

**SABC Ltd**

**Financial Report for the year to  
date 30 September 2010**

**and**

**The statistics of the control break  
downs for 31 March 2010**

**Chief Financial Officer (Acting)**

**FEEL IT.** It is here.



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# Management Accounts: Monthly Accounts for September

SABC LTD

DATE: 30 SEPTEMBER 2010

## FINANCE OVERVIEW

### 1. Variance report on the Income statement for the month of September 2010:

#### 1.1 Revenue

Total revenue for the month was R21m (4.8%) lower than budget.

Revenue	R'million			
	Cur Month Actual	Cur Month Budget	Cur Month Variance	Cur Month Variance %
Advertising Revenue	0.0	0.0	0.0	0.0
Radio Advertising Rev	-79.6	-92.5	▼ -12.9	-13.9
TV Advertising Revenue	-214.0	-191.0	23.0	12.1
Sponsorship Revenue	-36.5	-46.8	▼ -10.3	-21.9
Trade Exchange	-2.5	-7.8	▼ -5.3	-67.8
TV Licence fees	-64.7	-64.2	0.5	0.8
Government Grants	-6.0	-24.4	▼ -18.4	-75.5
Other Revenue	-5.2	-1.6	3.6	222.8
Content & Commercial	-2.7	-4.6	▼ -1.8	-40.4
Revenue Websites	-0.3	-0.5	-0.2	0.0
Other Income	-4.4	-3.6	0.8	21.0
<b>Total Revenue</b>	<b>-415.9</b>	<b>-436.8</b>	<b>-21.0</b>	

#### Advertising Revenue:

Radio advertising was lower than budget by R13m (14%). Agency sales were lower in view of significant budget cuts by Unilever. Tiger Brands reduced radio advertising in favour of TV advertising. MTN was offered a special deal of R21 million around the Soccer World Cup to compensate for lack of PVA. This deal however is more beneficial to the client in comparison to their normal commitment. They are utilising this deal as a priority above their normal commitment. This increases the risk of MTN not meeting their fiscal commitment. Government sales remains a challenge with most of the accounts blocked due to old outstanding debt. These cannot be unblocked as permission to write off unrecoverable debt has not been received yet. New sales can't therefore be accepted. Sales and Marketing is preparing a business case to open new accounts for new sales and write off old uncollectible debt for approval.

Television advertising was R23m (12%) higher than budget. The improved performance in revenue is mainly driven by and increase in Gauteng agency sales (31% year on year), special focus on SABC 3 with ad hoc sales packages and increased spend by Tiger Brands in favour of radio advertising.

#### Sponsorships:

Sponsorships were R10m (22%) lower than budget in view of:

Programme Sponsorship has underperformed due to the sponsorship by Netstar moving to October (budgets have not been confirmed) and "Jika Majika" and "So You Think You Can Dance" have not obtained sponsorship as it was originally planned. The market perceived these to be expensive.

Sport sponsorship sales have not reached TV Sponsorship targets in view of the shorter PSL season (Soccer World Cup). SABC only broadcasted 7 of the 10 MTN 8 games on SABC1. There was 1 less PSL match broadcast in September. Events like Ragabolo are only starting in October due to S1 approvals on content. These were budgeted to start in August 2010. During September Sport Sales concluded negotiations with ABSA and Vodacom. Both have reduced their budget for this PSL season downwards by R7M on TV and R1M Radio. Efforts are being made to approach other clients to make up the deficit. Going forward Sport Sales is currently in working with BMI to assist for a new sponsorship sales policy and AFP.

#### Trade exchanges:

Both PBS and PCS again reported that trade exchanges were lower than expected. It must be noted that there is a corresponding saving in trade exchange costs under expenses.

# Management Accounts: Monthly Accounts for September

## TV Licence fees:

Cash collections during the month was R10.6m (11%) higher than budget. Renewals and debt collection were both higher than budget. Collections from new licences were lower in view of lower retail sales of TV sets. The improved cash collections resulted in gross TV licence revenue being higher than budget by R0.5m after VAT and revenue-in-advance was accounted for. Revenue-in-advance increased during the month in view of the annual renewal of business TV licences. Business must pay their annual TV licence (Oct – Sep) by the end of September to qualify for bulk discounts and avoid penalties.

## Government Grants:

The Department of Communications (DoC) did not transfer the Education grant. The DoC has requested a reconciliation showing the usage of the grant already transferred during the first quarter of the year.

## Other Income:

Other revenue from facility rentals was higher than budget. Revenue from mobile, merchandise, content exploitation were lower than budget.

## 1.2 Expenditure

Expenses	R'million			
	Cur Month Actual	Cur Month Budget	Cur Month Variance	Cur Month Variance %
Amort. & Imp. Prog, F	127.9	124.9	▼ -2.9	-2.4
Amortisation of Compe	5.7	4.5	▼ -1.2	-26.4
Impairm/(Reversal)Tra	-2.0	0.0	▼ 2.0	0.0
Broadcast Costs	22.2	25.2	▼ 2.9	11.7
Signal Distribution and	43.2	41.6	▼ -1.6	-3.9
Employee Compensat	136.5	133.6	▼ -3.0	-2.2
Depreciation and Impa	17.4	18.7	▼ 1.3	6.8
Marketing Costs	8.7	12.3	▼ 3.5	28.8
Direct Licence Collect	9.2	11.3	▼ 2.1	18.4
Professional and Cons	19.9	16.8	▼ -3.2	-18.9
Other Expenses - Ope	18.0	26.4	▼ 8.4	31.7
Other Expenses - Pen	3.3	5.0	▼ 1.7	34.4
Other Expenses - Adm	4.7	4.7	0.0	-0.2
Other (Profits)/Loss	0.0	0.0	0.0	0.0
Impairment of Propert	0.0	0.0	0.0	0.0
Net Financing (Incom	10.7	14.0	▼ 3.2	23.3
Income Tax Expense	0.0	0.0	0.0	0.0
Post Retirement Medie	0.0	0.0	0.0	0.0
Recog Pension Fund t	0.0	0.0	0.0	0.0
Other Comprh (Incom	0.0	0.0	0.0	0.0
<b>Total Expenses</b>	<b>425.5</b>	<b>438.9</b>	<b>▼ 13.4</b>	

