindza
- ★ General Manager, International Content: Jacqueline Motsepe
- ★ General Manager, Finance: Khulekelwe Mbonambi
- ★ General Manager, BIT: Potlaki Maine



SABC's talented Staff Choir.



SABC Staff.

541

the total number of recipients of Long Service Awards



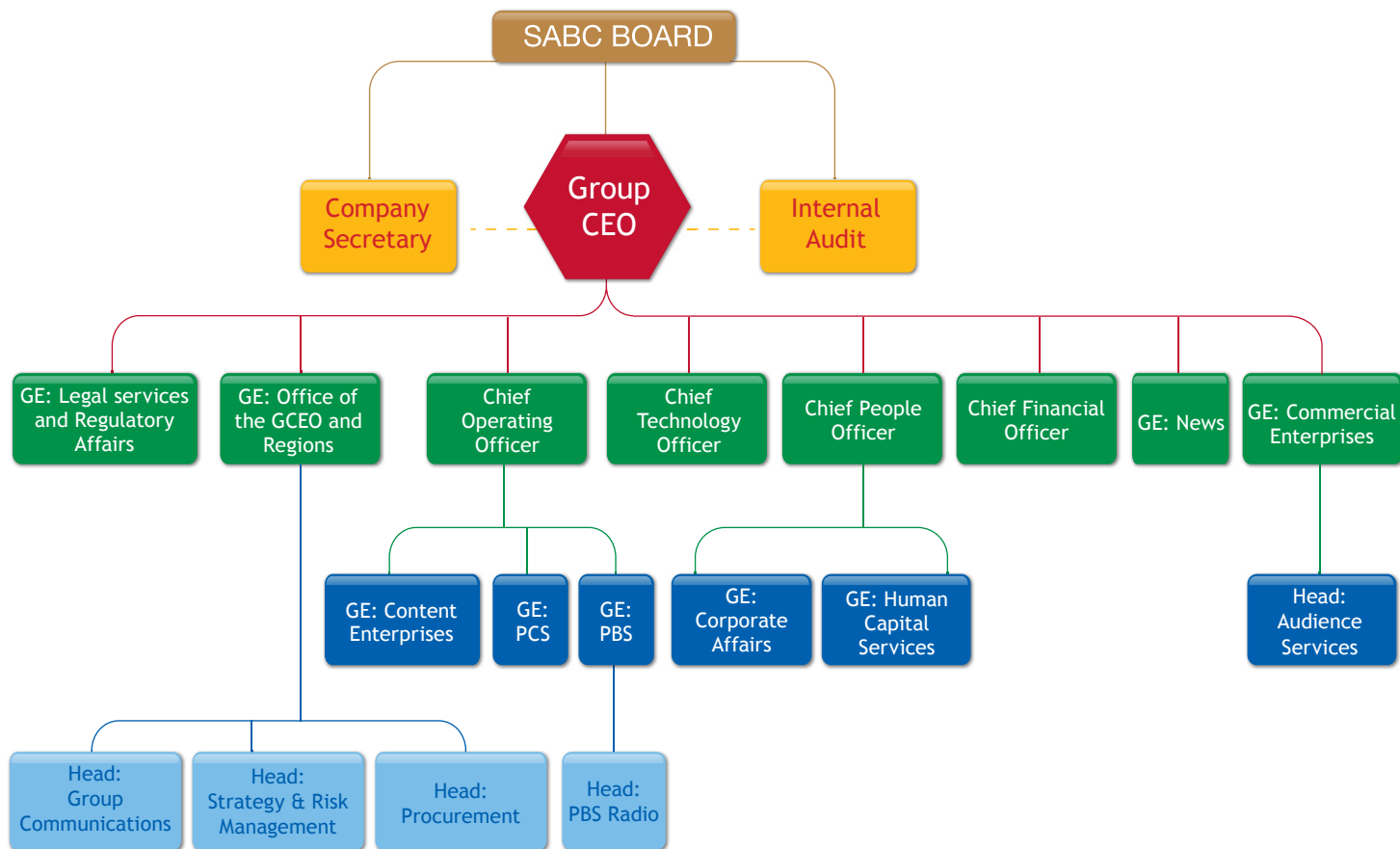
SABC Staff

2008/09 EMPLOYEE STATISTICS	2009	2008	Targets
TOTAL NUMBER OF EMPLOYEES			
Permanent Staff	3,524	3,192	
Fixed Term Contractors	574	563	
Casual Staff and Interns/Students	255	235	
% RACE ANALYSIS			
African	63.52%	60.48%	
Indian	5.37%	4.95%	
Coloured	8.61%	8.12%	70%
White	22.50%	26.44%	
% GENDER ANALYSIS			
Male	53.88%	54.75%	
Female	46.12%	45.25%	50%
% DISABILITY ANALYSIS			
Disabled	1.95%	0.59%	2%
Not Disabled	98.05%	99.41%	
% AGE ANALYSIS			
Up to 25 years	8.27%	5.99%	
26 - 35 years	33.53%	30.55%	
36 - 45 years	26.11%	27.32%	
46 - 55 years	24.45%	27.08%	
Over 55 years	7.64%	9.05%	
% APPOINTMENTS BY RACE			
African	75.63%	74.78%	
Indian	6.94%	6.25%	
Coloured	10.35%	11.64%	
White	7.07%	7.33%	
% TERMINATIONS BY RACE			
African	55.85%	61.71%	
Indian	3.46%	4.28%	
Coloured	7.18%	7.81%	
White	33.51%	26.20%	
TURNOVER			
%	9.17%	10.57%	

Permanent & Fixed Term Contract Employees ONLY

LONG SERVICE AWARDS		
Number of years in service	Number of recipients	
5		143
10		96
15		93
20		84
25		91
30		20
35		13
40		1
Grand Total		541

SABC's Organisational Structure



THE SABC BOARD

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

The SABC has a unitary Board structure comprising twelve independent non-executive Directors and three Executive Directors. The non-executive Directors are nominated by the public and appointed by the President of the Republic of South Africa on the recommendation of Parliament's Portfolio Committee on Communications. The Executive Directors are appointed by the Board in consultation with the Shareholder, for a period not exceeding five years at a time. The three Executive Directors are the Group Chief Executive Officer, the Chief Operations Officer and the Chief Financial Officer.



Vuka! Sizwe!

Two words that say we're all different. Yet equal.

These two words are in everything we do as a public broadcaster. They help us embrace our nation's diversity, and celebrate our differences. They embody the spirit of broadcasting for total citizen empowerment and are the mission we believe we can only build a WINNING NATION when we work together. Vuka South Africa. Vuka! Sizwe!

SABC
Vuka! Sizwe!

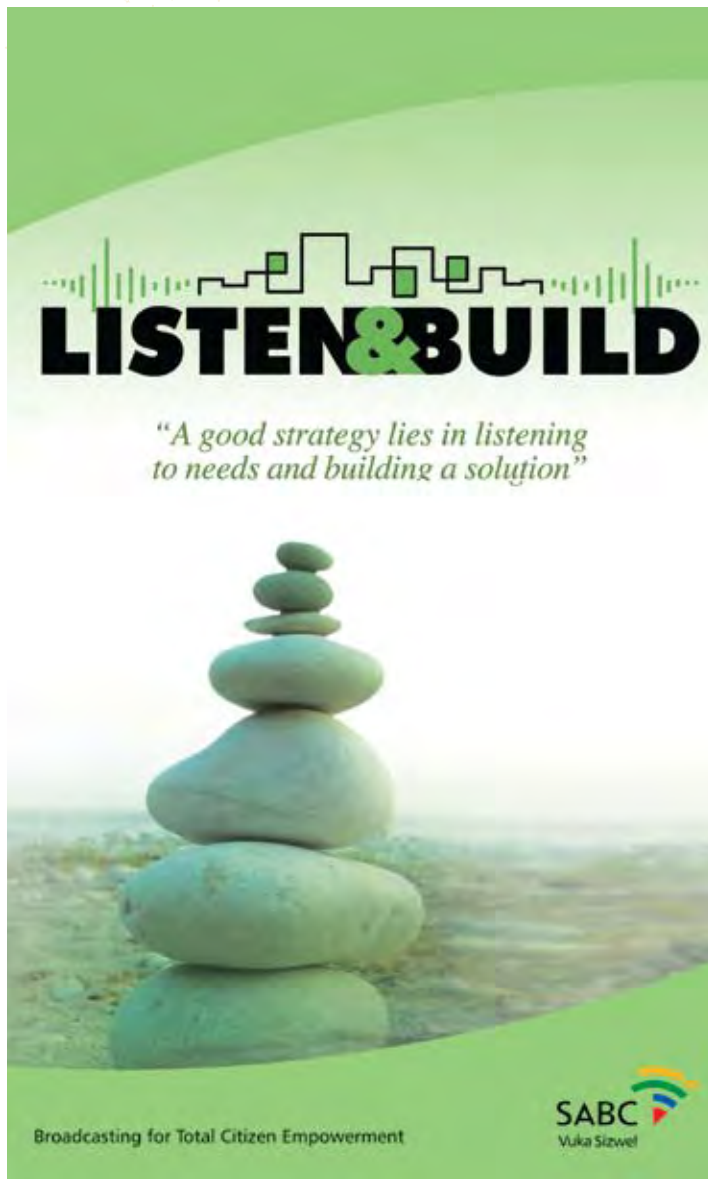
SABC Board Members for the Financial Year 2008/09



1. Kanyisiwe Mkonza (Chairperson)
2. Christine Qunta (Deputy Chairperson)
3. Nadia Bulbulia
4. Prof. Alison Gillwald
5. Desmond Golding
6. Bheki Khumalo

7. Fadila Lagadien
8. Andile Mbeki
9. Gloria Serobe
10. Ashwin Trikamjee
11. Pansy Tlakula
12. Peter Vundla

13. Dali Mpofu (GCEO)
14. Gab Mampone (Acting GCEO)
15. Charlotte Mampone (Acting COO)
16. Robin Nicholson (CFO)



SABC Board Members for the Financial Year 2008/09

Non-executive Members

1. KANYISIWE MKONZA (Chairperson)

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

Kanyi Mkonza is the Chairperson of the SABC Board and former chairperson of the Media Development and Diversity Agency. She is an independent Management and Development Consultant, advising on communication strategies and development issues. She is a former Deputy Director of Media Liaison for the City of Johannesburg.

2. CHRISTINE QUNTA (Deputy Chairperson)

LLB and BA (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 law, competition law and policy and petroleum law.

She is 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 a director at the Road Accident Fund.

3. NADIA BULBULIA

MA Honours in Dramatic Art (Wits University); ATCL and LTCL Teachers' Diploma (Trinity College of London); Diplomatic Practice (Clingendael Institute, The Hague, Netherlands)

Nadia Bulbulia is a communications policy and regulation specialist, having served as a Councillor in both the Independent Broadcasting Authority (IBA) and the Independent Communications Authority of South Africa (ICASA). She has spent over a decade in regulation and has overseen numerous licensing, policy and regulatory processes. She was on the ICASA Council during the re-licensing of the SABC. She also served on the Broadcasting Monitoring and Complaints Committee and the Advertising Standards Authority.



Kanyi Mkonza in discussion.



Fadila Lagadien joins SABC during Women's Day in the Western Cape region.

Her Masters dissertation focused on public service broadcasting and her Honours degree in dramatic art covered media and television studies.

She works in the telecommunications sector and is on the Board of the National Film and Video Foundation (NFVF).

4. PROF. ALISON GILLWALD

MA (Politics) (Natal); B Journalism (Rhodes)

Alison Gillwald is Associate Professor and Research Director of the Learning Information Networking and Knowledge (LINK) Centre at the Graduate School of Public and Development Management, University of the Witwatersrand, Johannesburg. She is also responsible for Research ICT Africa, an 18-African country ICT research network that seeks to provide the research and analysis necessary for evidence-based policy formulation.

Prior to that, she was appointed to the founding Council of the South African Telecommunications Regulatory Authority (SATRA). Before joining SATRA in 1997, Prof. Gillwald was responsible for establishing the Independent Broadcasting Authority's Policy Department.

5. DESMOND GOLDING

LLM, Banking and Finance Law (University of London); MA Global Relations (Witwatersrand); US Monetary Policy (NM Rothschild); Risk Management (London). Currently registered for a doctorate; training in banking, trade and financial markets (USA's Federal Reserve Bank of New York)

Desmond Golding has served as Director, Credit Policy and Risk Governance at Standard Bank; Credit Officer at Group level at Investec Bank; and Senior Manager, Strategic Management, at the South African Reserve Bank. His activities include previous tenures in the ANC Youth League national leadership, including NEC's such as the Political Committee, the Economic Cluster and the Communication Cluster. He was granted the prestigious Nelson Mandela Scholarship for Leadership to study in the UK. He is a keen writer, has served as Senior Researcher for the ANC's Parliamentary Research Unit in the National Assembly and as Private Secretary to the former Minister of Labour, Mr Tito Mboweni.

6. BHEKI KHUMALO

BA Hons and BA (Fort Hare), Higher Diploma in Education (Fort Hare)

Bheki Khumalo is known primarily for his role as Presidential spokesperson from 2001 to 2005. Before that he was spokesperson for Education Ministers Sibusiso Bengu and Kader Asmal. He has held back-to-back appointments at Siemens as Executive Director of Corporate Affairs and in the Major Events portfolio. In March 2006 Mr Khumalo was appointed to the Board of Siemens Southern Africa. He has worked for SASOL as Group General Manager for Government Relations and Corporate Affairs, which included the Office for Black Economic Empowerment. He has also served on seven of the SASOL Boards. He is currently working in a contract position as a Communications and International Relations specialist in the Department of Minerals and Energy. He is the Chairperson of the Board of Directors of the North West Development Corporation and is also a Board member of South African Tourism.

7. FADILA LAGADIEN

MBA (Liverpool, UK)

Fadila Lagadien is a successful disabled businessperson and disability rights activist. She plays a critical role in ensuring the 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). Ms Lagadien also serves on the Board of Intersite Limited.

8. ANDILE MBEKI

MBA (De Montfort, UK); MSc (St Cloud, USA); B Ed (UPE); Diploma in Education (Algoa College); completing a Certificate in Telecoms Policy, Regulation & Management (Witwatersrand)

Andile Mbeki is a businessman with a 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 including: 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



Bheki Khumalo, Gab Mampone and Andile Mbeki at an SABC News function.

development in the North West Province; Advisory Board member of Future Leaders, Advisory Board member of Imbizo Events Group, Round Up Foundation Board member; and member of the National Task Team against Child Pornography.

9. GLORIA SEROBE

MBA (Rutgers, New Jersey, USA); B Com (Transkei)

Gloria Serobe is a pioneer in women's economic empowerment in her capacity as Founding Member and Executive Director of Wiphold and Chief Executive Officer of Wipcapital. Having served as Executive Director: Finance, Transnet Limited, and a member of the Transnet Board and its major subsidiaries, Ms Serobe's professional experience includes positions at Exxon Corporation in the USA, Munich Reinsurance Company of South Africa, the Premier Group and Standard Corporate and Merchant Bank. She is a member of several Boards, among them Wiphold, Old Mutual, Nedbank, Mutual & Federal, the Johannesburg Stock Exchange and the Financial Sector Charter Council. She is also the Chairperson of the Board of the Independent Ports Regulator. Over the years, she has amassed a number of personal leadership awards including those of Business Woman of the Year and Leadership in BEE.

10. ASHWIN TRIKAMJEE

B Juris (UNISA)

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 1970's. As the longest-serving council member of the South African Soccer Federation, a former Chairperson of the National Soccer League and Vice-President of the South African Football Association, Mr Trikamjee was instrumental in the unification of soccer in South Africa. He is also the former Secretary-General and a council member of the International Bar Association for Southern Africa. 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 and Chairperson of the National Religious Leaders' Forum. Mr Trikamjee also serves on the Boards of various companies and is the Chairperson of the KwaZulu-Natal Gaming Board and of FICHA Limited.

11. PANSY TLAKULA

Honorary Doctoral Degree in Legal Studies (Vaal University of Technology); LLB (Witwatersrand); LLM (Harvard); B Proc (University of the North)

Admitted Advocate of the Supreme Court, Pansy Tlakula is also the country's Chief Electoral Officer and has served as a Commissioner in the South African Human Rights Commission. She is a member of the African Commission on Human and People's Rights, in which capacity she is the Special Rapporteur on Freedom of Expression in Africa. She is a former Chairperson of the Council of the University of the North West, chairs the Board of the National Credit Regulator, is an independent non-executive Board member of the Bidvest Group (Ltd) and Board member of Lehotsa (Pty) Ltd. She has received a number of awards, including one from the Black Business Executive Circle for the excellent management of elections in 2004, a *Rapport City Press* Prestige Award in 2006 and *CEO Magazine's* Most Influential Women in Business and Government Award in 2007.

12. PETER VUNDLA [resigned 13 March 2009]

BA (UNISA)

Peter Vundla is Executive Deputy Chairperson of AMB Capital. He has been a member of fifteen corporate and other Boards. He has chaired eleven corporate and other organisations. He is currently sitting on five Boards, including the Wesbank Advisory Board and he chairs at least six others, among them Alcatel-Lucent SA and the Presidential Black Business Working Group. Between 1993 and 2004 Mr Vundla received seven awards for his corporate stewardship and acumen, including Entrepreneur of the Year in 1994.

EXECUTIVE MEMBERS OF THE BOARD

13. DALI MPOFU (GROUP CEO) - [resigned 31 January 2009]

LLB and B Proc (Witwatersrand); Certificate in Finance and Accounting

Advocate Daluxolo (Dali) Christopher Mpfu 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 Mpfu 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 ICT company. He held this position until his appointment as Group Chief Executive Officer at the SABC in August 2005. In 2003 he was appointed Chairperson of the ICT BEE Charter working group. In 2004 Advocate Mpfu was awarded Businessman of the Year status by the Black Business Quarterly Magazine.

14. GAB MAMPONE

(Acting Group Chief Executive Officer and Executive: Group Commercial Enterprises)

MBA (De Montforte); MAP (Wits Business School); BA (Hons) (Witwatersrand); Chartered Marketer CM (SA); Global EDP (Gordon Institute for Business Studies, Johannesburg)

★ Appointed Acting GCEO: 7 May 2008

Gab Mampone is Group Executive: Commercial Enterprises. Prior to holding this position Mr Mampone worked as the General Manager of SABC Radio Airtime Sales. His responsibilities include among others, implementation of marketing, pricing and revenue-generating strategies; development and cultivation of business relationships with advertising agencies and clients; station and Channel management as well as management of senior SABC personnel. He is also responsible for the development and implementation of strategic plans geared towards ensuring sustainable commercial delivery by the SABC's marketable brands.

In 1999 Mr Mampone was appointed as an Audit Committee member of the Government Communications and Information Services (GCIS). He previously sat on the Audit Committees of MDDA and IMC. He is a member of the Marketing Excellence Awards Council and the Neo-Tec Society and was appointed Acting Group CEO in May 2008.

15. CHARLOTTE MAMPANE

(Acting Chief Operating Officer and Group Executive: Group CEO's Office and Regions)

Master of Management (P&DM-Witwatersrand); BA Hons (UNISA); BA (UNIN); EDP (Witwatersrand)

As the Acting COO, Ms Mampane oversees the initiation and scheduling of all programme content on SABC Radio, Television and Digital Media distribution platforms. She leads the Operations Cluster in ensuring that programme content is in accordance with the SABC mandate and the individual conditions issued by the Regulator for the various SABC services. In reaching out to the audience it places at the centre of its value proposition, the Cluster fosters nation building and focuses on issues of national importance.

Her responsibilities also include providing strategic leadership to the office of the Group Chief Executive Officer in areas of strategy, risk, communications, procurement and regions as well as linking the different areas of the business with the Office of the Group CEO.

16. ROBIN NICHOLSON

(Chief Financial Officer)

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

Robin Nicholson was appointed as the Chief Financial Officer of the SABC on 1 July 2001. He has served on the Board of Directors since July 2001. He heads the Funding and Financial Health Cluster at the national public broadcaster. Robin has extensive experience in the media and pharmaceutical industries. Prior to joining the SABC, Robin held the position of CFO at Primedia Limited and before that he was with Glaxo Wellcome (South Africa) and Adcock Ingram. He has also held a number of trustee positions on Pension and Medical Aid Boards.



Andile Mbeki joins SABC staff during the General Elections.

SABC Executives.

BOARD COMMITTEES

As smaller forums constituted with specific expertise, Board Committees have the benefit of interrogating relevant aspects of the Corporation's business in depth, thereby providing appropriate guidance to the Board in its governance of the Corporation. The Committees report to the Board at regular intervals on the extent to which their objectives have been achieved. The Board has established two new Committees (Risk and Procurement), to strengthen corporate governance.

A brief description of the key focus areas of each Committee is set out below.

Audit Committee

The main objective of the Audit Committee is to guide the Board in the fulfillment of its role as the accounting authority of the Corporation.

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 Chairperson of the Audit Committee is an independent, non-executive member of the Board.

Finance Committee

The Finance Committee monitors and oversees the financial health of the SABC. It reviews 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 SABC's overall strategy prior to recommending them to the Board for approval.

The Finance Committee plays a key role in evaluating and advising the Board on new and existing business investments and major capital projects, and it 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 Corporation. It also 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 applicable labour legislation.

Remuneration Committee

The Remuneration Committee guides the Board in establishing formal and transparent policies on the remuneration of directors, senior management and staff generally. The Committee also determines the parameters of the annual performance agreements of directors and senior executives with regard to the strategy and objectives of the Corporation.

Technology Committee

The Committee reports to the Board on the extent to which the Technology Division has achieved its objectives during a particular period. It ensures that the Corporation employs technology which enables it to fulfil both its commercial and public broadcasting mandate and corporate goals.

The Committee also ensures that the technology employed by the Corporation is appropriate and able to support the strategic objectives. From time to time it receives and evaluates management's analysis of the technology, management information systems and relevant controls within the Corporation and advises the Board on their suitability to support the implementation of the SABC's strategy.

News Committee

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

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 South African



Kaizer Kganyago, FIFA President Sepp Blatter and Dudu Malazi-Moloi.

Involving staff in activating our SABC Values as part of the Green Revolution.

and African stories accurately, fairly and in a balanced way to all South Africans in line with the Corporation's editorial policies and ICASA regulations.

Public Broadcasting Services Committee

The establishment of the Public Broadcasting Services (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 on the challenges of contemporary South Africa through distinctive, informative, educational, entertaining, cultural, religious and children's programmes as well as 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 obligations.

Public Commercial Services Committee

The establishment of the Public Commercial Services (PCS) Committee is also a requirement of the Broadcasting Act. In discharging its duties, the Committee ensures that the programmes and services of this Division subscribe to public service values. The commercial services provided by the SABC are based on a model where the organisation commissions a significant amount of its programming from the independent sector.

The PCS 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 within the broadcasting sector. The Committee is therefore

responsible for approving policies and ensuring compliance with policies that will assist the Board in making procurement decisions that are fair, equitable, sound and cost-effective for the Corporation.

The Committee adjudicates over certain tenders and contracts within its delegated level of authority and enforces and continuously monitors compliance and adherence by the SABC's suppliers to the Broad-Based Black Economic Empowerment (BBBEE) scorecard.

The Committee is also responsible for ensuring that the SABC strikes a fair balance between advancing the transformation agenda when acquiring goods and services and obtaining value for money and advises 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 role of this newly-established Committee is to review the SABC's risk management framework and structures to be implemented. This includes the review and approval of risk identification and measurement methodologies. It also makes regular recommendations to the Board on matters relating to the risk threshold, policies, strategies and philosophy.

The Committee facilitates communication with stakeholders on common risk issues and generally does whatever is necessary to promote a sound risk management culture within the SABC. It also considers the adequacy of risk management strategies for significant risks facing the SABC.

The Committee reviews and recommends approval of the internal audit plan to the Audit Committee to ensure that risk management and internal audit processes are aligned.

2010 Committee

The 2010 Committee is an ad hoc Board Committee which convenes whenever it is deemed necessary to do so.



SABC Executives and Management at the 500 days to go to 2010 launch.

Meetings attended by SABC Board members during 2008/2009

The Board held 18 meetings, six were normal scheduled meetings and 12 were special meetings.

MEETINGS	AUDIT 6	2010 3	NEWS 9	PCS 3	PBS 6	PROCUREMENT 5	FINANCE 8	RISK 4	BOARD 5**/15***	HR (7)	TECHNOLOGY (5)	REMCO (4)
NAMES												
K. Mkonza	5*	2*	5*	2	4	2	4	3	5/15	5	5	3
A. Mbeki	1*		8		1	5	7		5/15	1*	4	4
A. Gillwald	5	3	7	1	1			3	4/8		1	1
F. Lagadien				3	4				3/11	7	4	4
A. Trikamjee	6	3			1*		5	3	3/9			2
P. Tlakula			4						3/7			
G. Serobe	5				2*	4	5		4/14			
N. Bulbulia					2	2			3/11	5		1
D. Golding	6	2	4*	1	2*	1*	4	3	4/10	1*		2
B. Khumalo	3		9		4		1	4	5/15	1*		4
G. Mampone	4	1		3	5		5	3	4/3	5	4	3
R. Nicholson	6	1	2		2	5	6	4	5/11	2	1	2
C. Mampone	3	3		3	5	4	6	4	5/8		5	
C. Qunta			7	3	4		2		4/14	1		3
P. Vundla				3	4	4	5		4/13			
D. Mpofu									5/9			

* Refers to invitees

** Refers to Scheduled Board Meetings

*** Refers to Special Board Meetings

SABC GROUP EXECUTIVE MEMBERS

The day-to-day running of the Corporation is managed and administered by the Executive Committee. It consists of the Group Chief Executive Officer, the Chief Operations Officer and the Chief Financial Officer, and no more than eleven other members. The Executive Committee is accountable to the Board. It applies policy and determines strategies and guidelines to achieve the objectives of the Corporation as determined by the Board.

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

In the year under review, the Executive Committee comprised the following members:

1. DALI MPOFU (GCEO) - Resigned
See page 90 for profile and detail
2. GAB MAMPONE (Acting Group CEO and Group Executive: Commercial Enterprises)
See page 90
3. CHARLOTTE MAMPANE (Acting Chief Operations Officer and Group Executive: Group CEO's Office and Regions)
See page 90
4. ROBIN NICHOLSON (Chief Financial Officer)
See page 90

5. PHUMELELE NTOMBELA-NZIMANDE

(Chief People Officer (CPO))

BA (Hons); BA Social Science (Natal)

Phumelele Ntombela-Nzimande 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. Prior to that she was Deputy Chairperson of the Commission on Gender Equality. As CPO she oversees the Corporate Affairs and Human Capital Services Divisions of the organisation, including functions such as International Affairs, Corporate Communications and Public Affairs. 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.

6. RICHARD WAGHORN

(Chief Technology Officer)

MBA (Henley Management College, UK); BA (Hons) Geography and Public Media (University of Leeds, UK)

Richard Waghorn is the SABC's Chief Technology Officer. Prior to joining the SABC on 2 March 2009, Mr Waghorn worked for the BBC in London for over 10 years where he was responsible for the broadcast distribution of the BBC's television and radio services on digital and analogue platforms. Mr Waghorn led the BBC's preparations for digital switchover, directing the work on the implementation of the spectrum frequency plan and switchover broadcast infrastructure. In 2002 Mr Waghorn was the project manager for the launch of Freeview, the UK's successful digital terrestrial television (DTT) platform and in 2007 was appointed a Board Director of Freesat, the BBC and ITV's free-to-air HD satellite television platform which was launched in May 2008.