## Amortisation & Impairment of Programme, Film and Sport rights:

Actuals are higher than budget by R3m (2%) in view of:

- SABC 1 was R10.8m lower than budget. The broadcast of FIFA women's soccer on SABC 1 replaced more expensive drama productions e.g. "Sokhulu & Partners". The drama productions will now be broadcasted later in the year to avoid impairment costs.
- SABC 2 was R979 225 lower than budget.
- SABC 3 was R14.3m higher than budget. Foreign content used since April 2010 was amortised during the month. SABC 3 did not budget for these timeslots to be filled with foreign content at a cost to the channel. The channel is assisting in the use of content that will expire soon. This is done in order to reduce the risk of impairment of expired material.
- Content Enterprises was R8.5m lower than budget. Sport rights are R2.3m lower than budget in view of boxing rights that were contracted at a lower fee. The ICC champions trophy was delayed in view of the T20 tournament held in SA. The budget flow for Athletics and the Cape Argus is also not correct.
- News programme costs were lower than budget by R262 803. News and Current affairs projects are still not amortised on a monthly basis. A system of accruals is used to record estimate costs. Allocated budgets for special projects and events have not used in view of the ad hoc nature of these events.

# Management Accounts: Monthly Accounts for September

- Savings achieved by units must be seen against the central content budget cut of R110m for FY2010/11. The monthly portion of the required budget cut was R9m.

## **Broadcast costs:**

Lower than budget by R2.9m (12%) in view of:

- Sales and Marketing was lower than budget by R4.5m. Samro music rights paid in August on GSM cost centres were moved to Platforms.
- PBS was R2.2m higher than budget in view of Samro music right payments being allocated from GSM. The use of Graphic material was R638 000 higher than budget. Repeat fees paid were R599 000 higher than budget. Trade exchange costs were R1.4m below budget.
- PCS TV was R2.2m lower than budget in view of lower Trade exchange costs, repeat fees and on air costs during the month.
- PCS Radio was R2.8m lower than budget in view of lower Trade exchange revenue and costs.
- It should be noted that a provision at 1% of the year-to-date net advertising revenue less cost of mandate was recorded for PBS and PCS Radio platforms during the month.
- Content Enterprises was R3.7m higher than budget in view of the over capitalisation of production costs to programme stock by R7.7m during August. Content Enterprises corrected this in September.
- News was R566 000 lower than budget in view of the late finalisation of News agency contracts and the incorrect flow of the BBC and Reuters budgets.
- Corporate Marketing was R1.1m higher than budget in view of higher trade exchange revenue and cost.

## **Signal distribution and linking costs:**

Higher than budget by R1.6m (4%) in view of:

- PBS Radio was R2.4m higher than budget in view a provision made for the use of the DTH satellite feed.
- PCS was R222 000m lower than budget in view lower than expected costs for the Low power transmitter project.
- News was R930 000 lower than budget in view of the ad hoc nature of special news events and the use of temporary linking lines during these events. An over accrual of R530 000 for Satellite feeds made in August was reversed this month.
- Technology was R352 369 higher than budget. Use of temporary satellite feeds was R554 977 higher than budget.

## **Employee Compensation & Benefits:**

Higher than budget by R3m (2%) in view of:

Leave pay provision - R2.6m higher,  
Overtime – R1m (Airtime OB's and Sport TV Soccer),  
Independent contractors – R323 000 (SAP CCC, SABC choir, CoSec, CFO, Corp Marketing, Procurement, Sales and Marketing (not sales commission), Technology and Regions were all higher than budget. News was R1.4m lower than budget.

## **Marketing costs:**

Lower than budget by R3.5m in view of:

- Sales & Marketing was R2m higher than budget in of the Loeries awards during the month. The budget for the awards is with Corporate Marketing. Sales & Marketing was requested to apply for funds to be transferred from Corporate Marketing in order to avoid over expenditure on both sides.
- ASD (TV licences) was R1m lower than budget in view of no creative agencies being appointed during the first part of the new year.
- PBS TV and Radio were R563 000 lower than budget in view of using the SWC 2010 marketing campaigns to promote their platforms. The platforms are now busy preparing new marketing strategies and creative work that will impact on expenditure later in the year.
- PCS TV and Radio were R2.6m lower than budget in vie of also using SWC 2010 campaigns. The platforms are also in the process of developing new marketing strategies and creative work that will be executed later in the financial year.
- Content Enterprises was R1.4m lower than budget. Only projects that drive revenues or audiences are now allowed to be executed.
- News was R17 000 lower than budget.

# Management Accounts: Monthly Accounts for September

- Regions was R180 000 lower than budget in view of SWC 2010 marketing campaigns and a delay on CSI campaigns.
- Corporate Marketing was R348 000 higher than budget on the cost centres for SWC 2010 (R511 484) and Website Management (R695 417). Corporate & Transversal marketing and Special projects were R416 000 lower than budget.

## **Direct TV Licence collection costs:**

Direct collection costs was R2.1m (18%) lower than budget. The volume of letters being mailed is reducing in favour of other communication channels. This resulted in savings on paper and postage.

## **Professional and Consulting fees:**

Professional and consulting fees were R3.2m (19%) higher than budget in view of:

- Group Services was R4m higher in view of the provision of R8m for the payment of the "SIU" fee.

## **Other Operational Expenses:**

Other operational expenses were R8.4m (32%) lower than budget in view of:

- ASD was R737 000 lower than budget in view of lower rates paid to IT developers.
- Sales & Marketing was R580 000 lower than budget in view of software upgrade of Landmark and lower travel.
- PBS was R593 000 lower than budget in view of strict control over travel and maintenance/repair costs.
- PCS was R195 000 lower than budget in view of budget control of travel expenses.
- Content was R298 000 higher than budget. "Cost of goods – local" was R475 000 higher in view of an accrual for the cost of production for "Rendy productions". This should have been recorded under Programme and Broadcast costs and not Operational costs. "Discounts allowed" was R58 000 higher than budget.
- News was R11 000 higher than budget.
- Technology was R209 000 lower than budget.
- Regions were R5.6m lower than budget in view of the reversal of a year-end accrual for assessment rates in North West. An assessment of R11m for rates and taxes was received last year and accrued for. The payment was reduced to R6m after the SABC was able to provide title deeds for sections of the BOP TV properties.
- Various units in Group Services reflect lower than budget expenses on transport and travel.

## **Other Personnel costs:**

Other personnel costs were R1.7m (34%) lower than budget in view of the ad hoc nature of some of the expense items, budget flows and austerity savings. The following units were significantly lower than budget:

- Sales & Marketing was R112 000 lower than budget on external courses, Seta levy and membership fees.
- PBS was R486 000 lower than budget on staff refreshments, membership fees, seminars and workshops.
- PCs was R77 000 lower than budget.
- Content Enterprises was R144 000 lower than budget on recruitment costs, staff refreshments, personnel functions, external courses, workshops and Seta levy.
- News was R46 000 lower than budget on use of private vehicles, recruitment costs, staff refreshments, workshops, Seta levy and bursaries. Use of newspapers was R63 000 higher than budget.
- Technology was R387 000 lower than budget on Seta levy, bursaries, publications, membership fees, workshops, external courses and staff transport.
- Group Services was R205 000 lower than budget in view of central payments by Procurement for newspapers (R64 000) and publications (R45 000) being lower than budget. The SETA levy was also R20 000 lower than budget.

# Management Accounts: Monthly Accounts for September

## **Other Administrative costs:**

- Other administrative expenses were equal to budget.

## **Other profits/losses:**

None

### 1.3 Profits & margins

The above revenues and expenses resulted in Earnings before interest, taxes and depreciation (EBITDA) of R22m (profit). This was R13m (37%) higher than budget as explained above.

Depreciation and Impairment of PPE was lower than budget by R2m. Depreciation items were lower than budget in view of lower than expected Capex expenditures.

After depreciation the SABC recorded a surplus (EBIT) of R1m vs. a budgeted loss of R12m (R11m or 91% better than budget).

Net financing costs of R11m are lower than budget by R3m (23%) in view of lower borrowings required to-date and lower interest rates. The budgeted allowed for the additional government guarantee of R400m.

Net operating loss after tax amounted to R9.6m. This was R7.6m (379%) higher than budget.

The month's gross profit margin was 53.8% (last month 59.2%) vs. a budget of 55.5%. The year-to-date gross profit margin is 53.9% vs. a budget of 51.8%.

The operating margin for the month was 0.2% (last month 2.8%) vs. a budget of 2.4%. The year-to-date operating margin was 2.4% vs. a budget of -1.5%.

# Half year Financial Reporting FY 2010/2011

## 2. Projected performance for the year ending 31 March 2011.

### 2.1 Revenue

Revenue	R'million						
	Cur Year Projection	Cur Year Budget	Projected Variance	Proj Var %	YTD Variance	Last Year Actual	Last Year Proj Var
Advertising Revenue	0.0	0.0	0.0	0.0	-0.1	-0.6	-0.6
Radio Advertising Rev	-938.3	-1 026.8	-88.6	-8.6	-36.1	-896.3	42.0
TV Advertising Revenue	-2 373.2	-2 304.6	68.6	3.0	125.9	-2 047.7	325.5
Sponsorship Revenue	-799.0	-669.4	129.6	19.4	-121.5	-445.3	353.7
Trade Exchange	-104.6	-106.6	-2.0	-1.9	-15.6	-47.9	56.7
TV Licence fees	-878.8	-888.4	-9.5	-1.1	18.7	-968.2	10.7
Government Grants	-141.8	-141.8	0.0	0.0	-18.4	-305.6	-163.8
Other Revenue	-129.0	-56.9	72.1	126.8	36.9	-80.5	48.6
Content & Commercial	-54.1	-57.6	-3.5	-6.1	-7.9	-42.7	11.4
Revenue Websites	-8.0	-8.0	0.0	0.0	-0.8	-4.3	1.7
Other Income	-44.0	-43.5	0.5	1.1	3.8	-48.7	-4.7
<b>Total Revenue</b>	<b>-5 468.8</b>	<b>-5 301.6</b>	<b>167.2</b>		<b>-15.0</b>	<b>-4 787.8</b>	<b>681.0</b>

It is expected that revenue will be R167m higher than budget by the end of the year. This is an R166m improvement on the August projections. This should also be seen against the lower than budget performance of R15m for the year-to-date. The latest projections would require revenue to perform R182.2m better than budget during the last 6 months of the year.

- Radio advertising revenue is projected to be R89m (9%) lower than budget. TV advertising is expected to be R69m higher than budget. The total advertising revenue projection is R65m lower than the previous month.
- Sponsorship revenues are now projected to be R130m (19%) higher than budget. This is in contradiction with the year-to-date performance (R121m lower than budget) and last month's projection of R557m or R112m below budget. This represents an R242m change in projection. Divisions have been requested to investigate this change in outlook.
- Trade exchange revenue is projected at R2m (2%) lower than budget and the latest projection is R2m lower than the previous projection.
- Audience Services (ASD) indicated that TV Licence revenue will decline towards the end of the year to R10 (1%) lower than budget. This is in view of problems experienced with the finalisation of the debt collection tender process. At present contracts are extended on a 3 months basis making it very difficult for debt collectors to implement collection campaigns at high upfront costs. They are unable to recover their costs in the 3 month period and this places pressure on the debt collection fees charged to ASD. The projection remained unchanged.
- Other revenues are expected to be better than budget by R68m. The budget for revenues from merchandising sales, mobile and digital media was reduced during the budget process as it was believed that budgets provided were too high. The budgets were removed on a central cost centre and not on the cost centres of the revenue generating entities. Removing the budgets on their cost centres would result on lower targets for these units to aim for. Units are thus still pursuing the high optimistic targets.

Risks to revenues include the following:

- Advertising "credits" or "saving accounts" that major advertisers have. These are now being used in favour of actual cash being spent. These "credits" are not recorded as financial derivatives in our financial records,
- Revised ARA regulations that place further restrictions on alcohol advertising during morning drive time shows on Radio,
- Launch of DSTV's Mzansi channel,
- Previous deals that offered high discounts created the expectation with advertisers that they will receive the same discounts in future,
- The shortage of staff in the Sport sponsorship department,
- Delays in finalising the debt collection tender process,
- No staff in the digital media sales department, and
- Negative publicity on the SABC.