7. PEARL LUTHULI

(Group Executive: PCS)

Senior Executive Programme (Witwatersrand and Harvard Business School); BA Communication and Business Administration (William Paterson, New Jersey, USA); Certificate in Television and Radio Broadcasting Management (USTTI, USA); Certificate in Journalism and Public Relations (Africa Literature Centre, Zambia)

Ms 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 Luthuli has extensive experience in the media industry, having worked as a journalist for the *World and Post* newspapers, as the editor of *True Love* magazine and as publisher for *Tribute* and *De Kat* magazines. She previously worked for the SABC as Corporate Affairs and Publicity Manager for CCV TV. In 2004, she established, directed and published *Enterprising Women*, a magazine on the empowerment of women in the first 10 years of the new democracy.

She has served on several Boards, including those of Moribo Leisure, South African Tourism, South African National Library, Landelahni Human Resources Group, International Women's Forum SA and International Women's Development (USA). She has also served on the Council of the North West Technical College.

SABC Group Executive Members



1. Dali Mpofo
2. Gab Mampane
3. Charlotte Mampane
4. Robin Nicholson
5. Phumelele Ntombela-Nzimande
6. Richard Waghorn
7. Pearl Luthuli
8. Mvuzo Mbebe

(*Invitees)

9. Lulama Mokhobo
10. Dr Patience Naves
11. Adv. Ntsietso Mofokeng
12. Dr Snuki Zikalala
13. Kaizer Kganyago*
14. Thami Ntentseni*
15. Siphso Sithole*

16. Mabela Satekge*
17. Anton Heunis*
18. James Mathebula*
19. Ray Nkwe
20. Thelma Melk (Company Secretary)



SABC Executives.

Partners of the Movement for Good initiative.

8. MVUZO MBEBE

(Group Executive: Content Enterprises)

MPharm (Western Cape); BSc (Hons) (Statistical Analysis) (UWC); BPharm (Rhodes); Post Dip. Management (Henley)

Mvuzo Martin Mbebe 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 the University of the Western Cape (UWC). He was the first Co-Secretary General for Athletics South Africa, and was later appointed as the first Chief Executive Officer of the NSC.

He was the Chairperson of SCSA Zone VI Marketing and Finance Committee. He led a delegation from ASA that successfully bid for the World Cross-Country Championship in 1996 and was in the bidding team for the 2010 FIFA World Cup. He was the first Chef De Mission of the South African team to attend the All Africa Games in 1995 and part of the management team for the first South African teams to attend the Commonwealth Games in Victoria in 1994 as well as the World Student Games in Buffalo in 1993. He was a Director of the Seventh All Africa Games Organising Committee in 1999, responsible for Marketing and Medical and Doping Games Services. Mr Mbebe has served on the following Boards: UNITRA Foundation, Primedia, Africa Speaks, Thuo Investment, the Agency and NSC Investment (Pty) Ltd. He was the Managing Director: SABC Sport for three years, after which he was promoted to Group Executive: Content Enterprises at the SABC.

9. LULAMA MOKHOBO

(Group Executive: Public Broadcasting Services)

MSc (Utah State University, USA); BA and Dip Ed (University of Botswana and Swaziland)

Lulama Mokhobo joined the SABC in October 2005 as Head of PBS TV and later became Group Executive for Public Broadcasting Services, which includes TV Channels SABC1 and SABC2, as well as 14 terrestrial radio stations and one satellite/Internet based radio station. Prior to this appointment she headed the public affairs and internal communications divisions of Eskom, the South African Post Office and DaimlerChrysler South Africa. Ms Mokhobo is the former CEO of Urban Brew Studios, LCAT Productions and Fox Strategic Communications; was involved in the start-up operations of the former Bop TV and was a member of the Bid Committee and later a Director of the independent free-to-air broadcaster, eTV.

She sits as a non-executive Board member on a number of bodies, including the Nelson Mandela Children's Fund, the Peace Island Project and the listed mining company Miranda Minerals Holdings, where she chairs Board Audit and Remuneration Committees.

10. DR PATIENCE NAVES

(Group Executive: Human Capital Services)

PhD (UJ); MA (UJ), BA (Hons) (UJ); BA Social Work (Zululand); EDP (Strategic Management) (New School for 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. 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 include stints as an Executive Trainee at Phillip Morris and Kraft General Foods. She then took up a position of Group HR, Transmission Group, at Eskom between 1995 and 2004. Dr Naves also worked as General Manager: People Management Specialist Services for the ABSA Group. She joined the SABC as the Director of Human Capital Services on 1 August 2005.

11. ADV. NTSIETSO MOFOKENG

(Group Executive: Legal Services and Regulatory Affairs)

LLM (UNISA); LLB (National University of Lesotho); BA (Law) (National University of Lesotho); ICSA Diploma in Strategic Management and Corporate Governance (UNISA); Nedbank Management Development Programme (University of Stellenbosch); Admitted advocate (RSA and Lesotho)

Ntsietso Mofokeng joined the SABC in September 2008 from the Land Bank where she had held the positions of Head of Legal, General Manager Legal Services and Recoveries and General Manager in the Chief Executive's Office. Prior to joining the Land Bank, she was with Nedbank Limited as team leader and senior legal advisor for Retail Banking. She also served as a trustee of the Nedbank Medical Aid Scheme.

Ntsietso held several positions in the Government of Lesotho, including Assistant Register General and Senior Legal Advisor to



SABC Executives.

the Ministry of Justice. She also worked at the Lesotho National Development Corporation (LNDC) as a Legal Advisor and as Head of Legal and Board Secretary at Lesotho Bank.

Her speciality is commercial and development banking, commercial law and public law.

12. DR SNUKI ZIKALALA

(Group Executive SABC (News and Current Affairs))

PhD Journalism (Sofia University, Bulgaria); BA (Hons) (Witwatersrand)

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 the Acting Editor of SABC Africa and the Executive Editor of SABC News in 2001. Dr Zikalala 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.

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

13. KAIZER KGANYAGO *

(Head: Group Communications)

BA (UNISA); Secondary Teachers Dip. (Kwena Moloto College, Seshego)

Kaizer Kganyago joined the SABC in 2006 as Head: Group Communications 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 Directorate of Special Operations (the Scorpions).

Mr Kganyago also has experience in the publishing industry, having worked for both Kagiso Publishers and Nason Publishers.

14. THAMI NTENTENI *

(Head: PBS Radio)

BA Communications (UNISA)

Thami Ntenteeni was formerly a Director of Communications in the Office of the Deputy President of South Africa. 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. SIPHO SITHOLE *

(Head: Group Strategy and Risk Management)

MSc in Personnel Management and Industrial Relations (London School of Economics and Political Science, University of London); BSc in Political Science and International Relations (Lincoln University of Pennsylvania, USA); currently registered for a Doctorate in Social Science, (Witwatersrand)

In his role as Head of Group Strategy and Risk Management at the SABC, Mr Sithole is tasked with driving strategy in the changing broadcasting and media environment and ensuring that the organisation retains its competitive edge as a public broadcaster while delivering on public value and its mandate. Since his return to South Africa late in 1993, Mr Sithole has served in senior positions, both in executive and non-executive capacities, in aviation, telecoms, financial services, as well as media and entertainment.

As Assistant General Manager: Strategy and Planning at ACSA, Mr Sithole was instrumental in the restructuring and partial privatisation of the Airports Company. He has held various senior management positions such as Human Resource Director of Ericsson Telecoms, Managing Director of EXi Telecoms and Deputy CEO of Gallo Music Group. Before joining Gallo Music Group, Mr Sithole was in charge of Group Strategy at Johnnic Entertainment Johncom (now Avusa).

Before joining the SABC, Mr Sithole managed his own company, Native Rhythms Productions, an integrated entertainment company. He has served on the Board of the Airports Company South Africa as a non-executive member, and was Non-Executive Chairperson on the Board of OSI Airports Systems (a subsidiary of ACSA) and Executive Director on the Boards of Johnnic Entertainment, Gallo Music Group and Nu Metro Kenya. He now sits on the Board of Momentum Group (a subsidiary of FirstRand Limited) as a non-executive Director, as well as on the Boards of the Moral Regeneration Movement and Music Mayday.



SABC Executives and staff.



SABC Executives.



16. MABELA SATEKGE *

(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 Head of Regions since April 2007. His responsibilities include providing strategic leadership in procurement across the SABC, BBBEE support and enterprise development, as well as enhancing best practices in procurement in the organisation. He has held a number of senior management and executive roles, including that of Director of Procurement for the City of Cape Town, Head of Procurement for BoE Bank and National Contracts Manager for Eskom. He has a 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.

17. ANTON HEUNIS *

(Head: Audience Services)

B Comm (UJ); Dip Organisation and Methods

Anton Heunis joined the SABC as Organisation and Methods Officer in 1979. He has since held a number of senior management and executive positions in the organisation, including that of Senior Personnel Officer (1983), Manager of HR Planning and Information (1989), HR Manager of Strategic Services (1991) and Group Manager: Human Resources (1995). Mr Heunis 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.

18. JAMES MATHEBULA *

(Head: Group Internal Audit (Acting))

BCompt (Unisa); Associate General Accountant (AGA) with SAICA in 2001

James Mathebula joined the SABC in 2003 and has been acting as the Head of Internal Audit since August 2008, responsible for providing the Board and Executive Management with an

independent assurance on internal controls, governance and risk management processes and management of forensic investigations. Mr Mathebula is currently a member of the Institute of Internal Auditors (IISA) and the Institute of Directors in Southern Africa (IoD). He has formidable business and management experience with a focus on Corporate Governance and PFMA areas, including working in the banking industry and various subsidiaries of Transnet.

19. RAY NKWE

(Group Executive: Commercial Enterprises (Acting))

Ray Nkwe has over 15 years of business strategy and marketing experience at a local and global level, with leadership accountability at a number of multi-billion rand organisations.

Previous positions held by Mr Nkwe include Director at SA Express and Chief Strategist at SA Tourism, as well as former General Manager of SABC1.

Mr Nkwe has turnaround expertise across diverse industries, ranging from fast moving consumer goods, parastatals, leisure to media and entertainment.

20. THELMA MELK *

(Company Secretary)

Thelma Melk BA (Law); LLB (National University of Lesotho), Certificate in Corporate Governance (University of Johannesburg), Certificate in Labour Relations (University of North West)

Thelma joined the SABC on 1 October 2008.

Thelma served as Group Company Secretary at South African Airways from 2004 to 2008 and as Deputy Group Company Secretary at Transnet Limited from 2001 to 2004.

*(*Invitees to the Group Executive Meetings)*

Engaging our Audiences

As a public service broadcaster, the SABC's audiences have a direct stake in the Corporation, making engagement with its audiences an imperative of the organisation.

STAKEHOLDER MANAGEMENT

Internally, mindful of Parliament's oversight role on behalf of the people of South Africa, the SABC has established a Parliamentary Services Office which provides the organisation with strategic advice on parliamentary procedures and legislation passed on broadcasting.

The SABC's Public Affairs Department manages its relations with stakeholders and various parties whose interests converge with those of the organisation. The aim is to maintain cordial relations conducive to the SABC's agenda of public service.

The SABC's International Affairs Department has pursued partnerships with the PBI, AUB, SABA and Discorp, resulting in content exchange, business development opportunities and platforms through which to showcase the SABC's readiness for the 2010 FIFA World Cup.

CORPORATE COMMUNICATIONS

In Corporate Communications the focus was on ensuring that all staff within the SABC internalise the value proposition of putting audiences at the centre of everything the organisation does, and that the SABC strives to ensure open, honest and fruitful interaction with everybody who comes to its offices, who calls for information and advice, who phones the Contact Centre, who comes to tour its facilities or who interacts with the organisation through its digital media.

Interventions in this regard during the year under review included internal communication on the SABC's strategic goal of financial sustainability and its vision of Total Citizen Empowerment. Ongoing project updates were provided, with communication

being intensified around key projects such as DTT. An interactive strategy implementation, web-based animation site which will be launched in the 2009/10 financial year, was developed.

The corporate intranet was revamped as a short term measure to provide staff with information and knowledge to enable them to do their work better. A new corporate intranet, with an online resources centre, is currently under development.

The SABC's Contact Centre also improved the way it interacts with citizens through a technology upgrade which enables the organisation to respond to calls more efficiently. In the year under review the Contact Centre fielded about 380 000 calls, most of them relating to programme changes and TV licences.

Besides telephonic interaction, 36 485 people visited the Corporation's facilities in Auckland Park during 2008/09, 4 519 more than the previous year. Importantly, 90% of the visitors were tertiary and school-going students. The year also saw an increase - from 200 to about 375 - in the number of international, political, and corporate visitors.

Visitors to the SABC are taken through radio and TV production studios, news studios, the media library, the technical museum, the décor bay as well as mock studios where they can make their own demos. Partly because of the SABC's interactive engagement with visitors, it was nominated by the Gauteng Premier's Office as one of the key tourist destinations for 2010.

To improve the experience of visitors to the SABC even further, during the year under review, the Corporation commissioned an independent communications survey amongst staff and patrons who visited the SABC offices for business or tours. The feedback received has informed the design of more interactive tools, upward communication forums as well as faster communication.



Greening road shows.



99

presenters of Hectic 99 took part in Dorp2Dorp roadshows



Dorp 2 Dorp initiative.

CORPORATE MARKETING AND EXTERNAL COMMUNICATION ACTIVITIES

The SABC also continued to reach out to citizens through interactive and face-to-face campaigns as listed below:

- ★ **SABC National Road Shows** - The SABC embarked on a series of national road shows to marginalised areas in KwaZulu-Natal, the Eastern Cape and the North West with the objective of raising community awareness about itself. The shows were also aimed at uplifting communities by exposing them to inspirational personalities and messages.
- ★ **Dorp2Dorp** - To showcase SABC2's personalities and to give South Africans an opportunity to meet their favourite stars, the Channel introduced Dorp2Dorp road shows. In the year under review, the road shows visited areas such as Kroonstad, Nelspruit and Brakpan. More than 60 personalities from shows such as *Tube*, *Hectic99*, *Hillside*, *Muvhango*, *7de Laan*, *Motswako* and *50/50* as well as local artists participated in this fun-filled extravaganza.
- ★ **Reach For a Dream** - The SABC's involvement in Reach for a Dream centred on exposing the Reach for a Dream Foundation. As an alternative to celebrating Dub's birthday (an SABC kiddies character), the organisation partnered with Pick 'n Pay and the Reach for a Dream Foundation to help children realise their dreams of visiting tourism spots around Johannesburg, Cape Town and Durban.
- ★ **SABC Education Baba Indaba** - South Africa's premier baby, toddler and parenting Expo provided the best exhibitors and products to visitors and an informative, interactive and fun experience that left parents and children with lasting memories.
- ★ **SABC Education Careers Fair** - The annual SABC Education Careers Fair presented career choices to youths in grades 10 to 12. The Fair created a platform for learners and educators to source information on various career opportunities.

SABC Education also provided outreach support that included, but was not limited to, creating multimedia educational materials for resource centres, various training initiatives and an interactive website chat room. SABC Education's comprehensive database ensured that information about projects reached the most rural corners of the country; and its monthly newsletter provided practical user-friendly information for many readers. These newsletters were participative, allowing feedback and the opportunity to share useful information with parents, teachers, learners and anyone interested in making a difference in their lives.



Keeping us informed about company strategy.

Awards and Recognition

TELEVISION AWARDS

- ★ SABC1 was voted No 1 TV Brand for the fourth consecutive year in the Ipsos Markinor Sunday Times Brands and Branding Survey 2008.
- ★ SABC1 was voted eighth in SA's Top 100 Biggest Brands.
- ★ The drama, *Home Affairs*, received two Emmy nominations for best actress and story.
- ★ *When We Were Black* won the Best Drama TV/Film Award at the International TV Encounters Festival in Reims, France.
- ★ The *Glow of White Woman*, a documentary, won the Grand Jury Prize for best documentary at the Indian Film Festival of Los Angeles.
- ★ *Rize Mzansi* received a Rose d'Or nomination for Best Reality Series and Best Director at the International Film and Television Awards.
- ★ *Khumbul'ekhaya* won silver for Best Reality Series at the International Film and Television Awards.
- ★ *Buddyz on the Move* won the UNICEF Award at the Prix Jeunesse Festival in Germany.
- ★ *Generations* - Best comic, best dressed actress in a soap, best actress, best director.
- ★ *Making Moves* - best education programme.
- ★ *Khumbul'ekhaya* - Best factual programme.
- ★ *Blues for Tiro* - Best short documentary.
- ★ *Big Up* - Best talk show.
- ★ *Ziyawala* - Golden Horn: Original Concept Award.
- ★ *Journey to a Dream* - Golden Horn: Photography.
- ★ *Crazy Games* - Best Game Show.
- ★ *Pasella* - Best Magazine Programme.
- ★ *Riemvasmaak* - Best Drama.

Winners at the 2008 SAFTAS

- ★ *Bay of Plenty* - Best full length drama, best ensemble.
- ★ *City Ses'la* - Best director, best actor, best supporting actor, best actress in sitcom, best comedy.
- ★ *Ubizo the Calling* - Best supporting actress.
- ★ *Zone 14* - Best supporting actress.

GENERAL

- ★ Employer of Choice, in a survey of 2008 graduates by the Magnet Student Survey.



Gap Mampone, acting GCEO, accepts Top performing award for the corporation.



01

Metro FM was voted No 1 English Radio Station in the country



SABC Staff receiving awards.

SABC Staff receiving awards.

Winners at PROMAX Awards

SABC2

- ★ Dub Kids Rights Music Video - Gold Award for Best Children's Promo.
- ★ Women's Month - Gold Award for Best On-Air Imaging Campaign.
- ★ Beijing Olympics - Silver Award for Best Sport Promo.
- ★ *Noot vir Noot* Promo - Nomination for Entertainment Promo.

SABC3

- ★ Received two Gold and one Silver Promax Africa Awards for the Euro 2008 soccer campaign.
- ★ Deaf TV - Zwakala Awards.

SABC Entertainment

- ★ On-air promo nominated for an award by Pro-Max.

RADIO AWARDS

5FM

- ★ Voted "Coolest Radio Station" for the third year running in the Sunday Times Generation Next Awards.
- ★ SA Radio Award for Best On-Air Radio Promotion for Michael Jackson's 50th Birthday.
- ★ Best Music Blog nomination in the 2009 SA Blog Awards, supported by 24.com.
- ★ Winner of multiple Loeries for Youngblood5 Designs: first ever Design Grand Prix for Youngblood5 website, Gold Award for Best Microsite and Silver Award for Best Use of Multiple Channels.
- ★ 5FM listed as Best National Radio Station in the Marketing Mix 2008 Content Champions Awards.

Good Hope FM

- ★ Nominated for the Loerie Awards 2008 in the following categories:
 - TV & Cinema Commercial: Silver Award for the three Kinky Afro TV Commercials (Beach, Limo and Phone).
 - Brand Identity & Collateral Design (Poster): Bronze Award for Connecting Cape Town Map.
- ★ Through the Line Communication: Silver Award for Kinky Afro CD Vol. 1.

METRO FM

- ★ Pending Award for Anti-Xenophobia TV ad.
- ★ Two awards for the South African Radio Forum.
- ★ Best use of print for Anti-Xenophobia campaign.
- ★ METRO FM voted Second Coolest Radio Station in the Sunday Times Generation Next Awards.
- ★ Robert Marawa (sports presenter) won three awards at the South African Breweries Sports Journalist Awards.
- ★ Voted No. 1 English Radio Station in the country.

Lotus FM

Voted the most popular brand for 2008/09 in KwaZulu-Natal.

Motsweding FM

News Bulletin Writer/Presenter Dimakatso Molefe won the Pan South African Language Board (PanSALB) Multilingualism Award.

SAFM

- ★ Tshepo Mongoi - Sanlam Best Newcomer Award for presentation of Market Update on SAFm.
- ★ Renelle Naidoo - Sport Women in the Media Award for 2008 for presentation of Game Plan on SAFm.
- ★ Helen Mittwoch - Squash South Africa Media Award for coverage of squash in SAFm sports programmes.



02

the number of awards
won by PhalaPhala fm's
Thilivhali

SABC Staff receiving awards.

SABC Staff receiving awards.

Ukhozi FM

★ Ipsos Markinor - Top brands Radio Division:

- Ukhozi FM was selected as the Best Radio Brand of 2008 from 10 other South African radio stations, both commercial and public.
- Thanda Ndlovu (commentator) and Bafana Zwane (retired commentator) were awarded KZN Legend Awards for the role they played in using the airwaves to develop soccer in KwaZulu-Natal.

★ The erstwhile Drama Executive Producer, Mr Muvo Maphalala, was runner-up for a Literary Award from Shuter & Shooter for his novel, Impukane.

Munghana Lonene FM

★ Beka Ntsan'wisi was awarded:

- The Order of the Baobab by former President Thabo Mbeki in April 2008, and
- Soul Woman of the Year in September 2008

★ James Shikwambana was awarded:

- SAB Radio Sports Show of the Year; and
- SAB Radio Journalist of the year.

Phalaphala FM

★ Sports presenter, Mr Thilivhali Muavha won two Best Presenter Awards:

- Mellowood 5 Celebrity Challenge - Sports Presenter of the Year.
- Boxer of the Year Award - Boxing Presenter of the Year (Radio Category).

Radio 2000

★ Awarded the SAB Environmental Awareness Award for 2008.

Channel Africa

★ Awarded the SAB Environmental Awareness Award for 2008.

★ Mrs Jenine Coetzer won the Vodacom Journalist of the Year Award in November 2008.

ID UR-SELF NOW! CAMPAIGN

★ Won the Ubungcweti Award at the Government Communicator of the Year Awards for supporting the Home Affairs campaign.

INTERNATIONAL AFFAIRS

★ Awarded the SAB Environmental Awareness Award for 2008.

At the 2008 PBI meeting, the Department received acknowledgement on behalf of the SABC for the commissioning of *Generations*.

SABC WELLNESS DEPARTMENT

★ Gold Certificate of Recognition for participating in the 2008 AIDS Week Business Bannerthon by displaying AIDS banners in all SABC Offices as part of AIDS Awareness Week.

★ Awarded CANSA Shavathon 2009 Certificate for being the official CANSA Shavathon Host.



The background of the slide is a light blue and white gradient. On the left side, there is a faint, semi-transparent globe showing the continents. Overlaid on the globe is a circular geometric pattern consisting of interconnected lines forming a complex, crystalline or molecular structure. In the upper right corner, there are several small, white, star-like shapes scattered across the sky. A thin, horizontal blue line runs across the bottom of the slide, just above the text.

Annual Financial Statements

Annual Financial Statements 2008/9

Contents

2	Report of Audit Committee to the SABC Executive Authority
3	Directors' Responsibility statement
3	Certificate by Company Secretary
4	Independent Auditors' Report to the sole Shareholder of the SABC
7	Directors' Report for the year ended March 2009
13	Statements of Financial Position as at 31 March 2009
15	Income Statements for the year ended 31 March 2009
16	Statements of Comprehensive Income for the year ended 31 March 2009
17	Statements of Changes in Equity for the year ended 31 March 2009
18	Statements of Cash Flow for the year ended 31 March 2009
20	Notes to the Annual Financial Statements for the year ended 31 March 2009

Report of the Audit Committee to the SABC Executive Authority

The Interim Audit Committee was reconstituted by the Interim Board during the second quarter of the 2010 financial year and consists of seven members, three of whom are independent non-executive Directors, and four who are appointed for their financial expertise. The Committee was chaired by an independent, non-executive Chairperson. The Executive Directors as well as the acting head of Internal Audit are invitees to the Committee.

The Interim Audit Committee was guided in the execution of its role by an Audit Committee Charter which was approved by the previous Board of Directors.

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

- ★ Reviewed accounting and auditing concerns arising from the preparation and finalisation of the financial statements for the period ended 31 March 2009.
- ★ Reviewed the Annual Report and Annual Financial Statements for the year ended 31 March 2009, thereafter reported and made recommendations to the Accounting Authority to assist in ensuring that they present a balanced and understandable assessment of the financial position, performance and prospects of the SABC.
- ★ Commented on its evaluation of the financial statements in the Annual Report.
- ★ The Audit Committee communicated any concerns it deemed necessary to the Executive Authority and where appropriate, to the External Auditor.

The Audit Committee has evaluated the financial statements of the SABC Limited for the year ended 31 March 2009. The Committee is of the opinion that the Annual Financial Statements, as presented, comply in all material respects with the relevant provisions of the Companies Act, No 61 of 1973, and the Public Finance Management Act, 5 No 1 of 1999, and the Broadcasting Act, No 4 of 1999 as amended, except as indicated in the Report of the SABC Board. The Committee is also of the opinion that these 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 financial statements is appropriate, except for any possible effects as indicated in the basis of qualification paragraph in the Independent Auditor’s Report. The Audit Committee accordingly has pleasure in recommending the adoption by the Board of Directors of the SABC Limited of the financial statements of the company for the year ended 31 March 2009.

On behalf of the SABC Audit Committee



Mr Stephen Leggatt

27 November 2009

Directors' Responsibility Statement *for the year ended 31 March 2009*

The Directors are responsible for the preparation and fair presentation of the Group Annual Financial Statements and annual financial statements of the South African Broadcasting Corporation Limited, comprising the statements of financial position at 31 March 2009, the statements of income, comprehensive income, changes in equity and the cash flows for the year ended 31 March 2009, and the notes to the financial statements which include a summary of significant accounting policies, other explanatory notes and the Directors' Report, in accordance with International Financial Reporting Standards (IFRS) in the manner required by the Companies Act, No 61 of 1973, as amended, of South Africa.

The Directors' responsibilities include: implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that should be 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.

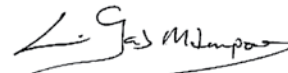
The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the Group and the Company's ability to continue as going concerns and there is no reason to believe that the businesses will not be going concerns in the year ahead.

The Auditor is responsible for reporting on whether the Group Annual Financial Statements and Annual Financial Statements are fairly presented in accordance with IFRS and the Companies Act of South Africa.

Approval of Group Annual Financial Statements and Annual Financial Statements

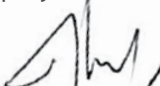
The Group Annual Financial Statements and Annual Financial Statements of the South African Broadcasting Corporation Limited, as identified in the first paragraph, were approved by the Board of Directors on 27 November 2009 and signed on its behalf by:


Director


Director

Certificate by Company Secretary *for the year ended 31 March 2009*

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 2009, the Company has lodged with the Registrar of Companies all such returns as required of a public company in terms of the Companies Act, and all such returns are true, correct and up to date.


Ms Thelma Melk (Company Secretary)
Johannesburg
27 November 2009

Independent Auditors' Report to the sole shareholder of the South African Broadcasting Corporation Limited

Report on the financial statements

We have audited the Group Annual Financial Statements and the Annual Financial Statements of the South African Broadcasting Corporation Limited ("the SABC"), which comprise the statements of financial position at 31 March 2009, and the statements of income, comprehensive income, changes in equity and the cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the Directors' Report, as set out on pages 7 to 73.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Public Finance Management Act of South Africa, No 1 of 1999 ("the PFMA") and the Companies Act of South Africa, No 61 of 1973 ("the Companies Act"). 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualification of opinion

The Directors' Report gives details of the Auditor-General's special investigation on procurement, fruitless and wasteful expenditure and non-compliance with company policies and indicates that the Interim Board is in the process of taking the appropriate action in relation to the allegations contained in the Auditor-General's report on the investigation. In the meanwhile we are unable to determine whether the various allegations and other matters that are still being investigated have an impact on the financial position, the financial performance and cash flows as disclosed in the financial statements. We are also unable to determine whether the disclosure of fruitless and wasteful and irregular expenditure in Note 48 is complete as there has been non-compliance with Section 51 (1)(b)(ii) of the PFMA as disclosed in the Directors' Report.

Included in Other expenses - operational, in the income statement, is an amount of R30 million which is described in Note 35 as a stock value adjustment. We were unable to obtain sufficient appropriate audit evidence to substantiate whether this amount relates to the current year or prior year or whether it should be disclosed as either amortisation, impairment of foreign programme film rights or foreign exchange gains and losses.

Qualification of opinion

In our opinion, except for the possible effects of the matters described in the preceding paragraphs, these financial statements present fairly, in all material respects, the consolidated and separate financial position of the SABC at 31 March 2009, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Public Finance Management Act of South Africa and the Companies Act of South Africa.