# Half year Financial Reporting FY 2010/2011

## SABC Ltd. actual performance dashboard for the 2nd Quarter 2010/11

Income Statement	R'million			
	Cur Quarter Actual	Cur Quarter Budget	Cur Quarter Variance	Cur Quarter Variance %
Revenue & Other Income	-1 237.6	-1 277.7	▼ -40.1	3.1
Expenses	1 215.1	1 250.8	35.7	2.9
Depreciation & Amortisation	70.8	70.1	-0.7	1.0
Net Financing (Income)/Loss	30.6	41.9	11.3	27.0
Income Tax Expenses	0.0	0.0	0.0	0.0
Other Compreh. Income	0.0	0.0	0.0	0.0
<b>(Surplus)/Loss</b>	<b>78.9</b>	<b>85.1</b>	<b>6.2</b>	

Revenue	R'million			
	Cur Quarter Actual	Cur Quarter Budget	Cur Quarter Variance	Cur Quarter Variance %
Advertising Revenue	0.0	0.0	0.0	0.0
Radio Advertising Rev	-218.4	-271.7	▼ -53.3	-19.6
TV Advertising Reven	-556.1	-540.2	15.8	2.9
Sponsorship Revenue	-145.5	-168.5	▼ -23.0	-13.7
Trade Exchange	-33.2	-36.0	▼ -2.7	-7.6
TV Licence fees	-194.4	-181.8	12.6	6.9
Government Grants	-17.9	-36.3	▼ -18.4	-50.7
Other Revenue	-47.9	-17.0	30.9	181.4
Content & Commercia	-9.2	-13.8	▼ -4.6	-33.1
Revenue Websites	-0.8	-1.5	-0.7	-44.1
Other Income	-14.2	-10.9	3.3	30.3
<b>Total Revenue</b>	<b>-1 237.6</b>	<b>-1 277.7</b>	<b>-40.1</b>	

### Ratios

Gross Profit	54.0%
EBIT	-3.5%
NOPAT	-5.6%
Quick Ratio	2.22 : 1
Acid Ratio	1.04 : 1
Debtors	66.4 days
Prog stock	274.1 days
Creditors	103.4 days
Cash Bal.	R73.4m

Divisions		R'million			
		Cur Quarter Actual	Cur Quarter Budget	Cur Quarter Variance	Cur Quarter Variance %
Commercial Enterprises	Entity Revenue	-198.6	-183.2	15.4	8.4
	Expenses	92.9	99.0	6.1	6.1
	<b>Total</b>	<b>-105.7</b>	<b>-84.2</b>	<b>21.5</b>	
	Entity Revenue	-767.6	-811.2	▼ -43.6	5.4

Expenses	R'million			
	Cur Quarter Actual	Cur Quarter Budget	Cur Quarter Variance	Cur Quarter Variance %
Amort. & Imp. Prog, F	375.0	403.0	27.9	6.9
Amortisation of Comp	15.6	13.5	▼ -2.1	-15.7
Impairm/(Reversal)Tra	-2.1	0.0	2.1	0.0

# Half year Financial Reporting FY 2010/2011

## SABC Ltd. actual performance dashboard for the year-to-date ending 2nd Quarter 2010/11

Income Statement	Rmillion						
	YTD Actual	YTD Budget	YTD Variance	YTD Var %	Quarter Variance	Last YTD Actual	Last YTD Variance
Revenue & Other Income	2 658.7	2 673.7	▼ -15.0	0.6	-40.1	2 229.8	428.8
Expenses	2 458.5	2 576.6	118.1	4.6	35.7	2 435.6	-22.9
Depreciation & Amortisation	128.6	141.6	13.0	9.2	-0.7	114.6	-14.0
Net Financing (Income)/Loss	46.6	88.2	41.6	47.2	11.3	-22.4	-68.9
Income Tax Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Compreh. Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>(Surplus)/Loss</b>	<b>-25.0</b>	<b>132.7</b>	<b>157.7</b>		<b>6.2</b>	<b>298.0</b>	<b>323.0</b>

Revenue	Rmillion						
	YTD Actual	YTD Budget	YTD Variance	YTD Var %	Quarter Variance	Last YTD Actual	Last YTD Variance
Advertising Revenue	0.1	0.0	-0.1	0.0	0.0	0.0	-0.1
Radio Advertising Revenue	-486.1	-522.2	▼ -36.1	-6.9	-53.3	-434.9	51.3
TV Advertising Revenue	-1 219.3	-1 093.4	125.9	11.5	15.8	-995.7	223.6
Sponsorship Revenue	-304.2	-425.7	▼ -121.5	-28.5	-23.0	-239.4	64.8
Trade Exchange	-44.4	-59.9	▼ -15.6	-26.0	-2.7	-18.8	25.6
TV Licence fees	-396.3	-377.5	18.7	5.0	12.6	-382.8	13.5
Government Grants	-77.5	-95.9	▼ -18.4	-19.2	-18.4	-66.5	11.0
Other Revenue	-83.9	-47.0	36.9	78.4	30.9	-43.8	40.1
Content & Commercial Exp	-19.3	-27.2	▼ -7.9	-29.0	-4.6	-23.4	-4.1
Revenue Websites	-2.2	-3.0	-0.8	-26.8	-0.7	-0.8	1.4
Other Income	-25.6	-21.7	3.8	17.6	3.3	-23.6	1.9
<b>Total Revenue</b>	<b>-2 658.7</b>	<b>-2 673.7</b>	<b>▼ -15.0</b>		<b>-40.1</b>	<b>-2 229.8</b>	<b>428.8</b>

Divisions		Rmillion						
		YTD Actual	YTD Budget	YTD Variance	YTD Var %	Quarter Variance	Last YTD Actual	Last YTD Variance
Commercial Enterprises	Entity Revenue	-388.9	-380.3	8.6	2.2	15.4	-398.4	-9.6
	Expenses	197.1	203.6	6.5	3.2	6.1	201.4	4.2
	<b>Total</b>	<b>-191.8</b>	<b>-176.8</b>	<b>15.0</b>		<b>21.5</b>	<b>-197.1</b>	<b>-5.3</b>
PBS	Entity Revenue	-1 702.2	-1 731.3	▼ -29.2	1.7	-43.6	-1 361.5	340.7
	Expenses	904.8	994.1	89.3	9.0	43.3	862.6	-42.2
	<b>Total</b>	<b>-797.4</b>	<b>-737.2</b>	<b>60.1</b>		<b>-0.3</b>	<b>-498.9</b>	<b>298.5</b>
PCS	Entity Revenue	-684.4	-684.4	0.0	0.0	-31.8	-604.4	80.0
	Expenses	361.0	389.2	28.2	7.2	11.2	338.7	-22.3
	<b>Total</b>	<b>-323.4</b>	<b>-295.2</b>	<b>28.2</b>		<b>-20.6</b>	<b>-265.7</b>	<b>57.7</b>
Content Enterprises	Entity Revenue	-131.5	-130.7	0.9	0.7	1.0	-75.7	55.8
	Expenses	533.2	560.9	27.7	4.9	11.1	405.6	-127.6
	<b>Total</b>	<b>401.6</b>	<b>430.2</b>	<b>28.6</b>		<b>12.0</b>	<b>329.8</b>	<b>-71.8</b>
News	Entity Revenue	-4.5	-2.0	2.5	121.4	1.1	-1.9	2.7
	Expenses	251.4	268.3	16.8	6.3	7.7	292.2	40.7
	<b>Total</b>	<b>246.9</b>	<b>266.2</b>	<b>19.3</b>		<b>8.8</b>	<b>290.3</b>	<b>43.4</b>
Technology	Entity Revenue	-48.9	-51.1	▼ -2.3	4.5	2.7	-51.7	-2.8
	Expenses	402.0	399.2	▼ -2.8	0.7	-18.0	361.1	-40.9
	<b>Total</b>	<b>353.2</b>	<b>348.1</b>	<b>▼ -5.1</b>		<b>-15.3</b>	<b>309.5</b>	<b>-43.7</b>
Regions	Entity Revenue	-2.6	-2.6	0.0	0.8	0.1	-3.0	-0.4
	Expenses	53.7	62.0	8.3	13.4	5.3	53.7	0.0
	<b>Total</b>	<b>51.1</b>	<b>59.4</b>	<b>8.3</b>		<b>5.4</b>	<b>50.8</b>	<b>-0.4</b>
Group Services	Entity Revenue	-35.6	-15.4	20.2	131.8	8.8	-35.3	0.3
	Expenses	251.2	252.4	1.1	0.4	-4.2	263.1	11.9
	<b>Total</b>	<b>215.6</b>	<b>237.0</b>	<b>21.4</b>		<b>4.6</b>	<b>227.8</b>	<b>12.2</b>
Other Group Entities & Projects	Entity Revenue	-14.0	-17.0	▼ -3.0	17.5	5.1	-1.7	12.4
	Expenses	33.1	17.9	▼ -15.1	84.4	-14.9	53.2	20.2
	<b>Total</b>	<b>19.0</b>	<b>0.9</b>	<b>▼ -18.1</b>		<b>-9.9</b>	<b>51.6</b>	<b>32.5</b>
<b>Total</b>	<b>-25.0</b>	<b>132.7</b>	<b>157.7</b>		<b>6.2</b>	<b>298.0</b>	<b>323.0</b>	

Expenses	Rmillion						
	YTD Actual	YTD Budget	YTD Variance	YTD Var %	Quarter Variance	Last YTD Actual	Last YTD Variance
Amort. & Imp. Prog, Film, &	828.0	863.7	35.7	4.1	27.9	838.6	10.6
Amortisation of Computer S	30.5	27.0	▼ -3.5	-13.0	-2.1	33.3	2.8
Impairm/(Reversal)Trade &	-7.5	0.1	7.5	0.0	2.1	-10.0	-2.5
Broadcast Costs	132.4	173.2	40.7	23.5	11.5	103.0	-29.4
Signal Distribution and Link	243.7	248.2	4.6	1.8	2.7	233.2	-10.5
Employee Compensation &	855.1	809.3	▼ -45.8	-5.7	-31.9	873.5	18.4
Depreciation and Impairme	105.6	114.6	8.9	7.8	-0.7	91.4	-14.2
Marketing Costs	46.4	96.8	50.4	52.1	23.7	48.1	1.7
Direct Licence Collection C	64.3	75.0	10.7	14.2	3.9	77.1	12.7
Professional and Consulting	105.4	84.9	▼ -20.5	-24.1	-23.6	67.3	-38.0
Other Expenses - Operatio	127.1	167.2	40.1	24.0	25.2	145.0	17.9
Other Expenses - Personne	24.1	29.7	5.7	19.0	-0.5	20.0	-4.0
Other Expenses - Administr	30.4	28.4	▼ -2.0	-7.1	-1.6	35.8	5.4
Other (Profits)/Loss	1.6	0.1	▼ -1.6	0.0	-1.6	-6.0	-7.6
Impairment of Property, Pla	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Financing (Income)/Los	46.6	88.2	41.6	47.2	11.3	-22.4	-68.9
Income Tax Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Post Retirement Medical Ai	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recog Pension Fund Surpl	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Comprh (Income)/Los	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Expenses</b>	<b>2 633.7</b>	<b>2 806.4</b>	<b>172.7</b>		<b>46.3</b>	<b>2 527.9</b>	<b>-105.8</b>

Please note: Rounding differences may occur.

# Half year Financial Reporting FY 2010/2011

## SABC Ltd. Balance sheet performance as at the end of 2nd Quarter 2010/11

Balance Sheet		R'million			
		Opening Balance	YTD Movement	Quarter Movement	Closing Balance
Assets	Non-Current Assets	2 228.9	-138.2	-63.8	2 090.7
	Current Assets	2 353.2	231.4	124.4	2 584.7
	<b>Total</b>	<b>4 582.2</b>	<b>93.3</b>	<b>60.6</b>	<b>4 675.4</b>
Equity	Share Capital	0.0	0.0	0.0	0.0
	Fair Value Adjustment	-2.1	0.0	0.0	-2.1
	Retained Earnings	-1 045.6	-54.7	-10.4	-1 100.3
	Insurance Reserve	0.0	0.0	0.0	0.0
	<b>Total</b>	<b>-1 047.7</b>	<b>-54.7</b>	<b>-10.4</b>	<b>-1 102.4</b>
Liabilities	Non-Current Liabilities	-2 378.9	29.4	5.9	-2 349.5
	Current Liabilities	-1 155.5	-68.0	-56.1	-1 223.5
	<b>Total</b>	<b>-3 534.5</b>	<b>-38.5</b>	<b>-50.2</b>	<b>-3 573.0</b>
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