Independent Auditors' Report (continued)

Emphasis of matter

We draw attention to the going concern paragraph in the Directors' Report that indicates the steps taken since the end of the financial year by the SABC to obtain financial support from its Shareholder and restore the profitability of the Company and its subsidiaries. The paragraph also indicates the outcome and expected outcome of these steps and, in particular that the SABC has obtained a guarantee from National Treasury to enable the Company and its subsidiaries to continue as going concerns and meet their financial obligations both present and future in the normal course of business.

We draw attention to Note 45 to the Financial Statements which indicates that there are legal proceedings against the SABC, including where the Company is the defendant in a lawsuit alleging breaking a rental agreement and rescinding on a contract. The ultimate outcome of these proceedings cannot presently be determined and, accordingly, only the expected cash flow has been provided in the Company and Group financial statements.

Other matters

We draw attention to the Directors' Report on pages 8 to 10, which indicates non-compliance by the SABC with certain sections of the Public Finance Management Act of South Africa, No 1 of 1999, as amended, and South African Treasury Regulations.

Report on other legal and regulatory requirements

Report on performance information

We have reviewed the Performance Management information of the SABC, set out on pages 22 to 30 of the Annual Report.

Directors' responsibilities for the performance information

The Directors have additional responsibilities, required by section 55(2)(a) of the Public Finance Management Act of South Africa, to ensure that the Annual Report and Audited Annual Financial Statements fairly present the performance against predetermined objectives of the Company.

Auditor's responsibility

Our responsibility is to conduct a review in accordance with section 13 of the Public Audit Act of South Africa read with General Notice 616 of 2008, issued in Government Gazette No

31057 of 15 May 2008 (the Notice). In accordance with the phasing-in approach adopted as described in that Notice, no separate conclusion on performance against predetermined objectives is included in our Report. However, we are required to report our findings on material shortcomings which may come to our attention and which may impact on the public interest.

In terms of the phasing-in approach, our engagement constitutes a review of the policies, systems, processes and procedures for the managing and reporting on performance against predetermined objectives. The procedures selected and findings reported depend on our judgment.

- ★ We obtained an understanding of the internal controls relating to performance information by holding discussions with management;
- ★ We obtained an understanding of the relevant systems to collect, monitor and report performance information. The understanding was gained for each theme reported on; and
- ★ We compared the performance assessment for each theme reported on to relevant source documentation and conducted limited substantive procedures to ensure valid, accurate and complete performance reporting.

Findings

The PFMA and Treasury Regulations require the SABC to formulate strategic objectives and Key Performance Indicators in its Corporate Plan, to allocate resources to implement the strategic objectives, and to monitor and report the results. It is therefore imperative that the SABC has a system that accurately collects and reports performance information. The SABC does not currently have a formal approved policy or procedure in place to monitor and report performance information.

Other than the above, we have not identified any material shortcomings in the processes, systems and procedures of the South African Broadcasting Corporation Limited'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 of South Africa, we report that we have identified certain unlawful acts or omissions

committed by persons responsible for the management of the SABC which constitute 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 reportable irregularity paragraph in the Directors' Report.

Ngubane and Company Inc.

Ngubane & Co. Inc.

Per P Naude

Chartered Accountant (SA)
Registered Auditor
27 November 2009

Midrand Business Park
Building 1
563 Old Pretoria Road
Midrand

KPMG Inc.

KPMG Inc.

Per R Fourie

Chartered Accountant (SA)
Registered Auditor
Director
27 November 2009

KPMG Crescent
85 Empire Road
Parktown

Kwinana and Associates

Kwinana & Associates

Per N Kwinana

Chartered Accountant (SA)
Registered Auditor
Director
27 November 2009

Stand 92, Cnr Dale and Pretorius Street
President Park
Midrand
1685

Directors' Report *for the year ended 31 March 2009*

The Interim Board of Directors hereby presents the 72nd Annual Report of the South African Broadcasting Corporation Limited ("the SABC" or "the Company"), for the financial year to 31 March 2009. The Annual Financial Statements comprise the consolidated annual financial statements of the Company and its subsidiaries (together referred to as the Group). These Annual Financial Statements are presented in accordance with the Companies Act, No 61 of 1973, as amended, the Broadcasting Act, No 4 of 1999, as amended and the Public Finance Management Act, No 1 of 1999, as amended (hereinafter respectively referred to as the Companies Act, the Broadcasting Act and the PFMA), and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Nature of the SABC's business

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

Review of operations

The operating loss for the year for the SABC Group amounted to R851 million (2008: operating profit of R7,4 million). This loss is mainly as a result of an increase in amortisation in programme, film and sports rights of R258 million, an increase in employee compensation of R217 million, and an increase in operational expenses of R228 million, with no corresponding increase in revenue. Included in the operational expenses is the R30 million relating to stock adjustments.

Share capital and shareholder

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

Dividends

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

Going concern

The operating loss at the financial year-end, coupled with liquidity constraints, resulted in the SABC's status as a going concern being at risk, precipitating delays in finalising this Annual Report. At the time of concluding this Report, Parliament had finalised its recommendation on the appointments to the Permanent Board to the President of South Africa. There are a number of challenges that the Board and Corporation will face going forward in order to ensure the SABC's credibility is restored, and that the business achieves sustainable profitability within its national mandate requirements.

A number of steps to address this have been taken since the end of the financial year. This includes the approval by the Minister of Communications of a television licence fee increase of 11% effective as of August 2009, which is expected to result in an increase in revenue of R36 million for the 2010 financial year. In addition, in October 2009, Government approved an allocation of R200 million in terms of the Adjusted Estimates of National Expenditure.

The Interim Board, in conjunction with existing management, has simultaneously begun the process of implementing a number of cost-cutting measures which includes the decision to close certain international news and current affairs bureaus. The 2010 budget has been revised in order to contain costs, with a view to working towards profitability by 2012. Other plans include the ongoing evaluation of the performance of the organisation's management. The Interim Board is also working on finalising the process of filling some of the key vacant positions.

In addition, the SABC has made application and received approval from the Minister of Communications and National Treasury, under the auspices of the Minister of Finance, for a Government Guarantee of R1,473 billion, enabling the SABC to continue trading as a going concern in the normal course of business. The Government Guarantee will be utilised to secure medium-term funding from commercial banks at competitive rates.

Auditor-General investigation

On 1 July 2009, subsequent to the end of the financial year under review, Parliament's Portfolio Committee on Communications appointed the Auditor-General to conduct an investigation into allegations made by labour unions and former SABC Board members about alleged breaches of sound financial practice. The allegations were categorised as supply chain management issues, matters of fruitless and wasteful expenditure, and human resource related matters. The Auditor-General presented his findings on these matters to Parliament on the 22 September 2009.

The Auditor-General's report made numerous references relating to instances of alleged non-compliance with legislation and/or SABC policies and practices by employees of the SABC. At the time of finalising this Report, the Interim Board has commenced the process of taking the relevant action deemed necessary in relation to the allegations, which included the suspension of four Executives. The Interim Board was furthermore overseeing the implementation of recommendations made by the Auditor-General to strengthen the control environment at the SABC.

The Auditor-General furthermore identified three core areas that should be addressed in order to strengthen the SABC's financial control environment:

- ★ Quality of reporting including the Corporation's ability to retain records appropriately and to use these as a basis to provide relevant, accurate and comprehensive management information to the Leadership;
- ★ Effective governance arrangements including the Audit Committee, Internal Audit function, enterprise risk management (including fraud risk management), internal control frameworks and policy frameworks; and
- ★ Adequate leadership oversight in order to establish the correct environment for the organisation, including the manner in which Leadership monitors performance and compliance and the way in which it promotes ethical behaviour.

The Interim Board agrees with the Auditor-General's assessment of the underlying causes of the challenges that have faced the SABC in the past, and the need to address these going forward.

Subsidiaries

Details of the Company's investments in subsidiary companies are reflected in Note 10 of the Group Annual Financial Statements.

Corporate governance and compliance with laws and regulations

The Board of Directors oversees compliance by the SABC 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 levels of materiality for reporting purposes was approved by the Minister during the financial year.

During the 2008/09 financial year in respect of which this Report is issued, the Company did not comply fully with all the requirements of the PFMA.

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

Completeness of Fruitless and Wasteful Expenditure and Losses resulting from Criminal Conduct

The completeness of these types of expenditures could not be assessed due to the lack of appropriate disclosure procedures during the period under review.

Non-compliance with applicable legislation

- ★ Section 50(3)(a) requires members of the Board of the SABC to disclose any direct or indirect personal or private business interest that a member or any spouse, partner or close family member may have in any matter before the Accounting Authority. Four Board members serving on the Board during 2008/09, did not disclose their interests in the standard "Disclosure of Interest" register which is kept by the office of the Company Secretary.
- ★ Section 51(1)(h) requires the SABC to have an effective process in place to ensure its compliance with applicable laws and regulations. Although compliance with certain legislation is currently managed in various Divisions throughout the organisation, the SABC did not in the period under review, have a centralised compliance control or process in place which ensures the monitoring and reporting of the overall compliance of the SABC with applicable legislation.

Directors' Report for the year ended 31 March 2009 (continued)

- ★ Section 51(1)(a)(i), read with Treasury Regulation 27.2.1 requires the SABC to put in place a formal risk assessment procedure throughout the organisation. Although a Risk Committee was appointed during 2007/08 and key risks and appropriate risk management strategies were identified during 2008/09, there were no embedded risk management and monitoring procedures in place within the Divisions. The Risk Management Strategy does not include an approved Fraud Prevention Plan. The Corporation also does not have a comprehensive Disaster Recovery Plan in place.
- ★ 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), a Group-wide procurement policy exists and a Content Commissioning and Acquisitions Policy has been developed and was approved by the Board during the year. During the audit however, instances were identified where international content acquisitions could not be supported by an approved business plan or signed contracts. Instances of premature procurement (i.e. ordering taking place without the appropriate legal contracts with suppliers, or signature by the appropriate delegated authority of the SABC having been obtained), have been identified. Both these examples demonstrate that the supply chain management policies and procedures of the SABC were not always appropriately adhered to.
- ★ In terms of Section 51(1)(e), the Board should take disciplinary steps against any employee who fails to comply with the PFMA, undermines the financial management or internal control system of the SABC or makes or permits a fruitless and wasteful or irregular expenditure. In terms of Treasury Regulation 33, the Board is required to investigate possible transgressions of the Public Finance Management Act within 30 days of becoming aware of the same. The Interim Board found that whilst investigations were instituted within the required timeframes, a number of investigations were still pending after a period of two years. The existing disciplinary policies of the SABC were therefore not implemented in a timely and effective manner.
- ★ In terms of Treasury Regulation 33.3, the Board is required to submit annually, to the Auditor-General, the National Treasury and the Executive Authority, specified details of any disciplinary or criminal charges of financial misconduct against any employee of the SABC. Although cases of financial misconduct were found, no submissions have been made to the Auditor-General, the National Treasury and the Executive Authority.
- ★ Section 55(1)(d) requires the Company to submit within five months of the end of its financial year, its Annual Report, the Audited Financial Statements and the Auditor's Report on those statements to the National Treasury, to the Executive Authority responsible for the Company and the Auditor-General. This requirement was not met though the Interim Board of the SABC did, as required, notify the relevant Ministries of delays in finalising the Annual Report and financial statements.
- ★ During the finalisation of the Annual Financial Statements for the year ended March 2009, the non-executive Directors of the Interim Board became aware for the first time, that the Financial Statements splitting the Consolidated result for the SABC into Financial Statements for Public Broadcast Services ("PBS") and Public Commercial Services ("PCS") for the years ended March 2007 and March 2008, have not been produced as is required in terms of the Broadcasting Act. The Interim Board has therefore instructed that these now be completed immediately.
- ★ The Financial Statements for PBS and PCS for the year ended March 2009 have not been completed because of the delay in finalising the consolidated results for that year. The Interim Board notes that the Financial Statements for PBS and PCS can only be prepared after the consolidated results. Now that the consolidated results have been concluded, the PBS and PCS Annual Financial Statements for the year ended March 2009, can be finalised without further delay.
- ★ In terms of Section 66(3), the Board of the SABC can borrow money, issue a guarantee, indemnity or security or enter into any other transaction that binds or may bind the entity to a future financial commitment. In terms of Section 66(6), the Board may not delegate the power to enter into these types of transactions to other levels of management, except with the prior written approval of the Minister of Finance to do so. The SABC Treasury Policy allows for the delegation of these transaction powers from the Board to management individuals within the SABC

- Treasury. The SABC does not currently have the Minister of Finance's written approval for such a delegation.
- ★ Section 51(1)(b)(i) and Section 51(1)(c) require the Board to have effective processes in place to collect all revenue due to the SABC. The audit revealed that the recording of revenue in Sales and Marketing is sometimes incorrect, resulting in a number of adjustments having to be raised. These processes and systems are currently not operating effectively.
 - ★ Section 51(1)(b)(iii) and Section 51(1)(c) require the Board to manage the working capital economically and effectively. The systems currently in place to assist the Board in discharging this duty are not yet effective, as foreign creditor reconciliation and foreign stock reconciliations led to a R30 million charge to the income statement.
 - ★ Section 51(1)(c) requires the Board of the SABC to manage and safeguard the assets of the SABC, and manage the revenue, expenditure and liabilities of the SABC. Full asset stock counts had not been completed for the year under review.
 - ★ Section 51(1)(b)(ii) requires the Board to take appropriate steps to prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct and expenditure not complying with the operational policies of the SABC. The SABC currently has policies and procedures in place which would assist with the prevention of these types of expenditures and losses, i.e. Delegation of Authority Framework, SAP system, Travel policy, regular financial reviews, etc. however, the current overall system to prevent these types of expenditures and losses was not always complied with during the 2008/09 financial year, and as such was not always effective.
 - ★ Section 57(b) states that officials within the SABC are responsible for the effective, efficient, economical and transparent use of financial and other resources within their particular area of responsibility. It came to the attention of the Interim Board, that management did not always follow policies and procedures (e.g. procurement policies and limits of the Delegation Framework of the SABC were not always adhered to). Management therefore did not always use financial resources in an effective and transparent manner during the 2008/09 financial year.

- ★ In terms of Treasury Regulation 27.1.8 the Audit Committee must, amongst others, review the effectiveness of the internal control systems, the effectiveness of internal audit, the risk areas of the entity's operations to be covered in the scope of internal and external audits, the adequacy, reliability and accuracy of financial information provided to management and other users of such information and the activities of the internal audit function, including its annual work programme. For the year under review the Audit Committee at the SABC did not specifically review or comment on these issues. The Internal Audit Plan of the SABC was not approved by the Audit Committee.

Losses through criminal conduct and irregular or fruitless and wasteful expenditure

In terms of the materiality framework agreed with the shareholder, any losses due to criminal conduct or irregular or fruitless and wasteful expenditure, that individually (or collectively where items are closely related) exceed R1.5 million in the income statement, must be reported. Attention is drawn to the inclusion of the statement of fruitless and wasteful expenditure and irregular expenditure in Note 48 of the Annual Financial Statements of the SABC. The Board determines the applicability of the framework after the completion of all internal processes and on the advice of the Audit Committee. With the level of uncertainty regarding the outcome of processes arising from the Auditor-General investigations and any further investigations, as well as the control system concerns as disclosed in the non-compliance paragraph, the completeness of this Note cannot be determined.

Reportable irregularities

In terms of Section 45 of the Auditing Profession Act, Act 26 of 2005, individual registered auditors are obliged to report on any reportable irregularities which in their professional opinion, have been caused by any person responsible for the management of the SABC, and which has caused or is likely to cause, material financial loss to the SABC or is fraudulent or represents a material breach of fiduciary duty owed by such person to the SABC.

Reportable irregularities emanating from the Auditor-General report released publicly on 22 September 2009 related to:

Directors' Report for the year ended 31 March 2009 (continued)

- ★ alleged breach of fiduciary duties by some members of management allegedly exceeding their delegation of authority;

F Lagadien	<i>(resigned 3 July 2009)</i>
A Mbeki	<i>(resigned 3 July 2009)</i>
- ★ alleged breach of fiduciary duties in failure to follow the supply chain management policy;

D Mpofo	<i>(resigned 31 January 2009)</i>
R Nicholson	<i>Chief Financial Officer</i>
- ★ alleged non-deduction of PAYE on certain fringe benefit tax; and
- ★ breach of fiduciary duties in relation to the non-compliance with Treasury Regulation 33.1 in completing the disciplinary process.

Interim Board appointed on 10 July 2009

I Charnley *	<i>Chairperson</i>
PF Mtimkulu	<i>Deputy Chairperson</i>

EAL Loyd *

SC Vos

KL Sedibe *

LG Mampone	<i>Acting Group Chief Executive Officer</i>
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C Mampane	<i>Acting Chief Operations Officer</i>
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R Nicholson	<i>Chief Financial Officer</i>
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In addition, non-compliance with Section 51(1) of the PFMA, the safeguarding of assets and the management of the expenditure, relating to impairment on programme, film and sports rights, led to fruitless and wasteful expenditure as disclosed in Note 48.

The Interim Board has commenced a process of resolving the reportable irregularities and strengthening the corporate governance structures within the SABC.

Directors

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

K Mkonza <i>Chairperson</i>	<i>(resigned 3 July 2009)</i>
C Qunta <i>Deputy Chairperson</i>	<i>(resigned 1 April 2009)</i>
A Trikamjee	<i>(resigned 3 July 2009)</i>
P Vundla	<i>(resigned 13 March 2009)</i>
G Serobe	<i>(resigned 3 July 2009)</i>
P Tlakula	<i>(resigned 3 July 2009)</i>
N Bulbulia	<i>(resigned 3 July 2009)</i>
A Gilwald	<i>(resigned 3 July 2009)</i>
B Khumalo	<i>(resigned 3 July 2009)</i>
D Golding	<i>(resigned 3 July 2009)</i>

* Audit Committee members were appointed 30 July 2009 with the following four members co-opted as Audit Committee members for their financial expertise: P Papadimitropoulos (appointed 20 August 2009, resigned 23 October 2009), S Leggatt (appointed 27 August 2009), S van der Spuy (appointed 27 August 2009, resigned 23 October 2009) and A Magadla (appointed 27 August 2009).

Remuneration of Directors and members of Exco

Remuneration of non-executive Directors consisted of a fixed retainer plus a variable fee which is paid to Directors depending on their membership of sub-committees and attendance of Board committee meetings. The remuneration of non-executive Directors was determined by the Minister of Communications in a letter dated 7 February 2008. A full disclosure of Directors' remuneration paid for the 2008/09 financial year is set out in Note 42. The remuneration structure was amended in early 2008, to include a meeting attendance fee for the scheduled Board meetings and is paid in addition to the retainer. The committee meeting fees were increased accordingly.

Events subsequent to Financial Statement date

The following key matters and/or circumstances that have arisen since the end of the financial year up to the date of signature of this Report which have not been dealt with otherwise in the Report or the Annual Financial Statements, will have an effect on the operations of the SABC by creating an environment for good governance and/or reducing expenditure or increasing revenue:

- ★ The dissolution of the previous Board by the President of South Africa and appointment of an Interim Board for six months, pending finalisation of new permanent Board appointees;
- ★ The commissioning by Parliament of the Auditor-General to conduct a forensic audit into allegations of financial misconduct;
- ★ The approval by the Minister of Communications of an 11% increase in licence fees effective from 1 August 2009. This should generate additional revenue of R36 million for the 2009/2010 financial year;
- ★ The closure of five international news bureaus in New York, Sao Paulo, Brussels, Dakar and Beijing and a reduction in the number of staff in the remaining bureaus; and
- ★ The Interim Board became aware of potential problems within the A1 Grand Prix Group of Companies, a Group with whom the SABC has contracted and paid R42 million in rights to flight future motor races. The problems identified relate inter alia, to races being cancelled and to one of the companies in the Group apparently being under administration. International Accounting Standard 10 states that if there was no evidence of a problem at the date of the Financial Statement, being 31 March 2009, the Corporation may not make a provision for suspected losses in the year ending on that date, but must account for issues in the current financial year, in accordance with when those problems first arose. Despite attempts by the SABC to obtain clarity, it remains uncertain whether and how many future A1 Grand Prix races will take place, and therefore, the Interim Board is as yet unable to quantify the potential impact on its rights, or its ability to recover sums in any breach of contract, but will of course account for any impairment in the rights in the year ending March 2010. This possible impairment therefore cannot yet be quantified.

Company Secretary

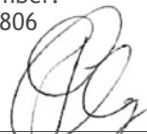
Ms Thelma Melk was the Company Secretary of the Company from 1 October 2008.

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

Postal address:
Private Bag X1
Auckland Park
2006

Business address:
Radio Park
Henley Road
Auckland Park
2006

Telephone number:
27 (011) 714-4806



Ms Irene Charnley (*Chairperson of the SABC Interim Board*)
27 November 2009

Statements of Financial Position *as at 31 March 2009*

	Note	GROUP			COMPANY		
			Restated*			Restated*	
		2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
ASSETS							
Non-current assets		2 178 816	2 013 814	1 376 780	2 178 826	2 013 724	1 376 678
Property, plant and equipment	6	1 418 553	1 261 243	1 143 740	1 418 492	1 261 082	1 143 568
Investment properties	7	34 944	33 418	33 403	34 944	33 418	33 403
Computer software	8	212 668	197 686	93 854	212 668	197 686	93 854
Defined benefit asset	9	320 598	420 794	-	320 598	420 794	-
Investment in subsidiaries	10	-	-	-	71	71	71
Available-for-sale financial assets	11	8 962	2 737	2 865	8 962	2 737	2 865
Prepayments	12	183 061	97 906	102 878	183 061	97 906	102 878
Other non-current assets		30	30	40	30	30	39
Current assets		2 352 948	2 446 743	2 140 751	2 345 747	2 425 962	2 119 833
Programme, film and sports rights	13	1 102 319	748 003	508 519	1 102 319	748 003	508 519
Inventories	14	4 842	4 614	4 452	4 842	4 614	4 452
Trade and other receivables	15	978 019	900 109	696 402	985 574	905 867	685 419
Taxation receivable		89 695	74 717	22 252	89 695	74 717	22 050
Derivative financial instruments	16	-	27 287	9 475	-	27 287	9 475
Held-to-maturity investments	17	-	373 000	100 000	-	373 000	100 000
Loans and receivables	18	-	-	5 300	-	-	5 300
Prepayments	12	134 158	128 830	82 236	134 105	128 786	82 236
Restricted cash	19	29 212	24 622	4 558	29 212	24 622	4 558
Cash and cash equivalents	20	14 703	165 561	707 557	-	139 066	697 824
Total assets		4 531 764	4 460 557	3 517 531	4 524 573	4 439 686	3 496 511

*Refer to note 5.

	Note	GROUP			COMPANY		
		Restated*			Restated*		
		2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
EQUITY							
Equity		1 551 134	2 461 538	2 115 730	1 530 208	2 440 463	2 096 029
Share capital	21	1	1	1	1	1	1
Fair value adjustment reserve	22	1 128	1 406	1 516	1 128	1 406	1 516
Retained earnings		1 550 005	2 460 131	2 114 213	1 529 079	2 439 056	2 094 512
LIABILITIES							
Non-current liabilities		797 505	892 988	546 363	797 505	893 056	546 400
Perpetual instrument	23	27 390	27 390	27 390	27 390	27 390	27 390
Interest-bearing loans and borrowings	24	20 921	17 235	20 187	20 921	17 235	20 187
Derivative financial instruments	16	5 261	8 000	4 606	5 261	8 000	4 606
Deferred government grant	25	318 085	260 514	153 357	318 085	260 514	153 357
Deferred tax	26	-	177 722	93 478	-	177 790	93 515
Employee benefits	27	424 712	400 991	246 334	424 712	400 991	246 334
Other non-current liabilities		1 136	1 136	1 011	1 136	1 136	1 011
Current liabilities		2 183 125	1 106 031	855 438	2 196 860	1 106 167	854 082
Trade and other payables	28	1 219 992	843 606	614 581	1 218 316	831 872	607 649
Employee benefits	27	142 638	109 606	88 939	142 507	109 475	88 778
Derivative financial instruments	16	10 652	2 826	1 465	10 652	2 826	1 465
Deferred income	29	179 394	66 349	62 198	179 394	66 349	62 198
Current portion of interest-bearing loans and borrowings	24	106 730	16 453	30 790	122 372	31 647	39 614
Taxation payable		100	3 193	3 087	-	-	-
Current portion of deferred government grant	25	65 200	34 260	35 378	65 200	34 260	35 378
Provisions	30	50 296	29 738	19 000	50 296	29 738	19 000
Bank overdraft	20	408 123	-	-	408 123	-	-
Total liabilities		2 980 630	1 999 019	1 401 801	2 994 365	1 999 223	1 400 482
Total equity and liabilities		4 531 764	4 460 557	3 517 531	4 524 573	4 439 686	3 496 511

*Refer to note 5.

Income Statements for the year ended 31 March 2009

	Note	GROUP			COMPANY		
		2009	Restated*		2009	Restated*	
		R'000	2008	2007	R'000	2008	2007
			R'000	R'000	R'000	R'000	R'000
Revenue	31	4 713 504	4 681 866	4 268 313	4 713 504	4 681 866	4 264 105
Other income	32	32 135	23 078	45 516	26 970	15 148	45 516
Amortisation of programme, film and sports rights	13	(1 618 856)	(1 360 477)	(1 199 772)	(1 618 856)	(1 360 477)	(1 199 772)
Impairment of programme, film and sports rights	13	(40 232)	(78 983)	(8 129)	(40 232)	(78 983)	(8 129)
Amortisation of computer software	8	(36 454)	(2 290)	(7 786)	(36 454)	(2 290)	(7 786)
Impairment of computer software	8	-	-	(32 304)	-	-	(32 304)
Impairment of trade and other receivables		(26 857)	(44 796)	1 682	(25 612)	(44 796)	1 682
Broadcast costs		(296 483)	(314 501)	(395 672)	(296 483)	(314 501)	(395 261)
Signal distribution and linking costs		(444 314)	(377 927)	(332 193)	(444 314)	(377 927)	(332 193)
Employee compensation and benefit expenses, excluding actuarial gains/ (losses)	33	(1 637 466)	(1 420 505)	(899 937)	(1 637 466)	(1 409 277)	(893 219)
Depreciation of property, plant and equipment	6	(157 358)	(138 011)	(148 370)	(157 197)	(137 943)	(148 353)
Marketing costs		(263 098)	(253 068)	(254 031)	(263 097)	(253 019)	(254 016)
Direct licence collection costs		(176 066)	(151 751)	(119 857)	(176 066)	(151 751)	(119 857)
Professional and consulting fees	34	(314 653)	(227 617)	(134 787)	(308 943)	(226 576)	(134 772)
Other expenses							
- personnel costs		(112 147)	(83 444)	(80 529)	(111 501)	(83 444)	(80 529)
- operational		(472 422)	(244 817)	(344 743)	(470 881)	(252 454)	(347 847)
Other (losses)/profits	36	(259)	688	(128)	(259)	688	(128)
Operating (loss)/profit before interest and taxation		(851 026)	7 445	357 273	(846 887)	4 264	357 137
Net financing (loss)/income	37	(62 554)	56 261	48 316	(66 612)	56 931	44 346
Finance income	37	13 910	70 343	64 713	11 553	70 389	61 863
Finance expenses	37	(76 464)	(14 082)	(16 397)	(78 165)	(13 458)	(17 517)
(Loss)/profit before income tax		(913 580)	63 706	405 589	(913 499)	61 195	401 483
Income tax income/ (expense)	38	123 491	29 614	(118 792)	123 559	30 751	(117 614)
(Loss)/profit for the year		(790 089)	93 320	286 797	(789 940)	91 946	283 869

*Refer to note 5.

Statements of Comprehensive Income for the year ended 31 March 2009

	Note	GROUP			COMPANY		
		Restated*			Restated*		
		2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
(Loss)/profit for the year		(790 089)	93 320	286 797	(789 940)	91 946	283 869
Other comprehensive (loss)/income for the year, before taxation		(167 042)	348 207	(179 358)	(167 042)	348 207	(179 358)
<i>Pension fund</i>							
Actuarial (loss)/gain	9	(945 529)	177 300	(1 680 851)	(945 529)	177 300	(1 680 851)
Change in paragraph 58 limit of IAS 19 - employee benefits	9	772 476	163 443	1 491 601	772 476	163 443	1 491 601
<i>Post-employment medical benefits</i>							
Actuarial gain	27	6 334	7 592	9 390	6 334	7 592	9 390
Changes in fair value of available-for-sale financial assets		(323)	(128)	502	(323)	(128)	502
Income tax relating to other components of other comprehensive income	38	46 727	(95 719)	52 086	46 727	(95 719)	52 086
Other comprehensive (loss)/income for the year, net of taxation		(120 315)	252 488	(127 272)	(120 315)	252 488	(127 272)
Total comprehensive (loss)/income for the year		(910 404)	345 808	159 525	(910 255)	344 434	156 597

*Refer to note 5.

Statements of Changes in Equity for the year ended 31 March 2009

Note	Share capital R'000	Fair value adjustment reserve R'000	Retained earnings R'000	Total R'000
GROUP				
Balance at 1 April 2006	1	1 087	1 955 117	1 956 205
Restated total comprehensive income for the year	-	429	159 096	159 525
Total comprehensive income for the year as previously stated	-	429	182 763	183 192
Correction of prior period errors net of taxation	5.1	-	(23 667)	(23 667)
* Restated balance at 1 April 2007	1	1 516	2 114 213	2 115 730
Restated total comprehensive income for the year	-	(110)	345 918	345 808
Total comprehensive (loss)/ income for the year as previously stated	-	(110)	321 216	321 106
Correction of prior period errors net of taxation	5.1	-	24 702	24 702
* Restated balance at 31 March 2008	1	1 406	2 460 131	2 461 538
Total comprehensive loss for the year	-	(278)	(910 126)	(910 404)
Balance at 31 March 2009	1	1 128	1 550 005	1 551 134
COMPANY				
Balance at 1 April 2006	1	1 087	1 938 344	1 939 432
Restated total comprehensive income for the year	-	429	156 168	156 597
Total comprehensive income for the year as previously stated	-	429	179 835	180 264
Correction of prior period errors net of taxation	5.1	-	(23 667)	(23 667)
* Restated balance at 1 April 2007	1	1 516	2 094 512	2 096 029
Restated total comprehensive income for the year	-	(110)	344 544	344 434
Total comprehensive (loss)/ income for the year as previously stated	-	(110)	319 842	319 732
Correction of prior period errors net of taxation	5.1	-	24 702	24 702
* Restated balance at 31 March 2008	1	1 406	2 439 056	2 440 463
Total comprehensive loss for the year	-	(278)	(909 977)	(910 255)
Balance at 31 March 2009	1	1 128	1 529 079	1 530 208

*Refer to note 5.

Statements of Cash Flow *for the year ended 31 March 2009*

	Note	GROUP			COMPANY		
		Restated*			Restated*		
		2009	2008	2007	2009	2008	2007
		R'000	R'000	R'000	R'000	R'000	R'000
Cash flows from operating activities							
Cash receipts from customers		4 692 625	4 505 388	4 272 217	4 746 842	4 480 717	4 266 577
Cash paid to suppliers and employees		(5 414 273)	(4 540 846)	(4 084 087)	(5 451 922)	(4 539 049)	(4 082 046)
Cash (utilised in)/ generated from operations	39	(721 648)	(35 458)	188 130	(705 080)	(58 332)	184 531
Interest received	37	13 908	68 380	61 987	11 551	68 104	61 768
Dividends received	37	2	112	95	2	112	95
Interest paid	37	(50 702)	(7 918)	(7 736)	(50 700)	(7 374)	(8 148)
Income taxes paid	40	(25 575)	(34 220)	(178 299)	(22 482)	(33 360)	(178 299)
Net cash flow from operating activities		(784 015)	(9 104)	64 177	(766 709)	(30 850)	59 947
Cash flows from investing activities							
Proceeds from disposal of property, plant and equipment	41	538	2 057	8 471	538	1 885	8 445
Acquisition of property, plant and equipment - to maintain business	6	(294 338)	(256 883)	(169 774)	(294 277)	(256 654)	(169 559)
Acquisition of investment properties	7	-	(64)	-	-	(64)	-
Acquisition of computer software	8	(74 593)	(106 122)	(75 352)	(74 593)	(106 122)	(75 352)
Proceeds from disposal of computer software	8	-	-	227	-	-	227
Repayment of loan made to Sentech Limited	18	-	5 300	12 737	-	5 300	12 737
Acquisition of equity instruments: programme, film and sports rights	11	(6 548)	-	-	(6 548)	-	-
Acquisition of held-to-maturity investments	17	-	(273 000)	-	-	(273 000)	-
Proceeds of held-to-maturity investments	17	373 000	-	624 000	373 000	-	624 000
Increase in restricted cash	19	(4 590)	(20 064)	(3 692)	(4 590)	(20 064)	(3 692)
Net cash flow from investing activities		(6 531)	(648 776)	396 617	(6 470)	(648 719)	396 806

Statements of cash flow for the year ended 31 March 2009 (continued)

	Note	GROUP			COMPANY		
		2009	Restated*		2009	Restated*	
		R'000	2008	2007	R'000	2008	2007
			R'000	R'000	R'000	R'000	R'000
Cash flows from financing activities							
Loan repaid to subsidiary	24	-	-	-	-	-	(1 991)
Loan advanced by subsidiary	24	-	-	-	448	6 370	-
Raising of interest-bearing loan from previous cash and cash equivalents	24	89 000	-	-	89 000	-	-
Instalment sales paid during the year	24	(15 735)	(17 289)	(18 377)	(15 735)	(17 289)	(14 395)
Finance raised with instalment sales		20 698	-	-	20 698	-	-
Proceeds from government grant	25	131 579	131 730	119 298	131 579	131 730	119 298
Net cash flow from financing activities		225 542	114 441	100 921	225 990	120 811	102 912
Net (decrease)/increase in cash and cash equivalents		(565 004)	(543 439)	561 715	(547 189)	(558 758)	559 665
Cash and cash equivalents at beginning of the year		165 561	707 557	145 028	139 066	697 824	138 159
Effects of the exchange rate changes on the balance cash held in foreign currencies		6 023	1 443	814	-	-	-
Cash and cash equivalents at end of the year	20	(393 420)	165 561	707 557	(408 123)	139 066	697 824

*Refer to note 5.

Notes to the Annual Financial Statements *for the year ended 31 March 2009*

1 SIGNIFICANT ACCOUNTING POLICIES

The South African Broadcasting Corporation Limited (the "Group") is South Africa's national public service broadcaster. The consolidated Annual Financial Statements of the Group were authorised for issue by the Board of Directors on 25 November 2009.

(a) Statement of compliance

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

(b) Basis of preparation

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

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

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

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

Except for the early adoption of certain standards (refer to Accounting Policy 3 - Early Adoption of Amendments to Standards and New Interpretations), and the change in accounting policy regarding the treatment of employee benefits, (refer to note 5), the accounting policies set out below have been applied

consistently for all periods presented in the consolidated Annual Financial Statements.

(c) Basis of consolidation

(i) *Subsidiaries*

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

(ii) *Transactions eliminated on consolidation*

Intra-Group balances and any unrealised gains and losses or income and expenses arising from intra-Group transactions are eliminated in preparing the Annual Financial Statements.

(d) Foreign currency

(i) *Functional and presentation currency*

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

(ii) *Foreign currency transactions*

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the 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 date the fair value was determined.

(e) Property, plant and equipment

(i) *Owned assets*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

losses. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials, direct labour, an appropriate proportion of overheads and any other costs directly attributable to bringing the asset to a working condition for its intended use.

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

(ii) Leased assets

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

(iii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are charged to 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 unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

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

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

(v) Derecognition

The gain or loss on the disposal or scrapping of property, plant and equipment is recognised in profit or loss, (refer to note 35). Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment.

(f) Investment properties

(i) Cost method

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at historical cost or deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of investment properties that had been revalued to fair values 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 profit or loss on a straight-line basis over the estimated useful lives of each of the investment properties. The estimated useful lives for the current and comparative periods are as follows:

★ Investment properties	50 years
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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 knowledgeably, prudently and without compulsion.

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

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

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

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

(g) Intangible assets

(i) Originated programme, film and sports Rights

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

(ii) Acquired programme, film and sports Rights

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

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

Payments made before the recognition criteria for an asset are met, are recorded as Prepayments and classified as current or

non-current, depending on the estimated time of usage of the material. Conversely, where arrangements have been executed for the future purchase of programme, film and sports Rights, but the recognition criteria above have not been met, the arrangements are disclosed as Commitments.

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

(iii) De-recognition of programme, film and sport Rights

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 the expiry of licence period or allowed number of showings.

(iv) Other intangible assets

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

(v) Subsequent expenditure

Subsequent expenditure 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 profit or loss on a straight-line basis based on the estimated number of future showings if each showing is expected to generate similar audiences. An accelerated method of amortisation is used when the first showing is expected to be more valuable than re-runs.

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

(h) Investments

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

Financial assets

Classification

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

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

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

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

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

(vi) Other investments

The investments are related to the investments in the programme, film and sports Rights, effective for the current financial year. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and substantially all the risks and rewards of ownership have been transferred.

(v) Non-financial assets - Investment in subsidiaries

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

(i) Impairment of assets

(i) Financial assets

Where a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity investments and loans and receivables at amortised cost is calculated at the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all

amounts due according to the original terms of the receivables. The amount of the impairment is the difference between the asset's carrying amount and its recoverable amount, being the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment is recognised in profit or loss.

Reversals of impairment

An impairment loss in respect of held-to-maturity investments, loans and receivables and trade receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

(ii) Non-financial assets

The carrying amount of the Group's assets, other than inventories and deferred tax assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit, exceeds its recoverable amount. Impairment losses are recognised in income statement. The impairment loss for programme, film and sports Rights will be recognised when the tapes have not been flighted as per schedule at the end of the financial year.

Calculation of recoverable amount

The recoverable amount of 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.

Reversal of impairment

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Inventories

Consumables are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined on a weighted average basis and includes other costs incurred in bringing the consumables to their present location and condition.

(k) Trade receivables

Trade receivables comprise receivables in respect of advertising, sponsorships and facilities and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses. The fair value of trade receivables is net of agency commissions, and where applicable net of trade discounts, which are granted when payment is made in accordance with agreed payment terms.

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any differences between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest rate basis.

(n) Employee benefits

(i) Defined benefit pension plans

The net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service cost and the fair value of any plan assets are deducted. The discount rates

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

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.

When the benefits of a plan improve, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised out of profit or loss as other comprehensive income, (refer to note 5). These defined benefit pension plans liabilities or assets, are valued annually by independent qualified actuaries.

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 normal retirement age or the completion of a minimum service period in the event of early retirement. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for the defined benefit pension plan. This liability relating to post-employment medical benefits is valued annually by independent qualified actuaries. This practice of post-retirement medical aid contribution was discontinued for all new employees after 1 July 2004. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, are recognised out of profit or loss and recognised in the statement of comprehensive income, (refer note 5).

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a

present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Provisions

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at each Statement of Financial Position 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.

(p) Trade and other payables

Trade and other payables are stated at amortised cost, using the effective interest method.

(q) Financial instruments

(i) Derivative financial instruments

The Group uses derivative financial instruments to economically hedge its exposure to foreign exchange risks arising from the purchase of foreign programme, film and sports Rights. In accordance with its Treasury Policy, the Group does not hold or issue derivative financial instruments for trading purposes however, since the Group has elected not to apply hedge accounting, all derivative financial instruments are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(ii) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to those of a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to the specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices

or rates, or other variables. Embedded derivatives are disclosed separately from the derivatives held for risk management.

(iv) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequently they are measured at amortised cost using the effective interest method, less any impairment losses.

(v) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(vi) Cash restricted for use

Cash which is subject to restrictions on its use is stated separately at carrying value in the statement of financial position.

(r) Revenue

(i) Advertising revenue

Advertising revenue is recognised at the time the related advertisement or commercial appears before the public. The amount recognised is net of Value-Added Tax; Media Industry Trust levies; trade discounts and, where applicable, estimates of agency commissions, which are granted when payment is made in accordance with agreed payment terms.

(ii) Trade exchanges (non-monetary exchanges)

When broadcasting airtime is exchanged for dissimilar goods or services, the exchange is regarded as a transaction which generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

(iii) Sponsorship revenue

Sponsorship revenue is recognised at the time sponsored programmes are aired, net of Value-Added Tax and trade discounts. The consideration in sponsorship agreements containing more than one identifiable component, such as promotional advertising time and sponsorships, is allocated to underlying components based on their relative fair value and accounted for in accordance with the substance of the underlying component.

(iv) Licence fee revenue

Licence fee revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Group. Based on past experience, management does not consider economic benefits associated with television licences to be probable until the consideration is received, and therefore does not accrue for revenue on television licences. Licence fee revenue is therefore recognised on a cash basis, net of Value-Added Tax, as and when received.

(v) Government grants

Government grants are recognised in the Statement of Financial Position initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in profit or loss as 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 profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. Other revenue associated with the provision of services is recognised in profit or loss in proportion to the services performed to date as a percentage of total services to be performed. Other revenue also includes rental income, which is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(s) Lease payments

(i) Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

(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.

(t) Net financing income

Financing income includes interest receivable on funds invested, dividend income and foreign exchange gains and losses. Gains and losses on derivative financial instruments that are recognised in statement of comprehensive income.

Interest payable on borrowings is calculated using the effective interest method. Interest income is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is usually the ex-dividend date. The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method.

(u) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in the statement of comprehensive income, in which case it is recognised there.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary

differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legal enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits and reversing temporary differences will be available against which the asset can be utilised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(v) Related Parties

The Group operates in an environment currently dominated by entities directly or indirectly owned by the South African Government. As a result of the constitutional independence of all the three spheres of government in South Africa, only parties within the national sphere of Government will be considered to be related parties.

Key management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the Group. All individuals from the level of Executive Management up to the Board of Directors are regarded as key management per the definition of IFRS.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the Group.

Other related party transactions are also disclosed in terms of the requirements of IFRS. The objective of IFRS and the consolidated Annual Financial Statements is to provide relevant and reliable information and, therefore, materiality is considered in the disclosure of these transactions.

(w) Borrowing costs

Financing costs directly associated with the acquisition or construction of assets that require more than three months

to complete and place in service are capitalised at interest relating to loans specifically raised for that purpose, or at the weighted average borrowing rate where the general pool of Group borrowings was utilised. Other borrowing costs are expensed as incurred.

(x) Presentation of Financial Statements

The changes made to IAS 1 require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This enables users to analyse changes in the Group's equity resulting from transactions with owners in their capacity as owners separately from 'non-owners'. The revised standard gives preparers of financial statements the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with sub-totals or, in two separate statements. The new revisions include changes in the titles of some of the financial statements to reflect their function more clearly.

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 preparation of the consolidated Annual Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in material adjustment as 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 useful life of an

asset is determined on existing physical wear and tear, economic and technical ageing, legal or other limits on the use of the asset and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flows, the Group may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss. Refer note 6.

(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, (refer to note 8).

(iii) Amortisation and impairment of programme, film and sports rights

The Group believes that the accounting estimates relating to the amortisation and impairment of programme, film and sports Rights are significant accounting estimates because they require management to make assumptions about future audiences and revenues, and a change in the pattern of amortisation or potential impairment in programme, film and sports Rights may have a material impact on the value of these assets reported in the Group's statement of financial position. See accounting policies 1(e) and 1(g), and note 13.

(iv) Pension assumptions

The Group's pension fund is a funded defined benefit pension fund that provides pension fund benefits for all of the Group's permanent employees. The latest statutory valuation of the fund was performed at 31 December 2006, in which the valuator reported that the fund was in a sound financial position subject to the continuation of the current contribution rates, and its assets exceed its liabilities.

Annually, the defined benefit pension plan is valued on 31 March using the Projected Unit Credit Method for the financial statements certified by the Actuaries. The cost of the defined benefit pension plan as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, expected rates

on return of assets, future salary increases, mortality rates of in-service members and pension mortality rates and future pension increases, withdrawal of member in the service and family statistics. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of quality corporate bonds in the respective country, (i.e. yield on South African Government Bonds). The mortality rate is based on public available mortality tables for the specific county (i.e. PA (90) mortality table). Future salary increases and pension increases are based on expected future inflation rates. Further details about the assumptions used are given in note 9.

(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 27.

Any change in these assumptions could result in a material adjustment to the post-employment medical liability stated on the Group's statement of financial position as well as a material impact on the Group's profit. A one percentage point increase in the rate of health care cost inflation would increase the post-employment medical liability by approximately R62 million (2008 - R57 million); (2007 - R36 million), whereas a one percentage point reduction in the rate of health care cost inflation would decrease the liability by R57 million (2008 - R47 million; 2007 - R28 million) as at 31 March 2009. The employer's liability will also be affected by the take-up rate assumption related to the past service; an increase from 80% to 90% in the take-up rate would increase the past service liability by approximately R22 million, whereas a percentage decrease in the take-up rate from 80% to 70% would result in a reduction of R21,6 million in the past service accrued liability at 31 March 2009. See note 27.

(vi) *Legal matters*

The Group is involved in legal disputes through its normal course of business. The outcome of these legal claims may have

a material impact on the Group's financial position and results of operations. Management estimates the potential outcome of these legal claims based on the most objective evidence on hand from internal and external legal advisors until such time that ultimate legal resolution has been finalised. Due to the uncertain nature of these issues, any changes in these estimates based on additional information as it becomes available could result in material changes to the financial statements in subsequent periods. See note 45.

(vii) *Valuation of financial instruments*

The valuation of embedded derivative financial instruments is based on the market situation at reporting date. The value of the derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at reporting date.

Where the fair value of the financial assets and liabilities recorded in the statement of financial position cannot be derived from the active markets, they are determined using valuation techniques, including the discounted cash flow model. The inputs of these models are taken from observable markets where possible, but where this is not possible, a degree of judgement is required in establishing fair values. The judgements include consideration of inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions about the facts could affect the reported fair value of the affected financial instrument.

(viii) *Impairment of trade and other receivables and credit notes*

Doubtful accounts are reported at the amount likely to be recoverable based on the historical experience of customer default. As soon as it is learned that a particular account is subject to a risk over and above the normal credit risk (e.g. lower creditworthiness of customer, dispute as to the existence of the amount of the claim, no enforceability of the claim for legal reasons, etc.), the account is analysed and written down if circumstances indicate the receivable is uncollectible. Accumulated write-downs of receivables and provisions for credit notes amounted to R158 million as of 31 March 2009.

(b) **Critical judgements in applying the Group's accounting policies**

(i) *Channel Africa (Radio)*

The Group has been delegated with the responsibility by the Department of Communications to administer Channel Africa, which is a sub-division of the Department of Communications.

Channel Africa (Radio) has therefore been excluded from the Annual Financial Statements because the Board of Directors do not believe that it is controlled by the Group, nor is it a Joint Venture or an Associate Company.

3 EARLY ADOPTION OF AMENDMENTS TO STANDARDS AND NEW INTERPRETATIONS

The following changes to the Group accounting policies have been made with the early adoption of the revised standards and interpretations for the year under review:

(i) IAS 1 revised - Presentation of Financial Statements

In adopting this standard the Group introduced the statement of comprehensive income and presents all items of Income Statement in two separate statements that are linked.

(ii) IAS 23- Borrowing costs

With regards to the standard, the Group has always applied the alternative accounting treatment allowed by the previous version of the standard of capitalising the borrowing costs relating to the construction or purchase of the asset, therefore the early adoption of the standard will not have any impact on the Group.

4 NEW ACCOUNTING STANDARDS AND INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE (“IFRIC”) INTERPRETATIONS NOT YET EFFECTIVE

4.1 Certain new accounting standards and IFRIC interpretations have been published that are mandatory for accounting periods beginning on or after 1 January 2009. The Group’s assessment of the impact of these new standards and applicable to the business of the Group that may have an impact on future financial statements is set out below:

(i) IFRS 8 - Operating Segments

IFRS 8 replaces IAS 14 and is applicable for annual periods beginning on or after 1 January 2009. IFRS 8 requires the entity to disclose the amounts used for internal reporting to the chief decision maker, IFRS 8 does not define measures such as segment results and segment assets. IFRS 8 is effective for annual periods beginning on or after 1 January 2009. The Group has not elected to early adopt IFRS 8 and will apply IFRS 8 in its 2010 financial statements. The Group has already determined the impact that IFRS 8 will have on its 2010 consolidated Annual Financial Statements.

4.2 The following standards and IFRIC Interpretations do not have any impact on the Group financial statements for the 2010 financial year:

- ★ IAS 27 amendment - Consolidated and Separate Financial Statements
 - ★ IAS 32 and IAS 1 - Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation
 - ★ IAS 39 amendment - Eligible Hedged Items
 - ★ IFRS 2 amendment - Share-Based Payment
 - ★ IFRS 3 revised - Business Combinations
 - ★ IFRS 5 amendment - Non-current asset held for sale
 - ★ IFRIC 12 - Service Concession Arrangements
 - ★ IFRIC 13 - Customer Loyalty Programmes
 - ★ IFRIC 15 - Agreements for the Construction of Real Estate
 - ★ IFRIC 16 - Hedges of a Net Investment in a Foreign Operation
 - ★ IFRIC 17 - Distribution of Non-cash Assets to Owners
 - ★ IFRIC 18 - Transfers of assets from Customers
- (i) Improvements to IFRS (annual Improvements project 2008)

As part of its annual improvements project, the International Accounting Standards Board (IASB) made amendments to a number of accounting standards. These amendments were primarily made to resolve conflicts and remove inconsistencies between standards, clarify the status of application guidance in standards, clarify existing IFRS requirements as well as conforming the terminology used in standards with that used in other standards and to that more widely used. The Group adopted these amendments in 2009 (with the exception of those listed under New standards and interpretations not yet adopted), the application of which has not had a significant effect on the 2009 result, nor has it required any restatement of prior period results.

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

5	PRIOR PERIOD ERROR AND CHANGE IN ACCOUNTING POLICY	GROUP			COMPANY			
		Note	Restated*			2009	Restated*	
			2009	2008	2007		2008	2007
		R'000	R'000	R'000	R'000	R'000	R'000	
	(Loss)/profit for the year as previously reported		(910 127)	321 216	182 763	(909 978)	319 842	179 835
5.1	Prior period error, net of taxation *		-	24 702	(23 667)	-	24 702	(23 667)
	Local media assets	13	-	62 088	(33 204)	-	62 088	(33 204)
	Local accumulated amortisation	13	-	(9 913)	-	-	(9 913)	-
	Foreign media assets accumulated impairment	13, 28	-	(2 678)	(130)	-	(2 678)	(130)
	Foreign media assets accumulated amortisation	13	-	(2 131)	-	-	(2 131)	-
	Accrued expenses	28	-	(9 403)	-	-	(9 403)	-
	Effects of taxation on the prior year error	38	-	(13 261)	9 667	-	(13 261)	9 667
			(910 127)	345 918	159 096	(909 978)	344 544	156 168
5.2	Change in accounting policy **		120 038	(252 598)	127 701	120 038	(252 598)	127 701
	The effects of the changes in accounting policy:							
	Actuarial losses/(gains)	9, 27	939 195	(184 892)	1 671 461	939 195	(184 892)	1 671 461
	Change in paragraph 58 limit of IAS 19 - Employee benefits	9	(772 476)	(163 443)	(1 491 601)	(772 476)	(163 443)	(1 491 601)
	Tax effect on changes in accounting policy	38	(46 681)	95 737	(52 159)	(46 681)	95 737	(52 159)
	(Loss)/profit for the year after taxation, and the change in accounting policy and prior period error		(790 089)	93 320	286 797	(789 940)	91 946	283 869

* The prior year audit opinion was qualified due to the inability to prove the cost and accumulated amortisation of local media assets and accumulated amortisation on foreign media assets. During the current year under review the management of the Group has recalculated these components, and this led to the restatement in local media assets, local accumulated amortisation and foreign media assets accumulated amortisation, foreign media assets impairment and accrued expenses.

** During the financial year under review, SABC Management decided to change the accounting policy regarding the treatment of the employee benefits. The reason for the change is to reflect the actuarial losses/(gains) of the defined benefit plans in the statement of comprehensive income as it does not form part of the core business of the SABC. The effect of the change is to recognise the actuarial valuation (gains)/losses and the paragraph 58 limitation directly in statement of comprehensive income from previously being recognised directly in the income statement as part of employee compensation and benefit expenses with the related tax component.

6 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Broadcast- ing equip- ment R'000	*Other equipment R'000	Vehicles R'000	**Capital work-in- progress R'000	Total R'000
GROUP						
At 31 March 2009						
Cost	825 823	1 093 707	287 994	41 194	275 133	2 523 851
Accumulated depreciation and impairment losses	(243 226)	(620 276)	(207 902)	(33 894)	-	(1 105 298)
Carrying amount	582 597	473 431	80 092	7 300	275 133	1 418 553
At 31 March 2008						
Cost	833 414	873 592	267 338	41 618	208 496	2 224 458
Accumulated depreciation and impairment losses	(199 406)	(548 697)	(181 001)	(34 111)	-	(963 215)
Carrying amount	634 008	324 895	86 337	7 507	208 496	1 261 243
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
For the year ended 31 March 2009						
Carrying amount at 1 April 2008	634 008	324 895	86 337	7 507	208 496	1 261 243
Additions	1 609	93 337	29 538	1 762	168 092	294 338
Disposals	-	(740)	(57)	-	-	(797)
- cost	(23)	(13 574)	(167)	(2 383)	-	(16 147)
- accumulated depreciation	23	12 834	110	2 383	-	15 350
Transfers to investment property and computer software and other categories	(9 177)	140 039	(8 477)	197	(101 455)	21 127
- cost	(9 177)	140 380	(8 715)	197	(101 455)	21 230
- accumulated depreciation	-	(341)	238	-	-	(103)
Depreciation charge for the year	(43 843)	(84 100)	(27 249)	(2 166)	-	(157 358)
Carrying amount at 31 March 2009	582 597	473 431	80 092	7 300	275 133	1 418 553
Cost price of fully depreciated assets still in use	26 035	371 998	148 240	21 634	-	567 907
For the year ended 31 March 2008						
Carrying amount at 1 April 2007	676 170	315 617	46 382	8 376	97 195	1 143 740
Additions	722	34 497	18 512	1 596	201 556	256 883
Transfers between categories	3 375	38 626	47 287	576	(89 864)	-
Depreciation charge for the year	(45 659)	(63 533)	(25 814)	(3 005)	-	(138 011)
Disposals	(600)	(312)	(30)	(36)	(391)	(1 369)
Carrying amount at 31 March 2008	634 008	324 895	86 337	7 507	208 496	1 261 243
Cost price of fully depreciated assets still in use	26 058	342 979	128 314	23 975	-	521 326
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 between categories	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

* 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.