Capex		R'million			
		Budget	Prev Year Actual	Cur Year Actual	Proj Final Cost
	Broadcast Inform	221.8	109.6	4.9	220.0
	Engineering Serv	60.0	2.4	1.1	59.6
	Henley Tv Facilit	190.3	19.0	13.6	179.0
	Insurance Replac	0.0	0.2	0.1	0.4
	Logistical Service	14.2	9.3	0.5	10.9
	Other Divisions	65.7	29.1	7.2	65.0
	Radio Broadcast	41.7	17.6	4.5	36.1
	Regions	112.9	11.3	0.9	50.1
	Sabc Tvob Facilit	417.1	331.7	15.5	381.3
	Technology Supp	0.0	0.0	0.0	0.0
<b>Total</b>		<b>1 123.7</b>	<b>530.2</b>	<b>48.4</b>	<b>1 002.3</b>

Balance Sheet	External & Internal	R'million		
		External	Internal	Close Balance
	Non-Current Assets	2 090.7		2 090.7
	Current Assets	2 518.3	66.4	2 584.7
	Share Capital	0.0		0.0
	Fair Value Adjustment	-2.1		-2.1
	Retained Earnings	-1 100.3		-1 100.3
	Insurance Reserve	0.0		0.0
	Non-Current Liabilities	-2 349.5		-2 349.5
	Current Liabilities	-1 184.3	-39.2	-1 223.5
<b>Total</b>		<b>-27.2</b>	<b>27.2</b>	<b>0.0</b>

Current Assets	R'million		
	Opening Balance	YTD Move	Closing Balance
Cash and Cash Equiva	147.6	-77.5	70.1
Current Derivative Fina	0.0	0.0	0.0
Current Loans and Rec	0.0		0.0
Current Prepayments	221.3	5.1	226.4
Data Take-on	0.0	0.0	0.0
Held to Maturity Invest	190.0	132.5	322.5
Inter Company Clearing	3.0	23.0	26.0
Inventories	2.7	0.6	3.3
Programme, Film & Sp	899.5	62.7	962.2
Restricted Cash	1.2	52.3	53.6
Trade and Other Recei	887.9	32.7	920.6
<b>Total Current Assets</b>	<b>2 353.2</b>	<b>231.4</b>	<b>2 584.7</b>

Current Liabilities	R'million		
	Opening Balance	YTD Move	Closing Balance
Accrued Expenses	-483.3	-170.5	-653.8
Current Employee Benefit	0.0	9.9	9.9
Current Interest Bearing L	-46.0	0.0	-46.0
Deferred Government Gra	0.0		0.0
Deposits	-0.1	0.0	-0.1
Derivative Financial Instr	0.0	0.0	0.0
Employee Costs	-2.1	0.5	-1.6
Employee Incentives	-22.7	-2.9	-25.6
GR/IR Clearing	-79.9	28.2	-51.6
Grants and Sponsorships	-85.8	84.8	-1.0
Intercompany Clearing	9.4	0.4	9.8
Other Payables	-173.1	27.1	-146.0
Provisions	-88.1	0.0	-88.1
TV Licenses Received in	-44.6	-20.0	-64.6
Taxation Payable	-61.8	0.0	-61.8
Trade Payables - Foreign	-86.0	-12.0	-98.0
Trade Payables - Local	-7.1	-15.0	-22.0
Travel Clearing	15.5	1.5	17.0
<b>Total Current Liabilities</b>	<b>-1 155.5</b>	<b>-68.0</b>	<b>-1 223.5</b>

Cash Balances		R'million			
		Open Balance	YTD Movement	Quarter Movement	Close Balance
Cash and Cash Equivalents	Call Deposits	136.6	▼ -100.1	-27.0	36.5
	Cash on Hand and Ba	11.0	22.6	78.9	33.6
	<b>Total</b>	<b>147.6</b>	<b>▼ -77.5</b>	<b>51.9</b>	<b>70.1</b>
Held to Maturity Investment	Short Term Deposits	190.0	132.5	21.5	322.5
	<b>Total</b>	<b>190.0</b>	<b>132.5</b>	<b>21.5</b>	<b>322.5</b>
<b>Total Cash balances</b>		<b>337.6</b>	<b>55.0</b>	<b>73.4</b>	<b>392.6</b>

Programme, Film & Sport rights	Cur Quarter Actual R'000	Year-to-Date Actual R'000
	Closing Balance	962 217
Plus: Amortised costs	128 144	882 316
Less: Opening Balance	-979 238	-899 533
<b>Purchased</b>	<b>111 123</b>	<b>945 000</b>
<b>Pre-paid Prog/Film &amp; Sport rights</b>		
Opening Balance	245 737	319 814
Less: Closing Balance	281 905	281 905
<b>Net movement</b>	<b>36 169</b>	<b>-37 908</b>
<b>Total purchased</b>	<b>147 291</b>	<b>907 091</b>