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

6 PROPERTY, PLANT AND EQUIPMENT *continued*

	Land and buildings R'000	Broadcast- ing equip- ment R'000	*Other equipment R'000	Vehicles R'000	**Capital work-in- progress R'000	Total R'000
COMPANY						
At 31 March 2009						
Cost	825 823	1 093 707	287 688	41 194	275 133	2 523 545
Accumulated depreciation and impairment losses	(243 226)	(620 276)	(207 657)	(33 894)	-	(1 105 053)
Carrying amount	582 597	473 431	80 031	7 300	275 133	1 418 492
At 31 March 2008						
Cost	833 414	873 564	267 093	41 618	208 496	2 224 185
Accumulated depreciation and impairment losses	(199 406)	(548 697)	(180 889)	(34 111)	-	(963 103)
Carrying amount	634 008	324 867	86 204	7 507	208 496	1 261 082
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
For the year ended 31 March 2009						
Carrying amount at 1 April 2008	634 008	324 867	86 204	7 507	208 496	1 261 082
Additions	1 609	93 337	29 477	1 762	168 092	294 277
Disposals	-	(740)	(57)	-	-	(797)
- cost	(23)	(13 574)	(167)	(2 383)	-	(16 147)
- accumulated depreciation	23	12 834	110	2 383	-	15 350
Transfers to investment property and computer software and other categories	(9 177)	140 039	(8 477)	197	(101 455)	21 127
- cost	(9 177)	140 380	(8 715)	197	(101 455)	21 230
- accumulated depreciation	-	(341)	238	-	-	(103)
Depreciation charge for the year	(43 843)	(84 072)	(27 116)	(2 166)	-	(157 197)
Carrying amount at 31 March 2009	582 597	473 431	80 031	7 300	275 133	1 418 492
Cost price of fully depreciated assets still in use	26 035	371 998	148 240	21 634	-	567 907
For the year ended 31 March 2008						
Carrying amount at 1 April 2007	676 170	315 617	46 360	8 376	97 045	1 143 568
Additions	722	34 469	18 311	1 596	201 596	256 654
Transfers between categories	3 375	38 626	47 287	576	(89 864)	-
Depreciation charge for the year	(45 659)	(63 533)	(25 746)	(3 005)	-	(137 943)
Disposals	(600)	(312)	(8)	(36)	(241)	(1 197)
Carrying amount at 31 March 2008	634 008	324 867	86 204	7 507	208 496	1 261 082
Cost price of fully depreciated assets still in use	26 058	342 979	128 314	23 975	-	521 326
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 between categories	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

* Other equipment comprises computer, office, musical and security equipment.

** Capital work-in-progress consists of property, plant and equipment that has been received or constructed, but is not yet available for use.

Information on land and buildings

Information in respect of land and buildings is contained in the fixed property register, which is available for inspection at the registered office of the Company.

	GROUP			COMPANY		
	2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Secured property, plant and equipment (also see note 24)						
Digital broadcasting van pledged to secure the Wesbank lease facility	-	-	25 201	-	-	25 201
Office and computer equipment pledged to secure the Nedbank lease facility	-	-	870	-	-	870
Computer equipment pledged to secure the Hewlett Packard lease facility	884	4 490	12 083	884	4 490	12 083
Computer equipment pledged to secure the Nedbank instalment sale	677	1 078	2 970	677	1 078	2 970
News digital broadcasting production system pledged to secure the Nedbank instalment sale	1 474	2 637	7 246	1 474	2 637	7 246
Lifts pledged to secure the Nedbank instalment sale	10 574	11 528	12 482	10 574	11 528	12 482
Desktop computer equipment pledged to secure the Nedbank instalment sale	20 524	6 900	-	20 524	6 900	-
	34 133	26 633	60 852	34 133	26 633	60 852

Included in capital work-in-progress are the following major projects:

	GROUP AND COMPANY	
	2009 R'000	Expected completion date
Henley News Studio cameras	15 399	September 2009
Radio Main controls	41 872	September 2009
Digital Mini HD MPU Units x 2	19 595	November 2009
BIT New Media extensions	38 116	September 2009
News Studio Ten digital upgrade	13 341	December 2009
Henley FCC Long form Server	15 996	November 2009
Airtime Digital HD OB VAN x4	55 902	September 2010
TV Broadcast Management System	70 705	March 2012
	270 926	

7 INVESTMENT PROPERTIES

	GROUP AND COMPANY		
	2009 R'000	2008 R'000	2007 R'000
Cost	35 773	33 743	33 673
Accumulated depreciation	(829)	(325)	(270)
Carrying amount	34 944	33 418	33 403
Carrying amount at 1 April	33 418	33 403	33 473
Depreciation charge for the year	(504)	(49)	(70)
Transfers from property, plant and equipment	2 030	-	-
Additions	-	64	-
Carrying amount at 31 March	34 944	33 418	33 403
Fair value of investment properties	105 998	84 410	73 493

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

7 INVESTMENT PROPERTIES *continued*

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. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties.

The fair values were determined by JHI for the South African properties and for the London property they were determined by NB Real Estate, on 31 March 2009 and 2 April 2009 respectively.

Information on investment properties

Investment properties comprise a number of commercial and residential properties that are leased to third parties. These leases are for non-cancellable periods ranging from 1 to 3 years. Subsequent renewals are negotiated with the lessee.

Information in respect of investment properties is contained in the Register of Fixed Property which is available for inspection at the registered office of the Group.

8 COMPUTER SOFTWARE

At 31 March 2009

Cost
Accumulated amortisation and impairment losses
Carrying amount

At 31 March 2008

Cost
Accumulated amortisation and impairment losses
Carrying amount

At 31 March 2007

Cost
Accumulated amortisation and impairment losses
Carrying amount

For the year ended 31 March 2009

Carrying amount at 1 April 2008
Additions
Transfers to/from property, plant and equipment and capital work-in-progress
- cost
- accumulated amortisation
Amortisation charge for the year
Carrying amount at 31 March 2009
Cost price of fully amortised assets still in use

	GROUP AND COMPANY		
	Computer software R'000	*Capital work-in-progress R'000	Total R'000
At 31 March 2009			
Cost	299 854	-	299 854
Accumulated amortisation and impairment losses	(87 186)	-	(87 186)
Carrying amount	<u>212 668</u>	<u>-</u>	<u>212 668</u>
At 31 March 2008			
Cost	34 443	213 737	248 180
Accumulated amortisation and impairment losses	(18 190)	(32 304)	(50 494)
Carrying amount	<u>16 253</u>	<u>181 433</u>	<u>197 686</u>
At 31 March 2007			
Cost	37 959	112 579	150 538
Accumulated amortisation and impairment losses	(24 380)	(32 304)	(56 684)
Carrying amount	<u>13 579</u>	<u>80 275</u>	<u>93 854</u>
For the year ended 31 March 2009			
Carrying amount at 1 April 2008	16 253	181 433	197 686
Additions	74 593	-	74 593
Transfers to/from property, plant and equipment and capital work-in-progress	158 276	(181 433)	(23 157)
- cost	190 818	(213 737)	(22 919)
- accumulated amortisation	(32 542)	32 304	(238)
Amortisation charge for the year	(36 454)	-	(36 454)
Carrying amount at 31 March 2009	<u>212 668</u>	<u>-</u>	<u>212 668</u>
Cost price of fully amortised assets still in use	<u>14 680</u>	<u>-</u>	<u>14 680</u>

8 *COMPUTER SOFTWARE continued*

	GROUP AND COMPANY		
	Computer software R'000	*Capital work-in-progress R'000	Total R'000
For the year ended 31 March 2008			
Carrying amount at 1 April 2007	13 579	80 275	93 854
Scrapped assets	-	-	-
- cost	(8 480)	-	(8 480)
- accumulated amortisation	8 480	-	8 480
Additions	4 964	101 158	106 122
Amortisation charge for the year	(2 290)	-	(2 290)
Carrying amount at 31 March 2008	16 253	181 433	197 686
Cost price of fully amortised assets still in use	14 450	-	14 450
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 from capital work-in-progress	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

* Transfers between computer software and property, plant and equipment occur when these assets are capitalised. This occurs because the fixed asset register is not split on a component basis, but on an overall project basis.

	GROUP AND COMPANY		
Note	2009 R'000	2008 R'000	2007 R'000

Secured computer software

The GIS system used in assistance for the collection of outstanding TV licence fees 24 699 2 241 1 541

Information on computer software

The capital work in progress in the prior years comprised of the work being performed by the Group for the upgrade of information systems.

9 **DEFINED BENEFIT ASSET**

The Group'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 its members. The financial position of the fund is examined and reported upon by the Fund's valuator at intervals not exceeding three years. The statutory valuation of the Fund was performed at 31 December 2006, in which the valuator reported that the Fund was in a sound financial position subject to the continuation of the current contribution rates, and that its assets exceeded its liabilities. The next statutory valuation will take place on 31 December 2009. The results of the valuation undertaken on 31 December 2003 have been used to determine the extent of the surplus for the purpose of a surplus apportionment in terms of the Pension Fund Second Amendment Act, No. 39 of 2001. The surplus apportionment has been approved by the Financial Services Board during the prior financial year.

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

9 DEFINED BENEFIT ASSET *continued*

Annually the defined benefit pension plan is valued on 31 March, using the Projected Unit Credit Method for the financial statements. These valuations are performed by Actuaries and the results are as follows:

	GROUP AND COMPANY		
	2009 R'000	2008 R'000	2007 R'000
Opening balance	420 794	-	-
Actuarial (losses)/gains recognised in statement of comprehensive income	(173 053)	340 743	(189 250)
Amounts recognised in the income statement	(37 139)	(7 515)	114 128
Cash payments during the year	109 996	87 566	75 122
Closing balance	<u>320 598</u>	<u>420 794</u>	<u>-</u>

The amounts recognised in the statement of financial position are determined as follows:

Present value of funded obligations	(5 066 772)	(5 344 393)	(5 277 663)
Fair value of plan assets	5 406 796	6 557 089	6 233 008
Funded status of the plan	340 024	1 212 696	955 345
Unrecognised due to paragraph 58 limit of IAS 19 - Employee Benefits	(19 426)	(791 902)	(955 345)
Asset recognised in the statement of financial position	<u>320 598</u>	<u>420 794</u>	<u>-</u>

Changes in the present value of the defined benefit obligation are as follows:

Opening defined benefit obligation	5 344 393	5 277 663	2 531 198
Current service cost	174 894	125 824	105 203
Interest cost	476 442	420 814	202 251
Actuarial gain/(loss)	(357 974)	(318 420)	2 550 444
Pension surplus apportionment	-	-	2 100 000
Actuarial gain/(loss) current year	(357 974)	(318 420)	450 444
Benefits paid	(616 314)	(199 016)	(144 105)
Member contribution	45 331	37 528	32 672
Closing defined benefit obligation	<u>5 066 772</u>	<u>5 344 393</u>	<u>5 277 663</u>

Changes in the fair value of plan assets are as follows:

Fair value of plan assets at the beginning of the year	6 557 089	6 233 008	4 977 032
Employee contributions	45 331	37 528	32 672
Employer contributions	109 996	87 566	76 234
Benefit payments	(616 314)	(199 016)	(144 105)
Expected return on plan assets	614 197	539 123	421 582
Actuarial (loss)/gain	(1 303 503)	(141 120)	869 593
	<u>5 406 796</u>	<u>6 557 089</u>	<u>6 233 008</u>

The amounts recognised in statement of comprehensive income are determined as follows:

Current service cost	(174 894)	(125 824)	(105 203)
Interest cost	(476 442)	(420 814)	(202 251)
Expected return on plan assets	614 197	539 123	421 582
Items recognised in a statement of comprehensive income:	(173 053)	340 743	(189 250)
Actuarial (loss)/gain	(945 529)	177 300	(1 680 851)
Change in paragraph 58 limitation	772 476	163 443	1 491 601
Net periodic pension (charge)/ release	<u>(210 192)</u>	<u>333 228</u>	<u>(75 122)</u>

9 DEFINED BENEFIT ASSET *continued*

The principal actuarial assumptions at the statement of financial position date (expressed as weighted averages) are as follows:

	GROUP AND COMPANY		
	2009	2008	2007
	%	%	%
Discount rate at 31 March	9,0	9,3	8,0
Expected return on plan assets at 31 March	9,6	9,7	8,7
Inflation	5,8	6,3	4,5
Future salary increases	7,3	7,8	6,0
Future pension increases	4,8	5,0	3,8

Plan assets comprise:

	GROUP AND COMPANY					
	2009		2008		2007	
	R'000	%	R'000	%	R'000	%
Domestic equity	2 834 576	52,4	3 649 369	55,7	3 726 846	59,8
Bonds	731 193	13,5	691 572	10,5	750 548	12,0
Cash	575 959	10,7	682 245	10,4	339 822	5,5
Foreign assets	1 033 237	19,1	966 473	14,7	757 821	12,2
Hedged assets	231 831	4,3	567 430	8,7	531 063	8,5
Other	-	-	-	-	126 908	2,0
	5 406 796	100,0	6 557 089	100,0	6 233 008	100,0

The overall expected long-term rate of return on assets is 9.6%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns without adjustments.

	GROUP AND COMPANY				
	2009	2008	2007	2006	2005
	R'000	R'000	R'000	R'000	R'000
Defined benefit obligation	(5 066 772)	(5 344 393)	(5 277 663)	(2 531 198)	(2 002 333)
Plan assets	5 406 796	6 557 089	6 233 008	4 977 032	3 707 978
Surplus	340 024	1 212 696	955 345	2 445 834	1 705 645

During the current financial year under review, management estimated that an amount of R105 million will be incurred towards the contribution into the defined benefit pension plan. The utilisation of this will be through a "pension fund holiday" effective 1 July 2009. The company contribution rate will be 7% instead of the recommended 20.4% as per the Actuary.

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

10 INVESTMENT IN SUBSIDIARIES

COMPANY	Nature of business	Issued share capital (number)	% Held	Shares at cost		
				2009 R'000	2008 R'000	2007 R'000
SABC Airwave Travel (Proprietary) Limited	Travel agency	2	100	- *	- *	- *
Astrasat (Proprietary) Limited	Dormant	1	100	- *	- *	- *
** Auckland Programme Trade B.V. (incorporated in the Netherlands)	Trading in TB programmes	40	100	71	71	71
Rugby Broadcasting (Proprietary) Limited	Dormant	1	100	- *	- *	- *
Skenia Telematics (Proprietary) Limited	Dormant	1	100	- *	- *	- *
Shares at cost				71	71	71
Directors' valuation				21 737	20 830	18 971

* Shares at cost of R1.

**The Auckland Programme Trade B.V. (incorporated in the Netherlands).

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

GROUP AND COMPANY	Percentage holding in deals %	2009	2008	2007
		R'000	R'000	R'000
Sanlam shares				
Listed - 143 257 (2008 - 143 257; 2007 - 143 257) Sanlam Limited *:				
Balance on 1 April		2 737	2 865	2 363
Revaluation (deficit)/surplus transferred to statement of comprehensive income		(323)	(128)	502
		2 414	2 737	2 865
Equity instruments: Programme, film and sports rights **		6 548	-	-
Behind the Rainbow ***	15	1 000	-	-
In the time of Mandela ***	15	500	-	-
People of the Eland ***	15	700	-	-
Mr Bones 2 ***	15	3 600	-	-
Bang Bang Club ***	7,5	748	-	-
		8 962	2 737	2 865

* The available-for-sale financial asset was revalued at year end. There were no disposals or impairment on available-for-sale financial assets during the year under review.

** The equity instruments were not revalued at year-end as the cost still approximates the fair value. There were no disposals or impairment on available-for-sale financial assets during the year under review.

*** These equity instruments related to payments already made on equity rights for programmes and films that are not fully completed as at 31 March 2009. Additional payment will still be executed post year-end amounting to R3.3 million and is included as part of future commitments in note 44.

12 PREPAYMENTS

	GROUP			COMPANY		
	2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Programme, film and sports rights	303 390	208 702	163 453	303 390	208 702	163 453
Other	13 829	18 034	21 661	13 776	17 990	21 661
	317 219	226 736	185 114	317 166	226 692	185 114
Less: current portion	(134 158)	(128 830)	(82 236)	(134 105)	(128 786)	(82 236)
Non-current portion	183 061	97 906	102 878	183 061	97 906	102 878

13 PROGRAMME, FILM AND SPORTS RIGHTS

GROUP AND COMPANY	Note	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 2009					
Cost		1 566 430	2 599 683	378 845	4 544 958
Accumulated amortisation and impairment losses		(981 424)	(2 444 924)	-	(3 426 348)
Provision for programme, film and sports rights impairment losses *		(16 291)	-	-	(16 291)
Carrying amount		<u>568 715</u>	<u>154 759</u>	<u>378 845</u>	<u>1 102 319</u>
At 31 March 2008					
Cost		984 651	1 537 190	245 461	2 767 302
Accumulated amortisation and impairment losses		(526 795)	(1 466 136)	-	(1 992 931)
Provision for programme, film and sports rights impairment losses *		(26 368)	-	-	(26 368)
Carrying amount		<u>431 488</u>	<u>71 054</u>	<u>245 461</u>	<u>748 003</u>
At 31 March 2007					
Cost		470 152	669 279	132 237	1 271 668
Accumulated amortisation and impairment losses		(180 877)	(582 272)	-	(763 149)
Carrying amount		<u>289 275</u>	<u>87 007</u>	<u>132 237</u>	<u>508 519</u>
For the year ended 31 March 2009					
Carrying amount at 1 April 2008		431 488	71 054	245 461	748 003
Additions		817 527	-	1 195 877	2 013 404
Transfers		-	1 062 493	(1 062 493)	-
Amortisation charge for the year		(640 068)	(978 788)	-	(1 618 856)
Impairment charge for the year		(50 309)	-	-	(50 309)
Reversal of provision for programme, film and sports rights impairment		10 077	-	-	10 077
Derecognition		-	-	-	-
Cost		<u>(235 748)</u>	-	-	<u>(235 748)</u>
Accumulated amortisation		<u>235 748</u>	-	-	<u>235 748</u>
Carrying amount at 31 March 2009		<u>568 715</u>	<u>154 759</u>	<u>378 845</u>	<u>1 102 319</u>
Cost price of fully amortised assets		-	1 268 000	-	1 268 000
For the year ended 31 March 2008					
Carrying amount at 1 April 2007		289 275	87 007	132 237	508 519
Prior period error	5.1	(4 809)	52 175	-	47 366
Cost		-	62 088	-	62 088
Amortisation charge for the year		(2 131)	(9 913)	-	(12 044)
Impairment charge for the year		(2 678)	-	-	(2 678)
Additions		692 289	-	986 655	1 678 944
Transfers		5 520	805 823	(873 431)	(62 088)
Derecognition		-	-	-	-
Cost		<u>(183 310)</u>	-	-	<u>(183 310)</u>
Accumulated amortisation		<u>183 310</u>	-	-	<u>183 310</u>
Amortisation charge for the year		(474 482)	(873 951)	-	(1 348 433)
Impairment charge for the year		(49 937)	-	-	(49 937)
Provision for programme, film and sports rights impairment*		(26 368)	-	-	(26 368)
Carrying amount at 31 March 2008		<u>431 488</u>	<u>71 054</u>	<u>245 461</u>	<u>748 003</u>
Cost price of fully amortised assets		-	770 157	-	770 157

* Excess capacity film rights for which the licence period has not yet expired.

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

13 PROGRAMME, FILM AND SPORTS RIGHTS continued

	GROUP AND COMPANY				
	Note	Acquired programme, film and sports rights R'000	Originated programme, film and sports rights R'000	Work-in-progress R'000	Total R'000
For the year ended 31 March 2007					
Carrying amount at 1 April 2006		100 923	90 242	143 978	335 143
Prior period error		(130)	(33 204)	-	(33 334)
Impairment charge		(130)	-	-	(130)
Cost		-	(33 204)	-	(33 204)
Additions		572 185	736 081	106 215	1 414 481
Derecognition		-	-	-	-
Cost		(202 956)	(90 636)	(117 956)	(411 548)
Accumulated amortisation		202 956	90 636	117 956	411 548
Amortisation charge for the year		(379 076)	(702 740)	(117 956)	(1 199 772)
Impairment charge for the year		(4 627)	(3 372)	-	(7 999)
Carrying amount at 31 March 2007		289 275	87 007	132 237	508 519

14 INVENTORIES

	GROUP AND COMPANY		
	2009 R'000	2008 R'000	2007 R'000
Consumables	4 879	4 707	4 556
Less: write-downs to net realisable value	(37)	(93)	(104)
	4 842	4 614	4 452
Inventories carried at net realisable value	-	-	598

15 TRADE AND OTHER RECEIVABLES

	GROUP			COMPANY		
	2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Trade receivables - gross	1 120 435	950 669	662 236	1 120 435	950 669	662 265
Less: Impairment of trade receivables	(157 835)	(66 252)	(21 379)	(157 758)	(66 175)	(21 379)
Trade receivables - net	962 600	884 417	640 857	962 677	884 494	640 886
Other receivables	15 419	15 692	55 545	22 897	21 373	44 533
Non-current portion	978 019	900 109	696 402	985 574	905 867	685 419

16 DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP AND COMPANY					
	Assets		Liabilities		Assets	
	2009 R'000	R'000	2008 R'000	R'000	2007 R'000	R'000
Forward currency contracts	-	-	27 287	-	4 031	-
Derivatives embedded in programme, film and sports rights agreements	-	(10 680)	-	(10 826)	5 444	(6 071)
Derivatives embedded in property, plant and equipment for High Definition Outside Broadcast Vans	-	(5 233)	-	-	-	-
	-	(15 913)	27 287	(10 826)	9 475	(6 071)
Less: current portion	-	10 652	(27 287)	2 826	(9 475)	1 465
Non-current portion	-	(5 261)	-	(8 000)	-	(4 606)

16 DERIVATIVE FINANCIAL INSTRUMENTS *continued*

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 12 months, and as the current asset and current liability if the maturity date is less than 12 months.

17 HELD-TO-MATURITY IN INVESTMENTS

Short-term deposits

During the financial year under review, there were no investments made with approved financial institutions, and for the previous two comparative years, the periods for investing ranged from 30 days to 120 days. The average interest rate for 2008 - 10.9% and 2007 - 9.05%.

18 LOANS AND RECEIVABLES

Loan to Sentech Limited ("Sentech")

19 RESTRICTED CASH

Government Grant
SABC Foundation Bursary Scheme

GROUP AND COMPANY		
2009	2008	2007
R'000	R'000	R'000
-	373 000	100 000
-	-	5 300
28 074	23 610	3 626
1 138	1 012	932
29 212	24 622	4 558

The Government Grant is related to the Technology Plan for the migration of the SABC from analogue to digital technology (refer to note 26). The SABC Foundation Bursary Scheme is used for bursaries only.

20 CASH AND CASH EQUIVALENTS AND BANK OVERDRAFTS

Cash and cash equivalents

Bank balances

Negotiable certificates of deposits

Call deposits

Cash held on foreign bank accounts

Bank overdraft

GROUP			COMPANY		
2009	2008	2007	2009	2008	2007
R'000	R'000	R'000	R'000	R'000	R'000
-	26 166	46 795	-	5 523	41 711
-	120 000	646 000	-	120 000	646 000
-	13 543	10 043	-	13 543	10 043
14 703	5 852	4 719	-	-	70
14 703	165 561	707 557	-	139 066	697 824
(408 123)	-	-	(408 123)	-	-

During the financial year under review, the Company utilised the existing bank overdraft facilities which had been obtained with approved financial institutions in the prior year.

21 SHARE CAPITAL

Share capital - authorised and issued

1 000 ordinary shares of R1 each

22 FAIR VALUE ADJUSTMENT RESERVE

Due to the early adoption of the revised IAS 1 revised: Presentation of Financial Statements, the cumulative net change in fair value of available-for-sale financial assets relating to Mark-to-Market are now being recognised in the comprehensive income statement and are no longer being recognised directly in the equity statement.

23 PERPETUAL INSTRUMENT

Permanent capital

GROUP AND COMPANY		
2009	2008	2007
R'000	R'000	R'000
1	1	1
1 128	1 406	1 516
27 390	27 390	27 390

On 1 February 1972, the Company's shareholder converted a long-term loan into permanent capital. The permanent capital is not repayable. In terms of the Exchequer Act, No. 66 of 1975, as amended, interest will be payable in perpetuity, at a rate of 6.5% per annum on the capital amount. The instrument represents a financial liability (in the form of perpetual debt) under IAS 32 - Financial Instruments: Presentation, because of the underlying obligation to deliver cash in the form of future payments to the Company's shareholder.

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

24 INTEREST-BEARING LOANS AND BORROWINGS

Unsecured

Loan from subsidiary

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.

Short-term loan from Standard Bank current account facility repayable at a minimum of R5 million per month at an interest rate of prime plus 2% per annum

*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 nil (2008 - 11.75%) per annum. The lease was repayable in monthly payments of R0,9 million with the last balloon payment of R5,6 million in February 2008

Nedbank lease for office equipment under finance lease repayable over three years at a rate of 11.75% (2008 - 10.25%; 2007: 9.75%) per annum. The lease was repayable in monthly payments of R0,01 million with the last payment due in August 2008

Hewlett Packard lease for desktop equipment under finance lease payable over three years at a rate of 6% (2008 - 6%; 2007: 6%) per annum. The lease is repayable in monthly payments of R0,3 million with the last payment due in June 2010

Nedbank instalment sale facility for lift upgrade payable over five years at a rate of 10.25% (2008 - 11.75%; 2007 - 9.75%) per annum. The lease is repayable in monthly payments of R0,3 million with the last payment due in September 2009

Nedbank instalment sale facility for news production server payable over five years at a rate of 10.25% (2008 - 11.75%; 2007 - 9.75%) per annum. The lease is repayable in monthly payments of R0,3 million with the last payment due in October 2009

Nedbank instalment sale facility for Dalet hardware payable over five years at a rate of 10.25% (2008 - 11.75%; 2007 - 9.75%) per annum. The lease is repayable in monthly payments of R0,1 million with the last payment due in May 2009

The GIS system for the collection of outstanding TV licence fees payable over three years at a rate of 11.67% (2008 - 11.67%; 2007 - 12.50%). The lease is repayable in monthly payments of R0,025 million with the last payment due in March 2010

Nedbank instalment sale facility for desktop computer equipment payable over four years at a rate of 10.25% (2008 - 11.75%; 2007 - 11.75%) per annum. The lease is repayable in monthly payments of R0,3 million with the last payment due in August 2013

*Secured assets reflected on note 6.

	GROUP			COMPANY		
	2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Loan from subsidiary	-	-	-	15 642	15 194	8 824
Short-term loan from Standard Bank current account facility repayable at a minimum of R5 million per month at an interest rate of prime plus 2% per annum	89 000	-	-	89 000	-	-
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 nil (2008 - 11.75%) per annum. The lease was repayable in monthly payments of R0,9 million with the last balloon payment of R5,6 million in February 2008	-	-	14 025	-	-	14 025
Nedbank lease for office equipment under finance lease repayable over three years at a rate of 11.75% (2008 - 10.25%; 2007: 9.75%) per annum. The lease was repayable in monthly payments of R0,01 million with the last payment due in August 2008	-	47	1 161	-	47	1 161
Hewlett Packard lease for desktop equipment under finance lease payable over three years at a rate of 6% (2008 - 6%; 2007: 6%) per annum. The lease is repayable in monthly payments of R0,3 million with the last payment due in June 2010	2 212	7 647	14 268	2 212	7 647	14 268
Nedbank instalment sale facility for lift upgrade payable over five years at a rate of 10.25% (2008 - 11.75%; 2007 - 9.75%) per annum. The lease is repayable in monthly payments of R0,3 million with the last payment due in September 2009	1 800	5 323	8 055	1 800	5 323	8 055
Nedbank instalment sale facility for news production server payable over five years at a rate of 10.25% (2008 - 11.75%; 2007 - 9.75%) per annum. The lease is repayable in monthly payments of R0,3 million with the last payment due in October 2009	1 921	5 192	7 610	1 921	5 192	7 610
Nedbank instalment sale facility for Dalet hardware payable over five years at a rate of 10.25% (2008 - 11.75%; 2007 - 9.75%) per annum. The lease is repayable in monthly payments of R0,1 million with the last payment due in May 2009	244	2 588	4 317	244	2 588	4 317
The GIS system for the collection of outstanding TV licence fees payable over three years at a rate of 11.67% (2008 - 11.67%; 2007 - 12.50%). The lease is repayable in monthly payments of R0,025 million with the last payment due in March 2010	1 262	2 377	1 541	1 262	2 377	1 541
Nedbank instalment sale facility for desktop computer equipment payable over four years at a rate of 10.25% (2008 - 11.75%; 2007 - 11.75%) per annum. The lease is repayable in monthly payments of R0,3 million with the last payment due in August 2013	29 401	10 514	-	29 401	10 514	-

24 INTEREST-BEARING LOANS AND BORROWINGS *continued*

Secured (continued)*

Nedbank instalment sale facility for PABX equipment payable over five years at a rate of 10.25% per annum. The lease is repayable in monthly payments of R0,003 million with the last payment due in December 2013

Nedbank lease for copier equipment under finance lease lease repayable over 29 months at a rate of 10.25% per annum. The lease is repayable in monthly payments of R0.07 million with a last payment to be made in February 2011 of R0,195 million

Current portion transferred to current liabilities

Non-current portion

*Secured assets reflected on note 6.

GROUP			COMPANY		
2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
147	-	-	147	-	-
1 664	-	-	1 664	-	-
127 651 (106 730)	33 688 (16 453)	50 977 (30 790)	143 293 (122 372)	48 882 (31 647)	59 801 (39 614)
20 921	17 235	20 187	20 921	17 235	20 187

2009

Finance lease liabilities

Less than one year

Later than one year but not later than five years

Instalment sale liabilities

Less than one year

Later than one year but not later than five years

Short-term bank loan - less than one year

2008

Finance lease liabilities

Less than one year

Later than one year but not later than five years

Instalment sale liabilities

Less than one year

Later than one year but not later than five years

2007

Finance lease liabilities

Less than one year

Later than one year but not later than five years

Instalment sale liabilities

Less than one year

Later than one year but not later than five years

GROUP		
Minimum lease payments R'000	Interest R'000	Principal R'000
4 358	(201)	4 157
1 113	(57)	1 056
5 471	(258)	5 213
16 765	(3 192)	13 573
23 354	(3 489)	19 865
40 119	(6 681)	33 438
89 000	-	89 000
134 590	(6 939)	127 651
5 766	(284)	5 482
4 967	(378)	4 589
10 733	(662)	10 071
13 754	(2 783)	10 971
14 397	(1 751)	12 646
28 151	(4 534)	23 617
38 884	(5 196)	33 688
24 515	(1 375)	23 140
8 124	(269)	7 855
32 639	(1 644)	30 995
9 262	(1 612)	7 650
13 280	(948)	12 332
22 542	(2 560)	19 982
55 181	(4 204)	50 977

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

24 INTEREST-BEARING LOANS AND BORROWINGS continued

	COMPANY		
	Minimum lease payments R'000	Interest R'000	Principal R'000
2009			
Finance lease liabilities			
Less than one year	4 358	(201)	4 157
Later than one year but not later than five years	1 113	(57)	1 056
	<u>5 471</u>	<u>(258)</u>	<u>5 213</u>
Instalment sale liabilities			
Less than one year	16 765	(3 192)	13 573
Later than one year but not later than five years	23 354	(3 489)	19 865
	<u>40 119</u>	<u>(6 681)</u>	<u>33 438</u>
Loan from subsidiary			
- less than one year	15 642	-	15 642
Short-term bank loan - less than one year	89 000	-	89 000
	<u>150 232</u>	<u>(6 939)</u>	<u>143 293</u>
2008			
Finance lease liabilities			
Less than one year	5 766	(284)	5 482
Later than one year but not later than five years	4 967	(378)	4 589
	<u>10 733</u>	<u>(662)</u>	<u>10 071</u>
Instalment sale liabilities			
Less than one year	13 754	(2 783)	10 971
Later than one year but not later than five years	14 397	(1 751)	12 646
	<u>28 151</u>	<u>(4 534)</u>	<u>23 617</u>
Loan from subsidiary			
- less than one year	15 194	-	15 194
	<u>54 078</u>	<u>(5 196)</u>	<u>48 882</u>
2007			
Finance lease liabilities			
Less than one year	24 515	(1 375)	23 140
Later than one year but not later than five years	8 124	(269)	7 855
	<u>32 639</u>	<u>(1 644)</u>	<u>30 995</u>
Instalment sale liabilities			
Less than one year	9 262	(1 612)	7 650
Later than one year but not later than five years	13 280	(948)	12 332
	<u>22 542</u>	<u>(2 560)</u>	<u>19 982</u>
Loan from subsidiary			
- less than one year	8 824	-	8 824
	<u>64 005</u>	<u>(4 204)</u>	<u>59 801</u>

25 DEFERRED GOVERNMENT GRANT

	GROUP AND COMPANY		
	2009 R'000	2008 R'000	2007 R'000
Balance on 1 April	294 774	188 735	100 000
Amounts received during the year	131 579	131 730	119 298
Amount recognised in income statement in line with amortisation and depreciation of assets acquired with the grant	(43 068)	(25 691)	(30 563)
	383 285	294 774	188 735
Less: current portion	(65 200)	(34 260)	(35 378)
Non-current portion	318 085	260 514	153 357

In February 2005, the Department of Communications and National Treasury committed an amount of R700 million, including VAT, to the Company over a period of five years, in order to facilitate key improvements to infrastructure within the Company. The money is intended to fund the Company's detailed modernisation and information technology plan, which includes the migration from analogue to digital technology. To date, an amount of R550 million has been received. Amounts to be received in future, per the notification received from National Treasury, are R150 million in 2009/2010.

26 DEFERRED TAX

	GROUP			COMPANY		
	2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Deferred tax is attributable to the following:						
<i>Deferred tax liabilities</i>						
Property, plant and equipment	148 866	161 057	134 461	148 866	161 057	134 461
Finance lease asset	730	-	-	730	-	-
Defined benefit asset	89 767	117 822	-	89 767	117 822	-
Programme, film and sports rights	247 883	123 522	110 553	247 883	123 522	110 590
Available-for-sale financial assets	273	240	220	273	240	220
Derivative financial instruments	-	4 609	1 154	-	4 609	1 154
Prepayments	1 828	935	5 256	1 828	935	5 256
Total liabilities	489 347	408 185	251 644	489 347	408 185	251 681
<i>Deferred tax assets</i>						
Finance leases	(1 460)	(1 563)	1 258	(1 460)	(1 563)	1 258
Investment properties	(233)	(91)	-	(233)	(91)	-
Computer software	(8 237)	(4 494)	(1 261)	(8 237)	(4 494)	(1 261)
Straight-lining of operating leases	(321)	(304)	(189)	(321)	(304)	(189)
Employee benefits	(152 130)	(146 581)	(106 161)	(152 130)	(146 581)	(106 161)
Deferred income	(49 690)	(18 578)	(18 037)	(49 690)	(18 578)	(18 037)
Other payables and provisions	(69 497)	(58 852)	(33 776)	(69 497)	(58 784)	(33 776)
Derivative financial instruments	(4 455)	-	-	(4 455)	-	-
Deferred tax loss utilised	(203 324)	-	-	(203 324)	-	-
Total assets	(489 347)	(230 463)	(158 166)	(489 347)	(230 395)	(158 166)
	-	177 722	93 478	-	177 790	93 515

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

26 DEFERRED TAX continued

	GROUP			COMPANY		
	2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Deferred tax liability on 1 April	177 722	93 478	66 029	177 790	93 515	66 029
Deferred tax recognised in the income statement	(132 471)	(31 311)	68 282	(132 539)	(31 280)	68 305
Reduction in tax rate	-	(1 762)	-	-	(1 762)	-
Prior year adjustment	1 476	21 598	11 253	1 476	21 598	11 267
Deferred tax recognised in statement of comprehensive income	(46 727)	97 515	(52 086)	(46 727)	97 515	(52 086)
Reduction in tax rate	-	(1 796)	-	-	(1 796)	-
Deferred tax (asset)/liability on 31 March	-	177 722	93 478	-	177 790	93 515
Estimated tax loss	335 920	-	-	335 315	-	-
Utilised during the current financial year	(203 324)	-	-	(203 324)	-	-
Available for utilisation in future years	132 396	-	-	131 991	-	-

All movements in the temporary differences described above, with exception of available-for-sale financial assets, have been recognised in the income statement and the statement of comprehensive income, as follows:

Deferred tax liability on 1 April
Deferred tax recognised in the income statement
Reduction in tax rate
Prior year adjustment
Deferred tax recognised in statement of comprehensive income
Reduction in tax rate
Deferred tax (asset)/liability on 31 March

Estimated tax loss
Utilised during the current financial year
Available for utilisation in future years

The deferred tax asset raised is related to the available-for-sale financial asset, and the deferred tax relating to the taxable loss has not been raised as the Company cannot prove beyond reasonable doubt that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised, in terms IAS 12 - Income Taxes.

27 EMPLOYEE BENEFITS

Non-current statement of financial position obligations for:

Post-employment medical benefits	394 432	368 908	213 966	394 432	368 908	213 966
Employee incentive	19 000	21 540	21 540	19 000	21 540	21 540
Leave pay	11 280	10 543	10 828	11 280	10 543	10 828
	424 712	400 991	246 334	424 712	400 991	246 334

Current statement of financial position obligations for:

Employee incentive	23 898	10 770	10 770	23 898	10 770	10 770
Leave pay	118 740	98 836	78 169	118 609	98 705	78 008
	142 638	109 606	88 939	142 507	109 475	88 778

Total statement of financial position obligations for employee benefits

	567 350	510 597	335 273	567 219	510 466	335 112
--	---------	---------	---------	---------	---------	---------

Income statement (see also note 33):

Post-employment medical benefits	47 810	24 330	20 741	47 810	24 330	20 741
Post retirement medical benefit - past service cost	-	144 541	-	-	144 541	-
Employee incentive	32 779	18 905	11 266	32 779	18 905	11 266
Leave pay	43 576	43 222	21 207	43 576	43 279	21 118
	124 165	230 998	53 214	124 165	231 055	53 125

Post-employment medical benefits

The Company provides a varying subsidy towards medical aid contributions payable by employees who elect to remain on the medical aid scheme after retirement. This subsidy is unfunded and is provided for based on actuarial valuations performed annually. The valuation assumes a varying subsidy of 60%; 75% and 100% consistent with the 2008 valuation scenario.

27 EMPLOYEE BENEFITS continued

GROUP AND COMPANY		
2009	2008	2007
R'000	R'000	R'000

The amounts recognised in the statement of financial position are determined as follows:

Present value of unfunded obligations
- post-employment medical benefits

394 432	368 908	213 966
---------	---------	---------

Changes in the present value of the defined benefit obligation are as follows:

Opening defined benefit obligation

368 908	213 966	202 249
---------	---------	---------

Transfer from provisions

-	-	8 943
---	---	-------

Current service cost

7 629	6 077	5 016
-------	-------	-------

Interest cost

40 181	18 253	15 725
--------	--------	--------

Actuarial gain

(6 334)	(7 592)	(9 390)
---------	---------	---------

Contributions

(15 952)	(6 337)	(8 577)
----------	---------	---------

Provision for potential full liability - past service cost

-	144 541	-
---	---------	---

Closing defined benefit obligation

394 432	368 908	213 966
---------	---------	---------

The amount recognised in the income statement is determined as follows:

Current service cost

7 629	6 077	5 016
-------	-------	-------

Interest cost

40 181	18 253	15 725
--------	--------	--------

Provision for potential full liability - past service cost

-	144 541	-
---	---------	---

The amount recognised in statement of comprehensive income is determined as follows:

Actuarial gain

(6 334)	(7 592)	(9 390)
---------	---------	---------

Total, included in employee compensation and benefit expenses, including items recognised in other comprehensive income

41 476	161 279	11 351
--------	---------	--------

The principal actuarial assumptions at the statement of financial position date (expressed as weighted averages) are as follows:

Discount rate at 31 March

2009	2008	2007
%	%	%
8,0	9,5	7,6

Medical inflation rate per annum

8,0	7,2	6,4
-----	-----	-----

Take-up rate by retired employees

80,0	80,0	80,0
------	------	------

Employee incentive and long-term leave pay

Certain of the Company'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 Company'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 Company's future performance.

The principal actuarial assumptions in respect of long-term leave pay at the balance sheet date (expressed as weighted averages) are as follows:

Discount rate at 31 March

8,1	9,3	7,9
-----	-----	-----

Rate of salary increase

7,1	8,3	7,5
-----	-----	-----

Employee turnover rate

8,5	7,5	9,5
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Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

28 TRADE AND OTHER PAYABLES

	Note	GROUP			COMPANY		
		2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Trade payables							
- local		237 903	136 376	142 813	230 738	136 149	140 887
- foreign		343 210	242 118	136 884	343 390	242 118	136 884
Prior period error on foreign trade payables	5.1	-	2 808	130	-	2 808	130
Other payables		58 963	67 847	199 237	66 105	56 614	194 340
Accrued expenses		579 916	385 054	135 517	578 083	384 780	135 408
Accrued expenses prior period error	5.1	-	9 403	-	-	9 403	-
		1 219 992	843 606	614 581	1 218 316	831 872	607 649

29 DEFERRED INCOME

		GROUP AND COMPANY		
		2009 R'000	2008 R'000	2007 R'000
TV licence fees received in advance		36 774	27 524	34 126
Grants and sponsorships received in advance		142 620	38 825	28 072
		179 394	66 349	62 198

30 PROVISIONS

<i>Legal claims *</i>				
Balance at 1 April				29 738
Provisions raised during the year				19 000
				50 296
				5 000
				10 738
				14 000
				29 738
				19 000

*During the financial year to March 2009, legal claims against the SABC were instituted by various people and a provision has been raised in that regard. Certain of these matters are before the courts and others we are attempting to settle out of court.

31 REVENUE

	Note	GROUP			COMPANY		
		2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
<i>Total advertising revenue</i>		3 122 276	3 186 255	2 829 956	3 122 276	3 186 255	2 829 956
Advertising		3 071 896	3 156 935	2 764 194	3 071 896	3 156 935	2 764 194
Trade exchanges (non-monetary exchanges)		50 380	29 320	65 762	50 380	29 320	65 762
<i>Total business enterprises and facilities revenue</i>		62 744	90 494	45 605	62 744	90 494	45 605
Business enterprise and facilities revenue		62 744	44 812	45 085	62 744	44 812	45 085
Trade exchanges (non-monetary exchanges)		-	45 682	520	-	45 682	520
<i>Total sponsorship</i>		448 190	380 199	422 038	448 190	380 199	422 038
Sponsorships		448 190	380 199	417 587	448 190	380 199	417 587
Trade exchanges (non-monetary exchanges)		-	-	4 451	-	-	4 451
Licence fees		864 638	822 322	760 070	864 638	822 322	760 070
Government grants							
- for educational programmes		63 000	49 260	53 482	63 000	49 260	53 482
- for technology assets	25	43 068	25 691	30 563	43 068	25 691	30 563
Other revenue *		109 588	127 645	126 599	109 588	127 645	122 391
		4 713 504	4 681 866	4 268 313	4 713 504	4 681 866	4 264 105

* Included in other revenue is facilities revenue and channel carriage fees.

32 OTHER INCOME

Note	GROUP			COMPANY		
	2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Rental income	5 445	8 545	14 007	5 445	8 545	14 007
Management fees	6 973	3 537	2 304	6 973	3 537	2 304
Travel commission	6 006	7 500	4 208	841	-	-
Other sundry income	13 711	3 496	24 997	13 711	3 066	29 205
	32 135	23 078	45 516	26 970	15 148	45 516

33 EMPLOYEE COMPENSATION AND BENEFIT EXPENSE

Cost of employment	1 476 162	1 181 935	960 940	1 476 162	1 170 707	954 222
Pension fund defined benefit recognised in the income statement	9 37 139	7 515	(114 128)	37 139	7 515	(114 128)
Post-employment medical benefits, including past service cost	27 47 810	168 871	20 741	47 810	168 871	20 741
Post-employment medical benefit - past service cost	27 -	144 541	-	-	144 541	-
Post-employment medical benefits	27 47 810	24 330	20 741	47 810	24 330	20 741
Employee incentive	32 779	18 905	11 266	32 779	18 905	11 266
Leave pay	43 576	43 279	21 118	43 576	43 279	21 118
The amounts recognised in the income statement	1 637 466	1 420 505	899 937	1 637 466	1 409 277	893 219
Items recognised in statement of comprehensive income	166 719	(348 335)	179 860	166 719	(348 335)	179 860
Actuarial gain - post retirement medical aid liability	27 (6 334)	(7 592)	(9 390)	(6 334)	(7 592)	(9 390)
Actuarial (loss)/gain - pension fund defined benefit	9 945 529	(177 300)	1 680 851	945 529	(177 300)	1 680 851
Change in paragraph 58 limitation of IAS 19 - Employee benefits	(772 476)	(163 443)	(1 491 601)	(772 476)	(163 443)	(1 491 601)
	1 804 185	1 072 170	1 079 797	1 804 185	1 060 942	1 073 079

Included in these amounts are directors' emoluments which are disclosed in more detail in note 44.

34 PROFESSIONAL AND CONSULTING FEES

Auditor's remuneration						
- audit fees : current year	15 223	6 415	5 718	15 223	6 415	5 718
Consulting fees	299 430	221 202	129 069	293 720	220 161	129 054
- administrative	-	-	440	-	-	125
- managerial	143 159	163 084	75 649	137 449	162 043	81 457
- projects	78 037	27 608	20 478	78 037	27 608	20 478
- technical	78 234	30 510	32 502	78 234	30 510	26 994
	314 653	227 617	134 787	308 943	226 576	134 772

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

35 OTHER EXPENSES

Note	GROUP			COMPANY		
	2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Other expenses include the following charges:						
Operating lease charges	66 393	61 968	25 128	53 628	61 813	25 112
- buildings	16 533	2 803	5 297	16 533	2 696	5 297
- equipment	20 846	34 393	8 921	20 846	34 353	8 910
- vehicles	23 542	9 916	7 032	10 778	9 916	7 032
- software	5 472	14 856	3 878	5 471	14 848	3 873
Stock value adjustment	30 020	-	-	30 020	-	-
Depreciation of investment properties	7 504	49	70	504	49	70
Consumables - reversal of write-down	14 (56)	(11)	(74)	(56)	(11)	(74)
Impairment expense/ (reversal of impairment expense) of trade receivables	15 21 583	44 873	(1 691)	21 583	44 796	(1 682)

36 OTHER (LOSSES)/PROFITS

	GROUP AND COMPANY		
(Loss)/profit on sale of property, plant and equipment	(259)	688	(128)

37 NET FINANCING (LOSS)/INCOME

Note	GROUP			COMPANY		
	2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Interest received	13 908	68 380	61 987	11 551	68 104	61 768
Banking institution	13 908	68 268	61 107	11 551	67 992	60 888
Sentech Limited	-	112	880	-	112	880
Dividend received	2	112	95	2	112	95
Foreign exchange gain on monetary items	-	1 851	2 631	-	2 173	-
Finance income	13 910	70 343	64 713	11 553	70 389	61 863
Interest paid	(50 702)	(7 918)	(7 736)	(50 700)	(7 374)	(8 148)
Independent third parties	(44 798)	(2 536)	(851)	(44 796)	(1 992)	(1 266)
Shareholder - permanent capital	(1 780)	(1 823)	(1 796)	(1 780)	(1 823)	(1 796)
Finance leases	(4 124)	(3 559)	(5 089)	(4 124)	(3 559)	(5 086)
Net loss on derivative financial instruments	(19 748)	(6 164)	(8 661)	(20 514)	(6 084)	(9 369)
Foreign exchange loss	(6 014)	-	-	(6 951)	-	-
Finance expense	(76 464)	(14 082)	(16 397)	(78 165)	(13 458)	(17 517)
Net financing (loss)/income	(62 554)	56 261	48 316	(66 612)	56 931	44 346

38 INCOME TAX INCOME/(EXPENSE)

Current tax expense	40 -	58 116	39 223	-	56 948	38 042
Current tax expense - prior year over/ (under) provision	40 7 504	(76 255)	34	7 504	(76 255)	-
Deferred tax expense	(130 995)	(11 475)	79 535	(131 063)	(11 444)	79 572
Taxable temporary differences	(132 471)	(31 311)	68 282	(132 539)	(31 280)	68 305
Reduction in tax rate	-	(1 762)	-	-	(1 762)	-
Prior year adjustment	1 476	21 598	11 253	1 476	21 598	11 267
	(123 491)	(29 614)	118 792	(123 559)	(30 751)	117 614

Income tax expense

Previously stated	(170 172)	52 862	76 300	(170 240)	51 725	75 122
Prior period errors	5.1 -	13 261	(9 667)	-	13 261	(9 667)
Change in accounting policy	5.2 46 681	(95 737)	52 159	46 681	(95 737)	52 159
	(123 491)	(29 614)	118 792	(123 559)	(30 751)	117 614

38 INCOME TAX INCOME/(EXPENSE) continued

	Note	GROUP			COMPANY		
		2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Profit/(loss) before income tax		(913 580)	63 706	405 589	(913 499)	61 195	401 483
Income tax using the company tax rate		(255 802)	17 837	117 621	(255 780)	17 135	116 430
Non-taxable income		(39 478)	(5 796)	(13 370)	(29 524)	(6 231)	(13 338)
Non-deductible expenses		16 781	14 764	3 255	7 342	14 764	3 255
Prior year adjustment		8 980	(54 657)	11 286	8 980	(54 657)	11 267
Estimated loss not utilised		132 596	-	-	131 991	-	-
Reduction in tax rate		-	(1 762)	-	-	(1 762)	-
Effective tax rate		(123 491)	(29 614)	118 792	(123 559)	(30 751)	117 614
Income tax recognised in the comprehensive statement:					GROUP AND COMPANY		
Taxable temporary differences					(46 727)	97 515	(52 086)
Reduction in opening deferred taxes resulting from reduction in tax rate					-	(1 796)	-
Deferred tax expense					(46 727)	95 719	(52 086)
Income tax recognised in the comprehensive statement					(46)	(18)	73
- previously recognised directly in equity					(46 681)	95 737	(52 159)
- change in accounting policy	5.2				(46 727)	95 719	(52 086)
Reconciliation of effective tax rate					R'000	R'000	R'000
Comprehensive (loss)/profit before income tax					(167 042)	348 207	(179 358)
Income tax using the company tax rate					(46 772)	97 498	(52 014)
Rate differences on available for sale assets					45	17	(72)
Reduction in tax rate					-	(1 796)	-
Effective tax rate					(46 727)	95 719	(52 086)

39 CASH (UTILISED)/GENERATED FROM OPERATIONS

	Note	GROUP			COMPANY		
		2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Reconciliation of (loss)/ profit for the year to cash (utilised by)/generated from operations:							
(Loss)/profit for the year		(790 089)	93 320	286 797	(789 940)	91 946	283 869
Amortisation of programme, film and sports rights	13	1 618 856	1 360 477	1 199 772	1 618 856	1 360 477	1 199 772
Impairment of programme, film and sports rights	13	40 232	78 983	8 129	40 232	78 983	8 129
Amortisation of computer software	8	36 454	2 290	7 786	36 454	2 290	7 786
Impairment of computer software	8	-	-	32 304	-	-	32 304
Amount recognised in income statement in line with amortisation and depreciation of assets acquired with the grant.	25	(43 068)	(25 691)	(30 563)	(43 068)	(25 691)	(30 563)

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

39 CASH (UTILISED)/GENERATED FROM OPERATIONS <i>continued</i>	Note	GROUP			COMPANY		
		2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Depreciation of property, plant and equipment	6	157 358	138 011	148 370	157 197	137 943	148 353
Depreciation of investment properties	7	504	49	70	504	49	70
Provision for consumables obsolescence	35	(56)	(11)	(74)	(56)	(11)	(74)
Impairment/(reversal of impairment) of trade receivables		91 583	44 873	(1 691)	91 583	44 796	(1 682)
(Loss)/profit on disposal of property, plant and equipment	36	259	(688)	128	259	(688)	128
Other movements - net		-	(1 309)	(214)	-	133	601
Interest received	37	(13 908)	(68 380)	(61 987)	(11 551)	(68 104)	(61 768)
Dividends received	37	(2)	(112)	(95)	(2)	(112)	(95)
Interest paid	37	50 702	7 918	7 736	50 700	7 374	8 148
Foreign exchange gain		(6 023)	-	-	-	-	-
Provisions raised	30	20 558	10 738	14 000	20 558	10 738	14 000
Income tax income/(expense)	38	(123 491)	(29 614)	118 792	(123 559)	(30 751)	117 614
Operating profit before payment for acquisition of programme, film and sports rights		1 039 869	1 610 854	1 729 260	1 048 167	1 609 372	1 726 592
Payments for acquisition of programme, film and sports rights	13	(2 013 404)	(1 678 944)	(1 414 481)	(2 013 404)	(1 678 944)	(1 414 481)
Operating (loss)/profit before changes in working capital and employee benefits		(973 535)	(68 090)	314 779	(965 237)	(69 572)	312 111
Increase in derivative financial instruments	16	32 374	(13 057)	(839)	32 374	(13 057)	(839)
Increase in prepayments	12	(90 483)	(41 622)	(2 305)	(90 474)	(41 578)	(2 305)
(Increase)/decrease in inventories	14	(172)	(151)	756	(172)	(151)	756
Increase in trade and other receivables	15	(169 493)	(248 580)	964	(171 290)	(265 244)	(476)
Increase/(decrease) in employee benefits	27	(9 770)	102 866	(164 486)	(9 770)	102 896	(164 647)
Increase in trade and other payables	28	376 386	229 025	34 631	386 444	224 223	35 301
Increase in deferred income	29	113 045	4 151	4 630	113 045	4 151	4 630
Cash (utilised by)/ generated from operations		(721 648)	(35 458)	188 130	(705 080)	(58 332)	184 531
40 INCOME TAX PAID							
Balance at 1 April		(71 524)	(19 165)	119 877	(74 717)	(22 050)	118 207
Current taxation	38	7 504	(18 139)	39 257	7 504	(19 307)	38 042
Balance at 31 March		89 595	71 524	19 165	89 695	74 717	22 050
		25 575	34 220	178 299	22 482	33 360	178 299
41 PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT							
Disposals	6	797	1 369	8 599	797	1 197	8 573
(Loss)/profit on sale of property, plant and equipment	36	(259)	688	(128)	(259)	688	(128)
		538	2 057	8 471	538	1 885	8 445

42 FINANCIAL INSTRUMENTS

Overview

The Group has exposure to credit risk, liquidity risk and market risk that consists of interest rate and currency risk that arise out of the normal course of business.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Group Audit Committee oversees how management monitors compliance with the Group's policies and procedures and reviews the adequacy of the internal audit monitoring of these risks. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customer and investment securities.

Trade and other receivables

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Credit risk is measured individually within each Division and reviewed regularly.

Allowance for impairment

Trade receivables that are less than three months past due are not considered to be impaired.

Trade receivables that are past due but relate to Government client or of which security, insurance or any other types of collateral is held are also not considered to be impaired.

All accounts that are past due but have not been handed over to attorneys are not considered to be impaired. The majority of the Company's trade receivables are due for maturity within 45 days and largely comprise amounts receivable from advertising agencies.

Cash and cash equivalents

Investments are acquired only in liquid securities and only with counterparties that have credit ratings equal to or better than the Company. Transactions involving derivative financial instruments are with counterparties with sound credit ratings.

Guarantees

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 March 2008 and 2009 no guarantees were outstanding (2007: none).