# Year to date IFRS numbers: Statement of Financial Position

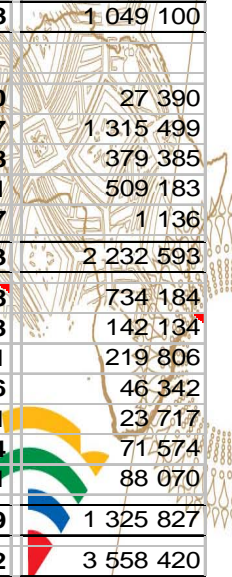
<b>South African Broadcasting Corporation Limited</b>		
<b>Statement of financial position as at 30 September 2010</b>		
	<b>2011</b>	<b>2010</b>
	<b>R'000</b>	<b>R'000</b>
<b>ASSETS</b>		
Property, plant and equipment	1 463 500	1 522 319
Investment properties	33 234	33 233
Computer software	231 429	260 861
Defined benefit asset	270 522	285 819
Investment in subsidiaries	71	71
Available-for-sale financial assets	13 023	13 025
Prepayments	79 022	115 061
Other non-current assets	11	11
<b>Total non-current assets</b>	<b>2 090 812</b>	<b>2 230 400</b>
Programme, film and sports rights	977 534	899 534
Inventories	3 303	2 731
Trade and other receivables	946 638	914 757
Held-to-maturity investments	322 500	190 000
Prepayments	226 423	221 279
Restricted cash	53 554	53 123
Cash and cash equivalents	70 057	95 696
<b>Total current assets</b>	<b>2 600 009</b>	<b>2 377 120</b>
<b>Total assets</b>	<b>4 690 821</b>	<b>4 607 520</b>
<b>EQUITY</b>		
Share capital	1	1
Insurance reserve	( 6)	
Fair value adjustment reserve	2 118	2 118
Retained earnings	1 116 776	1 046 981
<b>Total equity</b>	<b>1 118 888</b>	<b>1 049 100</b>
<b>LIABILITIES</b>		
Perpetual instrument	27 390	27 390
Interest-bearing loans and borrowings- Government Guarantee	1 298 767	1 315 499
Deferred government grant	343 598	379 385
Employee benefits	607 031	509 183
Other non-current liabilities	1 137	1 136
<b>Total non-current liabilities</b>	<b>2 277 923</b>	<b>2 232 593</b>
Trade and other payables	946 568	734 184
Employee benefits	15 728	142 134
Deferred income	64 281	219 806
loans and borrowings	45 996	46 342
Taxation payable	61 791	23 717
Current portion of deferred government grant	71 574	71 574
Provisions	88 071	88 070
<b>Total current liabilities</b>	<b>1 297 009</b>	<b>1 325 827</b>
<b>Total liabilities</b>	<b>3 574 932</b>	<b>3 558 420</b>
<b>Total equity and liabilities</b>	<b>4 690 821</b>	<b>4 607 520</b>

September 2010

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# Year to date IFRS numbers: Income Statements

Income Statement for the period ended 30 September 2010		
	2 011	2010
	R'000	R'000
<b>Revenue</b>	<b>2 633 090</b>	4 739 112
Other income	25 578	48 713
Amortisation of programme, film and sports rights	( 812 590)	(1 579 962)
Impairment of programme, film and sports rights	-	( 70 484)
Amortisation of computer software	( 30 479)	( 59 040)
Impairment of computer software	-	-
(Reversal)/Impairment of trade and other receivables	7 456	( 3 838)
Broadcast costs	( 140 024)	( 250 054)
Signal distribution and linking costs	( 243 675)	( 474 966)
Employee compensation and benefit expenses, <i>excluding actuarial (gains)/losses</i>	( 855 069)	(1 753 484)
Depreciation of property, plant and equipment	( 105 599)	( 194 328)
Impairment of property, plant and equipment.	-	-
Marketing costs	( 46 414)	( 90 375)
Direct licence collection costs	( 63 193)	( 152 524)
Professional and consulting fees	( 97 855)	( 134 459)
Other expenses: Personnel costs	( 24 085)	( 34 829)
Other expenses: Operational	( 157 478)	( 403 804)
Other profits/(losses)	( 1 648)	2 309
<b>Operating profit/(loss) before interest and taxation</b>	<b>88 016</b>	( 412 013)
Net financing loss	( 46 563)	( 74 919)
Finance income	19 043	93 628
Finance expenses	( 65 606)	( 168 547)
<b>Profit/(Loss) before income tax</b>	<b>41 453</b>	( 486 932)
Income tax expense/(income)	-	( 619)
<b>Profit/ (Loss) for the year*</b>	<b>41 453</b>	( 487 551)

\*Note: Adjusted for accounting adjustments as per the requirement of IFRS

# Year to date IFRS numbers: Cash Flow Statement

South African Broadcasting Corporation Limited		
Statement of cash flow for the year ended 30 September 2010		
	2 011	2010
	R'000	R'000
<b>Cash flows from operating activities</b>		
Cash receipts from customers	2 471 262	4 871 197
Cash paid to suppliers and employees	(2 328 987)	(5 108 905)
Cash generated/(utilised) in operations	142 276	( 237 708)
Interest received	11 551	25 764
Dividends received	149	-
Interest paid	( 60 694)	( 124 973)
Income tax received/(paid)	85 508	110 512
<b>Net cash flow from operating activities</b>	<b>178 790</b>	<b>( 226 405)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	( 0)	6 042
Acquisition of property, plant and equipment- <i>to maintain business</i>	( 53 370)	( 383 343)
Acquisition of property, plant and equipment- <i>to expand business</i>	-	-
Acquisition of investment properties	-	-
Acquisition of computer software	( 1 048)	( 25 778)
Proceeds from disposal of computer software	-	-
Repayment of loan made to Sentech Limited	-	-
Acquisition of equity rights of the media assets	( 2)	( 2 912)
Proceeds/(acquisition) of held-to-maturity investments	-	-
Proceeds/(acquisition) of held-to-maturity investments	( 132 500)	( 190 000)
Increase in restricted cash	( 431)	( 23 911)
<b>Net cash flow from investing activities</b>	<b>( 187 351)</b>	<b>( 619 902)</b>
<b>Cash flows from financing activities</b>		
Repayment of loan from subsidiary	-	( 3 036)
Repayment of interest bearing loan	-	-
Raising of interest bearing loan from previous cash and cash equivalents	-	(89 000)
Instalment sale paid during the year	(17 078)	(15 261)
Finance raised with instalment sales	-	325 845
Funds raised with assistance of government guarantee	-	1 000 000
Proceeds from government grant	-	131 579
<b>Net cash flow from financing activities</b>	<b>( 17 078)</b>	<b>1 350 127</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>( 25 639)</b>	<b>503 820</b>
Cash and cash equivalents at beginning of the year	95 696	( 408 123)
<b>Cash and cash equivalents at end of the year</b>	<b>70 057</b>	<b>95 696</b>