The Group considers its maximum exposure to credit risk to be as follows:

	GROUP			COMPANY		
	2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Available-for-sale financial assets	8 962	2 737	2 865	8 962	2 737	2 865
Trade and other receivables	978 019	900 109	696 402	985 574	905 867	685 419
Derivate financial instruments	-	27 287	9 475	-	27 287	9 475
Held-to-maturity investments	-	373 000	100 000	-	373 000	100 000
Loans and receivables	-	-	5 300	-	-	5 300
Restricted cash	29 212	24 622	4 558	29 212	24 622	4 558
Cash and cash equivalents	14 703	165 561	707 557	-	139 066	697 824
	1 030 896	1 493 316	1 526 157	1 023 748	1 472 579	1 505 441

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

42 FINANCIAL INSTRUMENTS continued

Credit risk (continued)

Trade receivables

	Note	GROUP			COMPANY		
		Fully performing R'000	Past due but not impaired R'000	Impaired R'000	Fully performing R'000	Past due but not impaired R'000	Impaired R'000
2009							
Government		15 368	104 769	44 835	15 368	104 769	44 758
Director sponsorships		23 367	47 716	31 204	23 367	47 716	31 204
Agencies		530 657	223 301	63 117	530 657	223 301	63 117
Direct clients		14 156	3 266	18 679	12 758	4 741	18 679
		<u>583 548</u>	<u>379 052</u>	<u>157 835</u>	<u>582 150</u>	<u>380 527</u>	<u>157 758</u>
2008							
Government		41 925	66 862	9 275	41 925	66 868	9 265
Director sponsorships		20 961	7 429	9 938	20 963	7 430	9 926
Agencies		614 846	100 293	17 225	614 901	100 302	17 206
Direct clients		20 961	11 144	29 814	20 961	11 144	29 778
		<u>698 689</u>	<u>185 728</u>	<u>66 252</u>	<u>698 750</u>	<u>185 744</u>	<u>66 175</u>
2007							
Government		16 726	22 494	3 421	16 727	22 494	3 421
Director sponsorships		11 151	19 162	2 352	11 151	19 162	2 352
Agencies		512 942	18 329	7 483	512 965	18 329	7 483
Direct clients		16 727	23 326	8 123	16 728	23 329	8 123
		<u>557 546</u>	<u>83 311</u>	<u>21 379</u>	<u>557 571</u>	<u>83 314</u>	<u>21 379</u>
	Note	2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
<i>Age analysis of past due but not impaired is the following:</i>							
Past due 0 to 30 days		76 592	-	24 993	76 592	-	24 993
Past due 31 to 90 days		17 673	14 858	21 661	17 673	14 858	21 661
91 to 120 days		35 922	27 859	14 163	35 922	27 862	14 163
121 days to 1 year		248 865	143 011	22 494	250 340	143 024	22 498
		<u>379 052</u>	<u>185 728</u>	<u>83 311</u>	<u>380 527</u>	<u>185 744</u>	<u>83 315</u>
<i>Age analysis of the impaired trade receivables is the following:</i>							
Past due		32 981	159	-	32 981	159	-
Past due 0 to 30 days		5 950	139	-	5 950	139	-
Past due 31 to 90 days		17 130	33	-	17 130	33	-
91 to 120 days		4 749	994	-	4 749	994	-
121 days to 1 year		97 025	64 927	21 379	96 948	64 850	21 379
		<u>157 835</u>	<u>66 252</u>	<u>21 379</u>	<u>157 758</u>	<u>66 175</u>	<u>21 379</u>
<i>The Group does hold collateral as security. The nature and fair value of the collateral are as follows:</i>							
<i>Movements on the impairment of trade receivables are as follows:</i>							
Opening balance 1 April		66 252	21 379	23 070	66 175	21 379	23 061
Written off as uncollectible and credit notes		(6 414)	(17 226)	(9 407)	(5 169)	(17 205)	(9 407)
Impairment raised		97 997	62 099	7 716	96 752	62 001	7 725
Closing balance 31 March		<u>157 835</u>	<u>66 252</u>	<u>21 379</u>	<u>157 758</u>	<u>66 175</u>	<u>21 379</u>
<i>The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.</i>							
Official government orders		104 796	79 667	14 397	104 796	79 667	14 397
Insurance cover		545 344	590 532	562 440	545 344	590 532	562 440
MCC Security		1 190	1 190	2 220	1 190	1 190	2 220
		<u>651 330</u>	<u>671 389</u>	<u>579 057</u>	<u>651 330</u>	<u>671 389</u>	<u>579 057</u>

42 FINANCIAL INSTRUMENTS *continued*

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. During the current financial year the Group has faced huge challenges regarding the liquidity risk in light of the losses incurred and increase in working capital requirements and has asked the South African National Treasury, post year-end, for a letter of guarantee. Refer to Directors' Report on going concern.

The Group manages its cash flow requirements with a three-month forecast. The Group has borrowing facilities amounting to R1 134 million which include short-term banking facilities as well as asset-based finance facilities. The Group maintains the following lines of credit:

- ★ An overdraft facility forms part of the general short-term banking facility and is unsecured. Interest is paid at the ruling prime rate.
- ★ Overnight loans of R594 million can be drawn to meet short-term financing needs. The facility has a 90-day maturity. Interest is paid at market-related interest rates on the date of the utilisation.

	GROUP					
	Carrying amount R'000	Contractual cash flow R'000	Up to 6 months R'000	6 months to 1 year R'000	1 year to 3 years R'000	Thereafter R'000
2009						
<i>Non-derivative financial liabilities</i>						
Trade payables						
- local	237 903	237 903	237 903	-	-	-
- foreign	343 210	343 210	343 210	-	-	-
Other payables	58 963	58 963	58 963	-	-	-
Accrued expenses	579 916	579 916	579 916	-	-	-
Bank overdraft	408 123	408 123	408 123	-	-	-
Loans and borrowings	127 651	134 590	55 061	55 062	24 467	-
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
<i>Embedded derivative financial liabilities</i>						
Embedded derivatives for programme, film and sports rights	10 680	10 680	5 419	-	5 261	-
Embedded derivatives for High Definition Outside Broadcast VANS	5 233	5 233	4 806	427	-	-
	1 799 069	1 806 008	1 694 291	56 379	33 288	22 050
2008						
<i>Non-derivative financial liabilities</i>						
Trade payables						
- local	136 376	136 376	136 376	-	-	-
- foreign	244 926	244 926	244 926	-	-	-
Other payables	67 847	67 847	67 847	-	-	-
Accrued expenses	394 457	394 457	394 457	-	-	-
Loans and borrowings	33 688	38 884	9 760	9 760	19 364	-
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
<i>Embedded derivative financial liabilities</i>						
Embedded derivatives for programme, film and sports rights	10 826	10 826	-	2 826	8 000	-
	915 510	920 706	854 256	13 476	30 924	22 050

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

42 FINANCIAL INSTRUMENTS continued Liquidity risk (continued)

	GROUP					
	Carrying amount R'000	Contractual cash flow R'000	Up to 6 months R'000	6 months to 1 year R'000	1 year to 3 years R'000	Thereafter R'000
2007						
<i>Non-derivative financial liabilities</i>						
Trade payables						
- local	142 813	142 813	142 813	-	-	-
- foreign	137 014	137 014	137 014	-	-	-
Other payables	199 237	199 237	199 237	-	-	-
Accrued expenses	135 517	135 517	135 517	-	-	-
Loans and borrowings	50 977	55 182	16 889	16 889	21 404	-
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
<i>Embedded derivative financial liabilities</i>						
Embedded derivatives for programme, film and sports rights	6 071	6 071	-	1 465	4 606	-
	<u>699 019</u>	<u>703 224</u>	<u>632 360</u>	<u>19 244</u>	<u>29 570</u>	<u>22 050</u>
Maturity analysis due in:						
	COMPANY					
2009						
<i>Non-derivative financial liabilities</i>						
Trade payables						
- local	230 738	230 738	230 738	-	-	-
- foreign	343 390	343 390	343 390	-	-	-
Other payables	66 105	66 105	66 105	-	-	-
Accrued expenses	578 083	578 083	578 083	-	-	-
Bank overdraft	408 123	408 123	408 123	-	-	-
Loans and borrowings	127 651	134 590	55 061	55 062	24 467	-
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
Loans from subsidiaries	15 642	15 642	-	15 642	-	-
<i>Embedded derivative financial liabilities</i>						
Embedded derivatives for programme, film and sports rights	10 680	10 680	5 419	-	5 261	-
Embedded derivatives for High Definition Outside Broadcast VANS	5 233	5 233	4 806	427	-	-
	<u>1 813 035</u>	<u>1 819 974</u>	<u>1 692 615</u>	<u>72 021</u>	<u>33 288</u>	<u>22 050</u>
2008						
<i>Non-derivative financial liabilities</i>						
Trade payables						
- local	136 149	136 149	136 149	-	-	-
- foreign	244 926	244 926	244 926	-	-	-
Other payables	56 614	56 614	56 614	-	-	-
Accrued expenses	394 183	394 183	394 183	-	-	-
Loans and borrowings	33 688	38 884	9 760	9 760	19 364	-
Loans from subsidiaries	15 194	15 194	-	15 194	-	-
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
<i>Embedded derivative financial liabilities</i>						
Embedded derivatives for programme, film and sports rights	10 826	10 826	-	2 826	8 000	-
	<u>918 970</u>	<u>924 166</u>	<u>842 522</u>	<u>28 670</u>	<u>30 924</u>	<u>22 050</u>

42 *FINANCIAL INSTRUMENTS continued*
Liquidity risk (continued)

	COMPANY					
	Carrying amount R'000	Contractual cash flow R'000	Up to 6 months R'000	6 months to 1 year R'000	1 year to 3 years R'000	Thereafter R'000
2007						
<i>Non-derivative financial liabilities</i>						
Trade payables						
- local	140 887	140 887	140 887	-	-	-
- foreign	137 014	137 014	137 014	-	-	-
Other payables	194 340	194 340	194 340	-	-	-
Accrued expenses	135 408	135 408	135 408	-	-	-
Loans and borrowings	50 977	55 182	16 889	16 889	21 404	-
Loans from subsidiaries	8 824	8 824	-	8 824	-	-
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
Embedded derivative financial liabilities						
Embedded derivatives for programme, film and sports rights	6 071	6 071	-	1 465	4 606	-
	<u>700 911</u>	<u>705 116</u>	<u>625 428</u>	<u>28 068</u>	<u>29 570</u>	<u>22 050</u>

The fair value of trade and other payables equals their carrying amount as the impact of discounting is not significant.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Foreign currency risk arises primarily from international programming rights that are procured in foreign currency and the procurement, implementation and maintenance of the broadcasting infrastructure. Foreign currency risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group uses forward contracts to manage foreign currency risk arising from future commercial transactions, recognised assets and liabilities and is responsible for managing the net position in each foreign currency.

The Group's risk management policy is to economically hedge between 0% to 50% of firm commitments for the subsequent 12 months. The Group has not applied hedge accounting for these forward currency contracts. The Group only covers known commitments and does not speculate in foreign currency. The percentage cover for less than one year is 60%.

	GROUP			
	US Dollar '000	Euro '000	CHF '000	Rand '000
2009				
Foreign cash and cash equivalents	1 513	1 146	702	14 703
Trade payables	(35 310)	-	-	(343 210)
Gross financial position exposure	(33 797)	1 146	702	(328 507)
Net derivative financial instruments	(1 637)	(1 240)	(1 910)	(15 913)
Net financial position exposure	<u>(35 434)</u>	<u>(94)</u>	<u>(1 208)</u>	<u>(344 420)</u>
2008				
Foreign cash and cash equivalents	-	455	-	5 852
Trade payables	(29 905)	-	-	(244 926)
Gross financial position exposure	(29 905)	455	-	(239 074)
Net derivative financial instruments	2 009	-	-	16 461
Net financial position exposure	<u>(27 896)</u>	<u>455</u>	<u>-</u>	<u>(222 613)</u>

The Group's exposure to foreign currency risk was as follows based on notional amounts:

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

42 FINANCIAL INSTRUMENTS continued Market risk: Currency risk (continued)

The Group's exposure to foreign currency risk was as follows based on notional amounts:

2007

	US Dollar '000	Euro '000	CHF '000	Rand '000
Foreign cash and cash equivalents	-	367	-	4 719
Trade payables	(18 821)	-	-	(137 014)
Gross financial position exposure	(18 821)	367	-	(132 295)
Net derivative financial instruments	468	-	-	3 404
Net financial position exposure	(18 353)	367	-	(128 891)

2009

	US Dollar '000	Euro '000	CHF '000	Rand '000
Foreign cash and cash equivalents	1 609	1 219	-	15 642
Trade payables	(35 328)	-	-	(343 390)
Gross financial position exposure	(33 719)	1 219	-	(327 748)
Net derivative financial instruments	(1 637)	-	-	(15 913)
Net financial position exposure	(35 356)	1 219	-	(343 661)

2008

	US Dollar '000	Euro '000	CHF '000	Rand '000
Foreign cash and cash equivalents	1 855	1 181	3 191	15 194
Trade payables	(29 905)	-	-	(244 926)
Gross financial position exposure	(28 050)	1 181	3 191	(229 732)
Net derivative financial instruments	2 009	-	-	16 461
Net financial position exposure	(26 041)	1 181	3 191	(210 463)

2007

	US Dollar '000	Euro '000	CHF '000	Rand '000
Foreign cash and cash equivalents	-	5	-	70
Loans from subsidiary	-	(909)	-	(8 824)
Trade payables	(18 821)	-	-	(137 014)
Gross financial position exposure	(18 821)	(904)	-	(145 768)
Net derivative financial instruments	468	-	-	3 404
Net financial position exposure	(18 353)	(904)	-	(142 364)

GROUP AND COMPANY

The following significant exchange rates applied during the year:

	US Dollar		Reporting date spot rate			
	2009	2008	2007	2009	2008	2007
USD 1	9,97	7,14	7,06	9,72	8,19	7,28
Euro 1	12,99	10,12	9,05	12,83	12,87	9,71
CHF 1	0,11	0,18	0,16	0,12	0,21	0,16

Sensitivity analysis

A 10% strengthening of the Rand against the following currency at 31 March would have increased/decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2008 and 2007. Due to the nature of the transactions, there is no effect on equity.

	GROUP			COMPANY		
	2009	2008	Profit or (loss) 2007	2009	2008	2007
	R'000	R'000	R'000	R'000	R'000	R'000
USD	31 779	22 566	13 348	31 795	22 566	13 348

42 **FINANCIAL INSTRUMENTS** *continued*
Market risk: Currency risk (continued)

A 10% weakening of the Rand against the above currency at 31 March would have had the equal but opposite effect on the above currency to the amount shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's income and operating cash flows are substantially dependent on changes in market interest rates. The interest rates of finance leases to which the Group is a lessee are fixed at inception of the lease or variable over the term of the lease, and therefore expose the Group to fair value interest rate risk.

At reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	GROUP			COMPANY		
	Carrying amount					
	2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Fixed rate instruments						
Loans from subsidiaries	-	-	-	(15 642)	(15 194)	(8 824)
Perpetual debt instrument	(27 390)	(27 390)	(27 390)	(27 390)	(27 390)	(27 390)
	<u>(27 390)</u>	<u>(27 390)</u>	<u>(27 390)</u>	<u>(43 032)</u>	<u>(42 584)</u>	<u>(36 214)</u>
Variable rate instruments						
Held-to-maturity investment	-	373 000	100 000	-	373 000	100 000
Finance lease liabilities	(5 213)	(10 071)	(30 995)	(5 213)	(10 071)	(30 995)
Instalment sale liabilities	(33 438)	(23 617)	(19 982)	(33 438)	(23 617)	(19 982)
Cash and cash equivalents	14 703	165 561	707 557	-	139 066	697 824
Bank overdraft	(408 123)	-	-	(408 123)	-	-
Short-term bank loan	(89 000)	-	-	(89 000)	-	-
	<u>(521 071)</u>	<u>504 873</u>	<u>756 580</u>	<u>(535 774)</u>	<u>478 378</u>	<u>746 847</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rates financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2008 and 2007. Due to the nature of the transactions, there is no effect on equity.

	GROUP			COMPANY		
	Profit/loss 100 bp increase					
	2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Variable rate instruments	5 106	6 307	7 741	5 106	6 307	7 741

A decrease of 100 basis points in interest rates at the reporting date would have had the equal but opposite effect on the above amounts, on the basis that all other variables remain constant.

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than a forced or liquidation sale. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

★ *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.

★ *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.

★ *Derivative financial instruments*

The fair value of derivative financial instruments is based upon market valuations, being the present value of quoted forward rates.

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

42 FINANCIAL INSTRUMENTS continued

*Fair value of financial instruments
(continued)*

Financial assets

	2009		2008		2007	
	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Available-for-sale financial assets	8 962	8 962	2 737	2 737	2 865	2 865
Trade and other receivables	978 019	978 019	900 109	900 109	696 402	696 402
Derivative financial instruments	-	-	27 287	27 287	9 475	9 475
Held-to-maturity investments	-	-	373 000	373 000	100 000	100 000
Loans receivables	-	-	-	-	5 300	5 300
Restricted cash	29 212	29 212	24 622	24 622	4 558	4 558
Cash and cash equivalents	14 703	14 703	165 561	165 561	707 557	707 557
Total financial assets	1 030 896	1 030 896	1 493 316	1 493 316	1 526 157	1 526 157

Financial liabilities

Perpetual instrument	(27 390)	(13 695)	(27 390)	(14 243)	(27 390)	(18 741)
Interest-bearing loans and borrowings	(127 651)	(125 009)	(33 688)	(33 688)	(50 977)	(50 977)
Derivative financial instruments	(15 912)	(15 912)	(10 826)	(10 826)	(6 071)	(6 071)
Trade and other payables	(1 219 992)	(1 219 992)	(843 606)	(843 606)	(614 581)	(614 581)
Bank overdraft	(408 123)	(408 123)	-	-	-	-
Total financial liabilities	(1 799 068)	(1 782 731)	(915 510)	(902 363)	(699 019)	(690 370)
Net financial (liabilities)/assets	(768 172)	(751 835)	577 806	590 953	827 138	835 787

COMPANY

Financial assets

Available-for-sale financial assets	8 962	8 962	2 737	2 737	2 865	2 865
Trade and other receivables	985 574	985 574	905 867	905 867	685 419	685 419
Derivative financial instruments	-	-	27 287	27 287	9 475	9 475
Held-to-maturity investments	-	-	373 000	373 000	100 000	100 000
Loans receivables	-	-	-	-	5 300	5 300
Restricted cash	29 212	29 212	24 622	24 622	4 558	4 558
Cash and cash equivalents	-	-	139 066	139 066	697 824	697 824
Total financial assets	1 023 748	1 023 748	1 472 579	1 472 579	1 505 441	1 505 441

Financial liabilities

Perpetual instrument	(27 390)	(13 695)	(27 390)	(14 243)	(27 390)	(18 741)
Interest-bearing loans and borrowings	(143 293)	(140 651)	(48 882)	(48 882)	(59 801)	(59 801)
Embedded derivatives for programme, film and sports rights	(10 680)	(10 680)	-	-	(10 826)	(10 826)
Embedded derivatives for High Definition Outside Broadcast VANS	(5 233)	(5 233)	(10 826)	(10 826)	(6 071)	(6 071)
Trade and other payables	(1 218 316)	(1 218 316)	(831 872)	(831 872)	(607 649)	(607 649)
Bank overdraft	(408 123)	(408 123)	-	-	-	-
Total financial liabilities	(1 813 035)	(1 796 698)	(918 970)	(905 823)	(711 737)	(703 088)
Net financial (liabilities)/assets	(789 287)	(772 950)	553 609	566 756	793 704	802 353

42 *FINANCIAL INSTRUMENTS continued*

Capital management

The Group's share capital is 100% owned by the Government. The Group does not hold any other form of share capital. There are no changes expected in the Group's approach to capital management during the year.

Borrowing facilities

The unutilised borrowing facilities include general short-term banking facilities, asset-based finance facilities as well as guarantee facilities.

Included in normal guarantees, the Group has guarantees against a housing scheme to the value of R3 million.

	GROUP AND COMPANY		
	2009 R'000	2008 R'000	2007 R'000
<i>General short-term banking facilities</i>			
First National Bank	160 000	50 000	50 000
Standard Corporate and Merchant Bank	-	50 000	50 000
Nedbank	250 000	50 000	50 000
Absa Corporate and Merchant Bank	183 600	83 600	100 000
Investec	-	3 000	3 000
Total credit facilities	593 600	236 600	253 000
Utilised	(408 123)	-	-
Unutilised	<u>185 477</u>	<u>236 600</u>	<u>253 000</u>
<i>Asset finance</i>			
Provided	540 000	340 000	340 000
Utilised	(38 651)	(33 688)	(61 356)
Unutilised	<u>501 349</u>	<u>306 312</u>	<u>278 644</u>
<i>Guarantees</i>			
Provided	166 350	63 365	56 000
Utilised	(30 851)	(3 035)	(3 675)
Unutilised	<u>135 509</u>	<u>60 330</u>	<u>52 325</u>

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.

43 **OPERATING LEASES**

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

Less than one year	732	582	11 354
Between one and five years	1 948	459	26 403
More than five years	-	-	921
	<u>2 680</u>	<u>1 041</u>	<u>38 678</u>

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 2009, R70 million was recognised as an expense in the income statement in respect of operating leases (2008 - R47 million; 2007 - R21 million)

Leases as lessor

The Group leases out certain of its investment properties under operating leases (refer note 7).

The future minimum lease receipts under non-cancellable leases are as follows:

Less than one year	2 572	2 072	2 943
Between one and five years	6 603	5 032	6 027
	<u>9 175</u>	<u>7 104</u>	<u>8 970</u>

During the year ended 31 March 2009, R5.5 million was recognised as rental income in the income statement (2008-R8.5 million; 2007 - R7.7 million) and R0.072 million in respect of repairs and maintenance was recognised as an expense in the income statement relating to investment property (2008 - R0.05 million; 2007 - R0.04 million)

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

44 COMMITMENTS

Capital commitments
 - contracted for
 - approved but not contracted for

Programme, film and sports rights
 Total purchase commitments

The capital commitment is to be financed as follows:

Internally generated funds
 Existing credit facilities
 Government funding

GROUP AND COMPANY		
2009 R'000	2008 R'000	2007 R'000
377 068	152 788	939 662
509 685	873 139	539 016
886 753	1 025 927	1 478 678
2 593 394	3 156 478	1 170 876
3 480 147	4 182 405	2 649 554
415 174	520 140	744 099
340 000	374 208	603 000
131 579	131 579	131 579
886 753	1 025 927	1 478 678

Commitments for programme, film and sports rights will be funded internally. The currency exposure on foreign programme, film and sports rights at 31 March 2009 is as follows:

Year ending 31 March 2010

Local
 Foreign
 - US Dollar
 - CHF

Year ending 31 March 2011

Local
 Foreign
 - US Dollar
 - CHF

Year ending 31 March 2012

Local
 Foreign
 - US Dollar
 - CHF

Year ending 31 March 2013

Local
 Foreign
 - US Dollar
 - CHF

Year ending 31 March 2014

Local
 Foreign
 - US Dollar
 - CHF

Year ending 31 March 2015 and thereafter

Local
 Foreign
 - US Dollar
 - CHF

GROUP AND COMPANY			
Local commitments R'000	Foreign commitments R'000	Foreign commitments R'000	Total R'000
634 184	46 702	471 371	1 105 555
634 184	-	-	634 184
-	40 358	390 295	390 295
-	6 344	81 076	81 076
258 973	24 300	254 388	513 361
258 973	-	-	258 973
-	18 003	173 912	173 912
-	6 297	80 476	80 476
242 586	19 376	206 104	448 690
242 586	-	-	242 586
-	13 308	128 555	128 555
-	6 068	77 549	77 549
-	14 827	162 875	162 875
-	-	-	-
-	8 530	82 400	82 400
-	6 297	80 475	80 475
-	11 968	134 543	134 543
-	-	-	-
-	5 900	56 994	56 994
-	6 068	77 549	77 549
-	18 614	228 371	228 371
-	-	-	-
-	3 050	29 463	29 463
-	15 564	198 908	198 908
1 135 743	135 787	1 457 652	2 593 395

44 COMMITMENTS *continued*

The Group has committed R10 million to the SABC Foundation for educating future generations.

The partnership with African Union Broadcasters, ("AUB") was centred on the 2008 Summer Olympic Games and the 2010 FIFA Soccer World Cup. The 2008 Olympic Games took place in August 2008 at a cost of R34 million. The future commitments to assist the AUB with the acquisition of the FIFA 2010 broadcast rights to the AUB no longer exists because these broadcast rights have been secured directly by the AUB. The request for Government funding has subsequently been removed.

45. CONTINGENCIES

45.1 Contingent liabilities comprise claims lodged by third parties against the Company which, in some cases, may be reduced by a counter-claim for insurance. Some of these claims' actual cash flow expectancy has been provided for in the legal provision. The claims details are as follows:

45.1.1 The Public Investment Corporation ('PIC') has instituted a claim of approximately R337 million plus interest against the SABC. The claim arose from the purported cancellation of a lease agreement for certain assets previously managed by Bophuthatswana Broadcasting Corporation. There have been various applications and rulings, none of which have been lost by the SABC. The SABC has in addition joined certain third parties in proceedings. The proposed arbitration has not progressed much and the SABC has in the interim proposed settlement to the PIC and is awaiting the feedback.

45.1.2 Trustco (Proprietary) Limited has instituted a claim against the SABC for an alleged breach of contract relating to a wireless agreement for a game show on SABC 2. The SABC lost the case and has abandoned the appeal on advice of Counsel. The SABC has been advised the claim should be proven to an arbitrator and it would be significantly less than the R140 million originally claimed.

45.1.3 CF Pulwoski is suing the SABC for copyright infringement. He is the composer of the original theme and background music for Generations. The claim amounts to R13 million. The matter is currently on appeal after the SABC had successfully argued the matter in court.

45.1.4 Various groups of employees and former employees are seeking a court order compelling the SABC to continue contributing to the post retirement medical benefits. The SABC has thus far lost one of the matters.

45.1.5 The SABC is being sued by Digital Horizon for allegedly awarding a tender to a party in breach of tender processes. The value of the tender is in excess of R400 million.

45.2 Contingent assets comprise claims lodged by the SABC against third parties.

45.2.1 The SABC is suing one of its suppliers for a breach of contract. The SABC had licenced and paid for certain content from the supplier which the supplier has failed to deliver as agreed.

45.2.2 The SABC is suing an ex-employee for using the SABC's platforms for the employee's own commercial benefit.

45.2.3 The SABC is in discussions with the Receiver of Revenue regarding the treatment of withholding tax on intellectual property rights. Due to the uncertainty surrounding the treatment, the SABC quantified a potential exposure of R35 million that is still to be clarified.

46. RELATED PARTIES

The Group is 100% controlled by its shareholder, the Government, represented by the Department of Communications.

The SABC 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 Group or its shareholder and close family members of these related parties. The list of public entities in the national sphere of government was provided by National Treasury on their website www.treasury.gov.za.

The following transactions were carried out with related parties:

46.1 Transactions with subsidiaries

	COMPANY					
	2009		2008		2007	
	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000
SABC Airwave (Proprietary) Limited trading as Airwave Travel	(4 513)	(12 427)	10 979	12 702	(1 051)	(9 999)
Auckland Programme Trade B.V. (incorporated in the Netherlands)	(448)	(15 642)	151	(15 194)	315	(8 824)
	<u>(4 961)</u>	<u>(28 069)</u>	<u>11 130</u>	<u>(2 492)</u>	<u>(736)</u>	<u>(18 823)</u>

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

46. RELATED PARTIES continued

46.1 Transactions with subsidiaries (continued)

Related party relationships exist between the Company and its wholly-owned subsidiaries, Airwave Travel and Auckland Programme Trade B.V. The Company has entered into a number of transactions with Airwave Travel for bookings and accommodation for business trips. Transactions entered into are in the normal course of business and on an arm's length basis. Amounts due and owing are settled accordingly. Auckland Programme Trade B.V. is managed by Orange Field Trust, Netherlands and transactions within this subsidiary are limited to administration costs and exchange differences arising from the translation of items into Rand (its functional currency under IAS 21 - The Effects of Changes in Foreign Exchange Rates). Goods and services are bought/sold to subsidiaries on an arm's length basis at market related prices.

46.2 Included in revenue and trade receivables

	GROUP AND COMPANY					
	2009		2008		2007	
	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000
Airports Company South Africa	186	205	1 855	150	-	-
Eskom Holdings Limited	22	22	40 689	348	593	(11)
South African Airways (Proprietary) Limited	528	1 112	2 424	-	439	-
South African Post Office	-	(56)	16 894	(56)	-	-
Telkom South Africa Limited	257	256	37 770	10	-	1
Transnet Limited and subsidiaries	410	-	-	-	373	30
Department of Agriculture	4 695	1 623	2 990	3 504	1 459	1 104
Department of Arts and Culture	963	1 971	1 238	1 580	49	57
Department of Communications	3 591	(796)	49 947	148	53 482	24
Department of Correctional Services	2 573	2 555	3 363	903	1 503	670
Department of Economic Affairs	9	111	320	(70)	1 757	91
Department of Education	20 398	3 677	16 431	13 827	1 432	(1 243)
Department of Environmental Affairs and Tourism	6	6	174	(3)	209	63
Department of Health	17 355	12 129	12 898	10 599	8 809	5 006
Department of Home Affairs	11 874	2 974	1 412	815	841	659
Department of Housing	4 694	1 508	9 663	1 709	2 459	1 365
Department of Justice and Constitutional Development	8 410	2 044	1 969	1 642	284	144
Department of Labour	5 555	5 555	1 982	1 831	102	5 570
Department of Land Affairs	2 584	1 170	792	3 632	2 442	(202)
Department of Provincial and Local Government	955	627	707	92	2 413	1 082
Department of Public Works	1 497	547	655	263	1 853	685
Department of Safety and Security	1 821	1 196	601	540	1 026	408
Department of Social Development	7 875	4 786	1 941	347	1 670	764
Department of Sports and Recreation	3 511	(3 358)	4 740	2 671	1 236	596
Department of Trade and Industry	8 245	2 487	113	253	158	589
Department of Transport	12 919	4 599	16 855	3 114	9 128	2 060
Department of Water Affairs and Forestry	3 275	1 064	2 930	1 500	1 254	166
Department of Foreign Affairs	13 579	13 581	27	2	-	-
Department of Science and Technology	1 562	126	1 158	1 149	40	(28)
Department of Safety and Security	1 107	959	1 035	608	-	-
Department of Defence	227	(1)	185	227	-	-
Department of Local Government and Housing	13 789	8 036	4 083	1 936	-	-

46. RELATED PARTIES *continued*

46.2 Included in revenue and trade receivables
(*continued*)

	GROUP AND COMPANY					
	2009		2008		2007	
	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000
Department of Public Service	179	179	743	(34)	-	-
Department of Roads and Public Works	10 204	4 501	1 759	1 164	-	-
Department of the Premier	850	404	399	-	-	-
Department of Minerals and Energy	1 098	3	4 437	98	109	128
Department of Social Development	-	-	3 346	2 287	1 316	1 010
Department of Finance	321	258	531	700	137	165
Department of Economic Development	7 039	2 542	1 929	4 101	329	352
Department of Welfare	4 465	1 242	-	-	-	-
Government Communications	94	70	33 093	37	(452)	50
Independent Electoral Commission	24 097	8 012	581	-	562	(660)
National Empowerment Fund	-	-	3 976	-	-	-
National Electricity Regulator	-	-	279	(16)	-	-
National Productivity Institute	29	(20)	301	-	-	-
National Treasury	12 640	3 024	6	137	119	132
National Youth Commission	22	22	49	22	-	22
Parliament of South Africa	19 687	6 964	2 745	3 291	982	16
Performing Arts Council	168	98	-	-	62	78
South African Police Service	4	(10)	530	45	7	-
South African Revenue Service	350	11	19 820	412	4 455	3 277
National Credit Regulatory	-	-	429	-	-	-
Lovelife	13 439	8 729	4 241	4 526	-	-
	249 158	106 744	317 035	70 041	102 637	24 220

Goods and services are sold to related parties on an arm's length basis at market related prices.

46.3 Grants and sponsorships

Note

Government grants recognised in revenue

Deferred government grant

31
25

106 068	-	74 591	-	84 045	-
-	383 285	-	294 774	-	188 735
106 068	383 285	74 591	294 774	84 045	188 735

46.4 Purchase of goods and services

GROUP

Telkom South Africa Limited	44 007	4 590	25 929	955	34 147	-
South African Post Office Limited	26 982	6 285	38 488	-	32 408	197
Sentech	444 051	3 182	351 455	2 675	311 614	-
Sector Education and Training Authority ("SETA")	15 044	1 252	14 798	986	10 542	788
Unemployment Insurance Fund	11 884	998	12 182	913	9 715	846
Eskom Holdings Limited	1 944	1	711	1	1 462	1
Taxes						
South African Revenue Service	526 318	91 569	643 263	72 646	643 132	36 667
- income tax	(25 427)	96 951	34 220	71 524	178 299	(19 165)
- value-added-taxes	202 122	5 014	329 983	19 029	223 341	38 507
- employee taxes (Pay-As-You-Earn ("PAYE"))	349 623	(10 396)	279 060	(17 907)	241 492	17 325
	1 070 230	107 877	1 086 826	78 176	1 043 020	38 499

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

46. RELATED PARTIES continued

46.4 Purchases of goods and services (continued)

Note	2009		2008		2007	
	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000
COMPANY						
Telkom South Africa Limited	44 007	4 590	25 929	955	34 147	-
South African Post Office Limited	26 982	6 285	38 488	-	32 408	197
Sentech	444 051	3 182	351 455	2 675	311 614	-
Sector Education and Training Authority ("SETA")	15 044	1 252	14 798	986	10 542	788
Unemployment Insurance Fund	11 884	998	12 182	913	9 715	846
Eskom Holdings Limited	1 944	1	711	1	1 462	1
Taxes						
South African Revenue Service	529 262	91 818	643 263	72 646	643 132	36 667
- income tax	(22 483)	97 200	34 220	71 524	178 299	(19 165)
- value-added-taxes	202 122	5 014	329 983	19 029	223 341	38 507
- employee taxes (Pay-As-You-Earn ("PAYE"))	349 623	(10 396)	279 060	(17 907)	241 492	17 325
	1 073 174	108 126	1 086 826	78 176	1 043 020	38 499

Goods and services are purchased from related parties on an arms length basis at market related prices.

	Note	2009		2008		2007	
		Amount of transactions R'000	Outstanding balance R'000	Amount of transactions R'000	Outstanding balance R'000	Amount of transactions R'000	Outstanding balance R'000
GROUP AND COMPANY							
46.5 Interest payments							
Shareholder - permanent capital	23, 37	1 780	27 390	1 823	27 390	1 796	27 390
46.6 Employee benefit payments							
SABC pension fund		(210 192)	320 598	333 228	420 794	(75 122)	-
SABC medical aid scheme		(116 378)	-	(97 644)	-	(106 517)	(9 559)
		(326 570)	320 598	235 584	420 794	(181 639)	(9 559)
46.7 Loans and receivables							
Sentech Limited	18	-	-	112	-	880	5 300
46.8 Administered projects							

The Group has been delegated with the responsibility by the Department of Communications to administer Channel Africa and the Community Radio Project, which are sub-divisions of the Department of Communications. The net amount of administered projects of R6 million (2008 - R6 million; 2007 - R3.1 million) is included in trade and other payables.

	GROUP AND COMPANY					
	Opening balance R'000	Funds received R'000	Applied to expenditure R'000	Applied to net assets R'000	Interest accrued R'000	Closing balance R'000
<i>For the year ended 31 March 2009</i>						
Channel Africa	1 020	34 834	(35 696)	-	-	158
Community Radio Project	244	18 017	(22 775)	(3)	2 239	(2 278)
	1 264	52 851	(58 471)	(3)	2 239	(2 120)
<i>For the year ended 31 March 2008</i>						
Channel Africa	3 570	32 963	(35 513)	-	-	1 020
Community Radio Project	289	-	(3 468)	(30)	3 453	244
	3 859	32 963	(38 981)	(30)	3 453	1 264
<i>For the year ended 31 March 2007</i>						
Channel Africa	3 080	31 393	(31 755)	362	490	3 570
Community Radio Project	34	-	(2 182)	(255)	2 692	289
	3 114	31 393	(33 937)	107	3 182	3 859

46. RELATED PARTIES *continued*

46.9 Administered funds

	GROUP			COMPANY		
	2009 R'000	2008 R'000	2007 R'000	2009 R'000	2008 R'000	2007 R'000
Bank balances of Community Radio Project	18 017	38 557	45 986	18 017	38 557	45 986

46.10 Service contracts for executive directors

	DC Mpofo	RA Nicholson
Service contract		
- start date	1 August 2005	1 July 2001
- end date	31 January 2009 (<i>resigned</i>)	30 June 2011
Service period	5 years	10 years

46.11 Directors' and key management personnel compensation

GROUP AND COMPANY

Directors' emoluments

Year ended 31 March 2009

	period in months	Service period in months	Basic salary R'000	Bonuses and commissions R'000	Expenses, other allowances R'000	Employer's contribution to pension fund, medical aid and other R'000	Total R'000
Members of the accounting authority							
Non-Executive directors							
Ms. K. Mkonza	Board Chairperson	12	-	-	592	-	592
Ms. C. Qunta	Board Member	12	-	-	441	-	441
Ms. N. Bulbulia	Board Member	12	-	-	191	-	191
Prof A. Gillwald	Board Member	12	-	-	264	-	264
Mr. D.K. Golding	Board Member	12	-	-	300	-	300
Mr. B.B. Khumalo	Board Member	12	-	-	310	-	310
Ms. F. Lagadien	Board Member	12	-	-	289	-	289
Mr. A. Mbeki	Board Member	12	-	-	345	-	345
Ms. G.T. Serobe	Board Member	12	-	-	275	-	275
Mr. A.H. Trikamjee	Board Member	12	-	-	298	-	298
Adv E.F.P Tlakula	Board Member	12	-	-	169	-	169
Mr. B.P. Vundla	Board Member	12	-	-	273	-	273
Executive directors							
Advocate DC Mpofo	Group Chief Executive Officer	10	8 416	-	267	253	8 936
Mr RA Nicholson	Chief Financial Officer	12	1 554	596	640	259	3 049
Senior management							
Mrs T Melk	Company Secretary	6	515	77	82	226	900
Ms R Naidoo	Company Secretary	12	938	168	231	-	1 337
Mr N Simelane	Company Secretary/Acting Group Executive/Acting	6	196	44	39	-	279
Mr GL Mampone	Group Chief Executive	12	1 106	192	553	678	2 529
N Bonthuys	Group Executive/Acting	11	540	100	208	153	1 001
P Luthuli	Group Executive	12	1 404	207	317	321	2 249
TCC Mampone	Group Executive/Acting Chief Operating Officer	12	1 508	247	231	193	2 179
NM Mofokeng	Group Executive	6	523	97	100	-	720
MM Mbebe	Group Executive	12	1 452	242	231	379	2 304

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

46. RELATED PARTIES continued

46. 11 Directors' and key management personnel compensation continued

Directors' emoluments continued		Service period in months	Basic salary R'000	Bonuses and commissions R'000	Expenses, other allowances R'000	Employer's contribution to pension fund, medical aid and other R'000	Total R'000
Service as							
Year ended 31 March 2009							
Senior management (continued)							
LP Mokhobo	Group Executive	12	1 464	232	231	221	2 148
PM Naves	Group Executive	12	993	180	231	134	1 538
P Ntombela-Nzimande	Group Executive	12	1 244	184	317	197	1 942
S Sithole	Group Executive	12	892	163	191	61	1 307
MB Sathekge	Group Executive	12	783	149	166	88	1 186
R Waghorn	Group Executive	1	192	-	85	-	277
T Ntentseni	Group Executive	12	1 127	182	231	160	1 700
SJ Mathebula	Acting Group Executive	8	378	80	156	59	673
E Oosthuizen	Group Executive	4	252	-	99	116	467
TS Mathibe	Acting Group Executive	6	371	57	83	-	511
SJ Zikalala	Group Executive	12	1 453	242	231	300	2 226
A Heunis	Group Executive	12	1 111	195	231	226	1 763
MK Kganyago	Group Executive	12	640	98	166	107	1 011
Total remuneration			29 052	3 732	9 064	4 131	45 979
Year ended 31 March 2008							
Members of the accounting authority							
Non-executive directors							
Mr E Funde*	Board Chairperson	9	-	-	282	-	282
Ms K Mkonza**	Board Chairperson	12	-	-	254	-	254
Ms C Qunta	Board Member	12	-	-	228	-	228
Ms N Bulbulia	Board Member	3	-	-	35	-	35
Prof A Gillwald	Board Member	12	-	-	161	-	161
Mr DK Golding	Board Member	3	-	-	39	-	39
Mr BB Khumalo	Board Member	3	-	-	36	-	36
Ms F Lagadien	Board Member	12	-	-	163	-	163
Mr A Maralack	Board Member	9	-	-	166	-	166
Prof T Mazwai	Board Member	9	-	-	115	-	115
Mr A Mbeki	Board Member	12	-	-	206	-	206
Mr C Msomi	Board Member	9	-	-	108	-	108
Ms GT Serobe	Board Member	3	-	-	28	-	28
D Swartz	Board Member	9	-	-	84	-	84
Mr AH Trikamjee	Board Member	12	-	-	194	-	194
Adv EFP Tlakula	Board Member	3	-	-	23	-	23
Mr BP Vundla	Board Member	3	-	-	36	-	36
Executive directors							
Advocate DC Mpofo	Group Chief Executive Officer	12	1 806	2 140	325	276	4 547
Mr RA Nicholson	Chief Financial Officer	12	1 393	1 471	295	232	3 391

* Board Chairperson until 31 December 2007

** Board Chairperson from 1 January 2008

46. RELATED PARTIES continued

46. 11 Directors' and key management personnel compensation continued

Directors' emoluments continued		Service period in months	Basic salary R'000	Bonuses and commissions R'000	Expenses, other allowances R'000	Employer's contribution to pension fund, medical aid and other R'000	Total R'000
Service as							
Year ended 31 March 2008							
Senior management							
Ms R Naidoo	Company Secretary	12	841	249	261	128	1 479
N Bonthuys	Acting Group Executive	12	536	156	228	104	1 024
P Luthuli	Group Executive	12	1 234	613	321	186	2 354
TCC Mampane	Group Executive	12	1 296	342	239	223	2 100
LG Mampone	Group Executive	12	986	498	295	179	1 958
T Mathibe	Acting Group Executive	12	666	45	204	102	1 017
MM Mbebe	Group Executive	12	1 274	802	234	219	2 529
LP Mokhobo	Group Executive	12	1 273	398	234	210	2 115
PM Naves	Group Executive	12	864	234	234	153	1 485
P Ntombela-Nzimande	Group Executive	12	1 020	214	320	155	1 709
SJ Zikalala	Group Executive	12	1 264	538	234	219	2 255
Total remuneration			14 453	7 700	5 582	2 386	30 121
Year ended 31 March 2007							
Members of the accounting authority							
Non-executive directors							
Mr E Funde	Board Chairperson	12	-	-	347	-	347
Ms C Qunta	Board Member	12	-	-	233	-	233
Prof A Gillwald	Board Member	12	-	-	144	-	144
Ms F Lagadien	Board Member	12	-	-	149	-	149
Mr A Maralack	Board Member	12	-	-	174	-	174
Prof T Mazwai	Board Member	12	-	-	113	-	113
Mr A Mbeki	Board Member	12	-	-	188	-	188
Ms K Mkhonza	Board Member	12	-	-	209	-	209
Mr C Msomi	Board Member	12	-	-	167	-	167
D Swartz	Board Member	12	-	-	109	-	109
Mr AH Trikamjee	Board Member	12	-	-	226	-	226
Executive directors							
Advocate DC Mpopu	Group Chief Executive Officer	12	1 806	1 453	264	275	3 798
Mr SQM Mokoetie	Chief Operations Officer	9	991	1 165	238	161	2 555
Mr RA Nicholson	Chief Financial Officer	12	1 302	1 072	271	219	2 864
Senior management							
Ms S Rapeti	Group Executive	12	849	274	268	145	1 536
P Luthuli	Group Executive	12	954	371	315	144	1 784
TCC Mampane	Group Executive	12	677	301	227	128	1 333
LG Mampone	Group Executive	6	383	68	37	105	593
MM Mbebe	Group Executive	12	966	572	234	170	1 942
LP Mokhobo	Group Executive	12	832	216	209	150	1 407
PM Naves	Group Executive	12	572	147	235	112	1 066
P Ntombela-Nzimande	Group Executive	12	572	122	288	88	1 070
SJ Zikalala	Group Executive	12	833	325	235	151	1 544
Mr MW Jenkins	Group Executive	4	380	1 606	95	63	2 144
Mr IL Rensburg	Group Executive	-	-	539	-	-	539
Total remuneration			11 800	8 336	5 117	2 149	27 402

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

47. 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 and SABC2.

The Group was granted the following Commercial Television Broadcasting Licences by the Public Service Division of the Independent Communications Authority of South Africa (“ICASA”) for the period 23 March 2004 to 22 March 2012: 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: SAfm, RSG, UMHLOBO WENENE FM, UKHOZI FM, LESEDI FM, MOTSWEDING FM, THOBELA FM, LIGWALAGWALA FM, IKWEKWEZI FM, MUNGHANA LONENE FM, PHALAPHALA FM, LOTUS FM, RADIO 2000, X-K FM and TRU FM.

The Group was granted the following Commercial Sound Broadcasting Licences by the Public Service Division of ICASA for the period 23 March 2004 to 22 March 2010: 5 FM, METRO FM and GOOD HOPE FM.

The licence area for all of the licences above is the Republic of South Africa. The licences were granted at no consideration and the Group is required to comply with the applicable regulations as amended from time to time. No subsequent expenditure has been incurred on these licences.

48. LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURES

48.1 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 taken	GROUP AND COMPANY			
		Losses identified R'000	Losses re-covered year to date R'000	Losses written off R'000	Recovery outstanding R'000
<i>Year ended 31 March 2009</i>					
Fraud					
Case 1	Disciplinary action and recovery	1	-	-	1
Case 2	Disciplinary	57	-	-	57
Case 3	Disciplinary action and recovery	4	-	-	4
Case 4	Disciplinary action and civil action	368	-	-	368
Case 5	Disciplinary action and recovery	39	-	(31)	8
Case 6	Disciplinary action and recovery	11	-	-	11
Case 7	Disciplinary action and recovery	21	-	(21)	-
Case 8	Disciplinary action	30	-	(30)	-
Case 9	Disciplinary action and recovery	3	-	-	3
Case 11	Disciplinary action	355	-	(355)	-
Case 12	Disciplinary action	355	-	(352)	3
Case 13	Criminal action and recovery	20	-	-	20
Case 14	Recovery	18	(12)	-	6
Case 15	No action	10	-	(10)	-
Case 16	No action	11	(11)	-	-
Case 17	Control reviews	5 794	-	(5 794)	-
Case 18	Control reviews	4 672	-	(4 672)	-
Case 19	Disciplinary action	4 604	-	(4 604)	-
Case 20	Recovery	20	-	-	20
Case 21	Disciplinary action	734	-	(734)	-
Case 22	Disciplinary action	1 357	-	(1 357)	-

48. LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURES *continued*

Case number	Action taken	Losses identified R'000	Losses re-covered year to date R'000	Losses written off R'000	Recovery outstanding R'000
Year ended 31 March 2009					
Fraud					
Case 23	Disciplinary action	158	-	(158)	-
Case 24	Disciplinary action	15 000	-	(15 000)	-
Case 25	Disciplinary action				-
Theft					
Case 10	Criminal action and recovery	42	(20)	-	22
		<u>33 682</u>	<u>(43)</u>	<u>(33 116)</u>	<u>523</u>
Year ended 31 March 2008					
Fraud					
Case 1	Civil action	168	-	(168)	-
Case 2	Recovery	3	-	-	3
Case 3	Recovery	5	-	-	5
Case 4	Criminal action and recovery	273	-	-	273
Case 5	Criminal action and recovery	118	-	-	118
Case 6	Disciplinary action and recovery	26	-	-	26
Case 7	Disciplinary action and recovery	6	-	(6)	-
Case 8	Disciplinary action and recovery	8	-	-	8
Case 9	Criminal action and recovery	1 890	-	-	1 890
Theft					
Case 10	Recover	6	-	-	6
Case 11	Criminal action and recovery	6	(2)	-	4
		<u>2 509</u>	<u>(2)</u>	<u>(174)</u>	<u>2 333</u>

48.2 Material losses through fruitless and wasteful expenditures

Section 1 of the Public Finance Management Act, No. 1 of 1999, as amended, defines fruitless and wasteful expenditure as expenditure which was made in vain and would have been avoided had reasonable care been exercised.

The following material losses, through fruitless and wasteful expenditure have been identified as being reportable in terms of the materiality framework approved by the Minister of Communications for the year under review:

Year ended 31 March 2009

Fraud					
Case 1	Recovery	35	(23)	-	12
Case 2	Disciplinary action	26	-	-	26
Case 3	Disciplinary action and recovery	300	(300)	-	-
Case 4	Disciplinary action	383	-	(383)	-
Case 5	Disciplinary action and recovery	80	-	-	80
Case 6	Disciplinary action	254	-	-	254
Case 7	Disciplinary action and recovery	6	-	-	6
Case 8	Progressive disciplinary action and recovery	3	-	-	3
Case 9	Disciplinary action and recovery	40	-	-	40
Case 10	Disciplinary action and recovery	75	-	-	75
Case 11	Disciplinary action and recovery	30	-	-	30
Case 12	Disciplinary action and recovery	16	-	-	16
Case 13	Progressive disciplinary action, recovery and renegotiation	17 144	-	-	17 144
Theft					
Case 14	Criminal action	225	(225)	-	-
Case 15	Criminal action	5	-	-	5
Other					
Case 16	Additional stock impairment	30 333	-	(30 333)	-
		<u>48 955</u>	<u>(548)</u>	<u>(30 716)</u>	<u>17 691</u>

Notes to the Annual Financial Statements for the year ended 31 March 2009 (continued)

48. LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURES continued

Case number	Action taken	GROUP AND COMPANY			
		Losses identified R'000	Losses re-covered year to date R'000	Losses written off R'000	Recovery outstanding R'000
Year ended 31 March 2008					
Fraud					
Case 10	Disciplinary action and recovery	95	-	-	95
Case 11	Recovery	36	-	-	36
Case 12	Disciplinary action and recovery	50	(50)	-	-
Theft					
Case 13	Disciplinary action and recovery	4	-	-	4
Other					
Case 14 (expired licence periods)	Disciplinary action and recovery	4	-	-	4
Case 15	Additional stock impairment	79 113	-	(79 113)	-
		<u>79 302</u>	<u>(50)</u>	<u>(79 113)</u>	<u>139</u>

Glossary

- ★ ABET - Adult Basic Education and Training
- ★ ABMP - African Broadcasters' Media Partnership
- ★ ASA - Advertising Standards Authority
- ★ ATM - Asynchronous Transfer Mode
- ★ AUB - African Union of Broadcasters
- ★ BBBEE - Broad-Based Black Economic Empowerment
- ★ BCCSA - Broadcasting Complaints Commission of South Africa
- ★ BIT - Broadcast Information Technology
- ★ CANSA - Cancer Association of South Africa
- ★ CCC - Customer Competency Centre
- ★ CIPRO - Companies and Intellectual Property Registration Office
- ★ CRT - Cathode-ray Tube
- ★ DFP - Dart for Publishers
- ★ DoC - Department of Communications
- ★ DTT - Digital Terrestrial Television
- ★ EAP - Employee Assistance Programme
- ★ EE - Employment Equity
- ★ ER - Employee Relations
- ★ ERM - Enterprise Risk Management
- ★ EVS - Enumeration Verification System
- ★ FET - Further Education and Training
- ★ FIFA - Federation of International Football Associations
- ★ FTP - File Transfer Protocol
- ★ FM - Frequency Modulation
- ★ FTP - File Transfer Protocol
- ★ HCS - Human Capital Services
- ★ HD - High Definition
- ★ HDTV - High Definition Television
- ★ HESA - Higher Education South Africa
- ★ IAS - International Accounting Standards
- ★ ICASA - Independent Communications Authority of South Africa
- ★ IEC - Independent Electoral Commission
- ★ IFRIC - International Financial Reporting Interpretations Committee
- ★ IFRS - International Financial Reporting Standards
- ★ IT - Information Technology
- ★ LSM - Living Standards Measure
- ★ MAPP-SETA - Media, Advertising, Publishing, Printing, Packaging - Sector Education Training Authority
- ★ MCC - Media Credit Co-ordinators
- ★ MTEF - Medium Term Expenditure Framework
- ★ MUX - Multiplexed
- ★ NCA - National Credit Act
- ★ NEMISA - National Electronic Media Institute of South Africa
- ★ PAYE - Pay As You Earn

- ★ PFMA - Public Finance Management Act
- ★ LOC - Local Organising Committee
- ★ LSM - Living Standard Measure
- ★ OB - Outside Broadcast
- ★ OBUs - Outside Broadcast Units
- ★ OCSA - Occupational Care South Africa
- ★ OD - Organisational Development
- ★ OHC - Occupational Health Care
- ★ PBI - Public Broadcasters International
- ★ PSA - Public Service Announcement
- ★ PBS - Public Broadcast Service
- ★ PCS - Public Commercial Service
- ★ PDP - Personal Development Plan
- ★ PFMA - Public Finance Management Act
- ★ PHC - Occupational Health Care
- ★ PIC - Public Investment Corporation
- ★ PMTM - Performance Management and Talent Management
- ★ PPE - Property, Plant and Equipment
- ★ PSL - Premier Soccer League
- ★ RBF - Radio Broadcast Facilities
- ★ SAARF - South African Advertising Research Foundation
- ★ SABA - Southern African Broadcasting Association
- ★ SABC - South African Broadcasting Corporation
- ★ SABE - Southern African Bond Exchange
- ★ SAFTA - South African Film and Television Awards
- ★ SAP - System Application and Products in Data Processing
- ★ SAP CCC - SAP Customer Competency Centre
- ★ SATMA - South African Traditional Music Awards
- ★ SETA - Sector Education and Training Authority
- ★ SMS - Short Message Service
- ★ SOA - Service-Oriented Architecture
- ★ TV - television
- ★ TVBMS - TV Broadcast Management System
- ★ UNICEF - United Nations Children's Fund
- ★ VCT - Voluntary Counselling and Testing

Getting in touch with and tuned into the SABC

Frequencies for all SABC radio stations in the regions:

	JHB-98.0FM DBN-89.9FM BFT-91.3FM CPT-89.9FM
	JHB-96.4 FM BFT-98.1FM WESTEN CAPE-88.6FM EASTERN CAPE-107.7FM DBN-93.0FM PTR-92.4FM MIDDLEBURG-100.3FM
	94-97FM
	91.8-107FM
	87.7-106.6FM
	87.7-104.0FM
	PE-98.3FM GP-106.8 FM CPT-97.8FM KZN-87.7FM
	87.9-107.9FM

	88.2-107.8FM
	98-102FM
	100-104 FM
	104-107 FM
	87.6-92.1 FM
	EASTERN CAPE-89.9-104.1 FM
	90.8-107.4 FM
	88-106 FM
	107.9 FM
	89.4-103.2 FM

Contact Centre:

086 100 7222 or 086 100 SABC or 011 714 9797

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Auckland Park
2006

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0001

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Polokwane
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Fax: 015 290 0178/9

Northern Cape

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Kimberley
8300

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North West Province

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Sales: 031 362 5121

Eastern Cape

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8000

Tel: 021 430 8100

Fax: 021 430 8411

Sales: 021 430 9600

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011 714 3744

News desk

011 714 2433(TV)

011 714 5434(Radio)

SABC products - how to order

011 714 5783

Programme and editorial complaints and comments

011 714 9797

Website address

www.sabc.co.za

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Editor
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