# Statistics of Internal control breakdowns

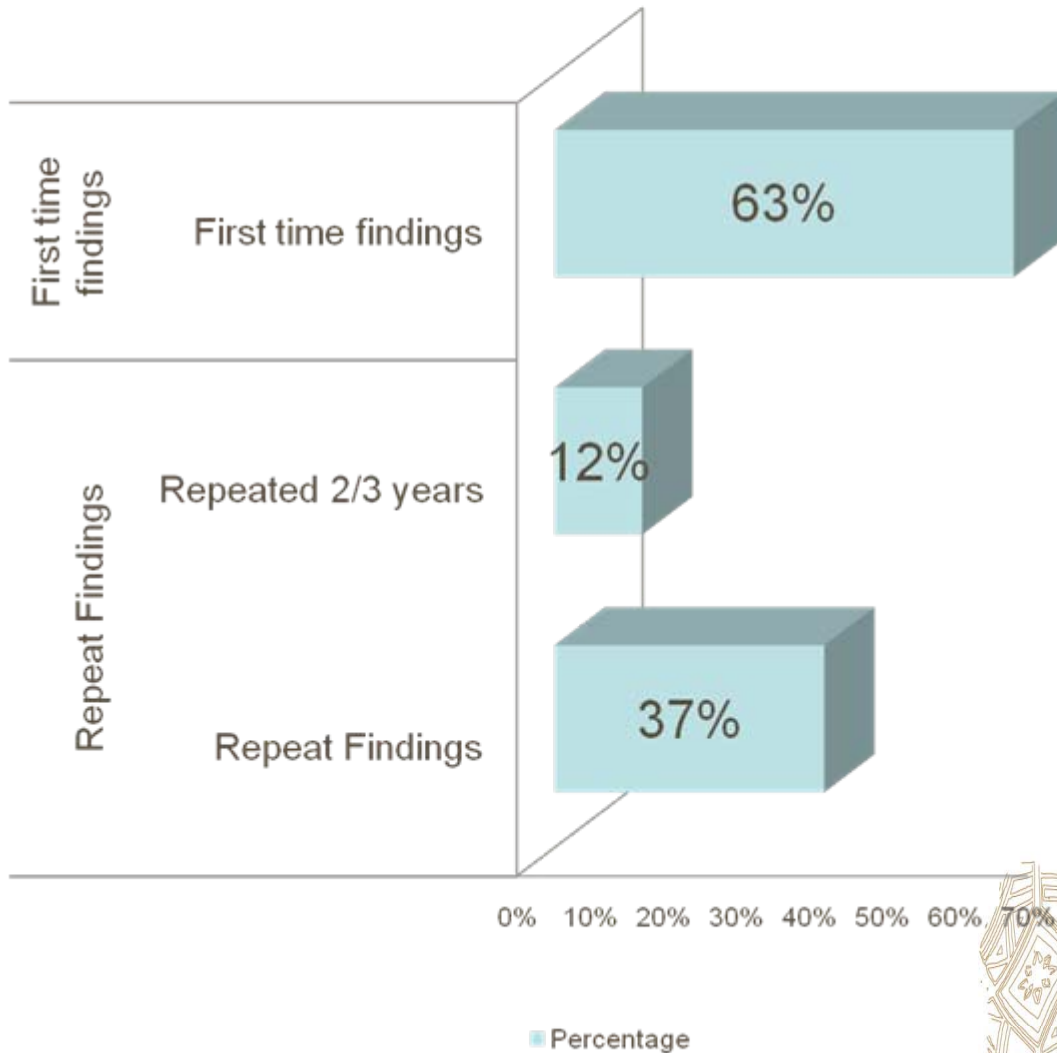
In the period under review 155 management letter points were identified during the audit of the SABC.

A number of these are recurring management letter points from previous periods.

The management letter points have been graded in terms of the AG requirements to indicate the required action by management.



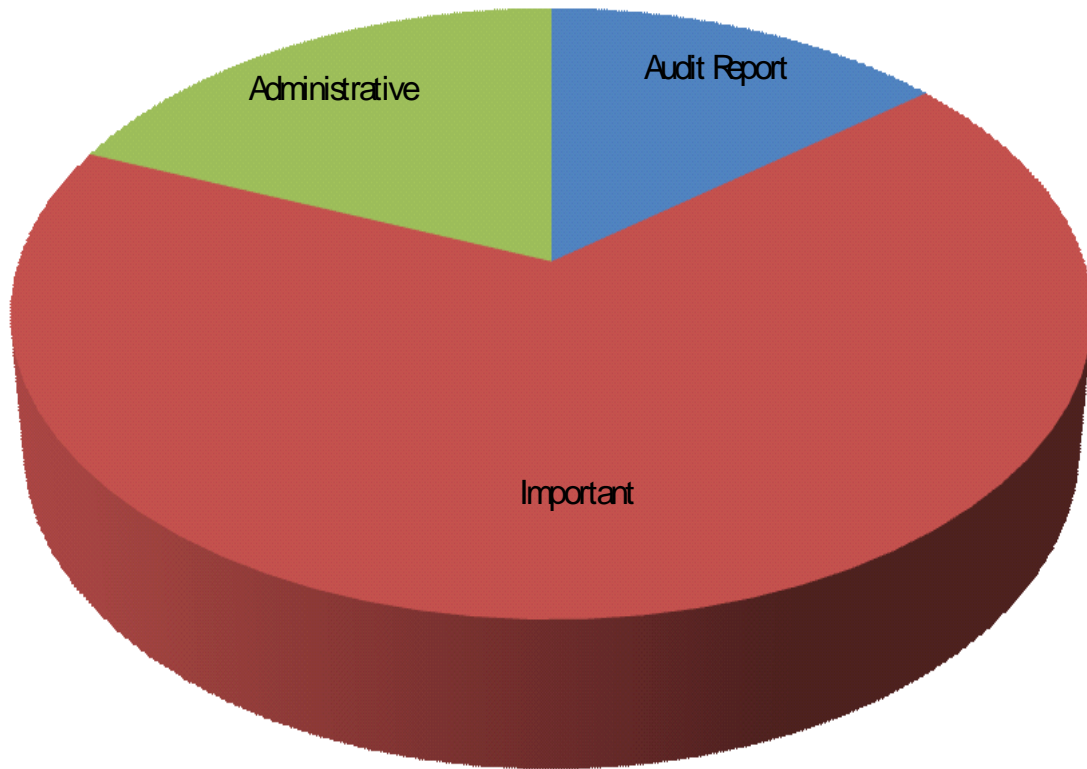
# Recurrence of findings



	Repeat Findings	Repeated 2/3 years	First time findings
<b>No of findings</b>	<b>57</b>	<b>18</b>	<b>98</b>
<b>Percentage</b>	<b>37%</b>	<b>12%</b>	<b>63%</b>

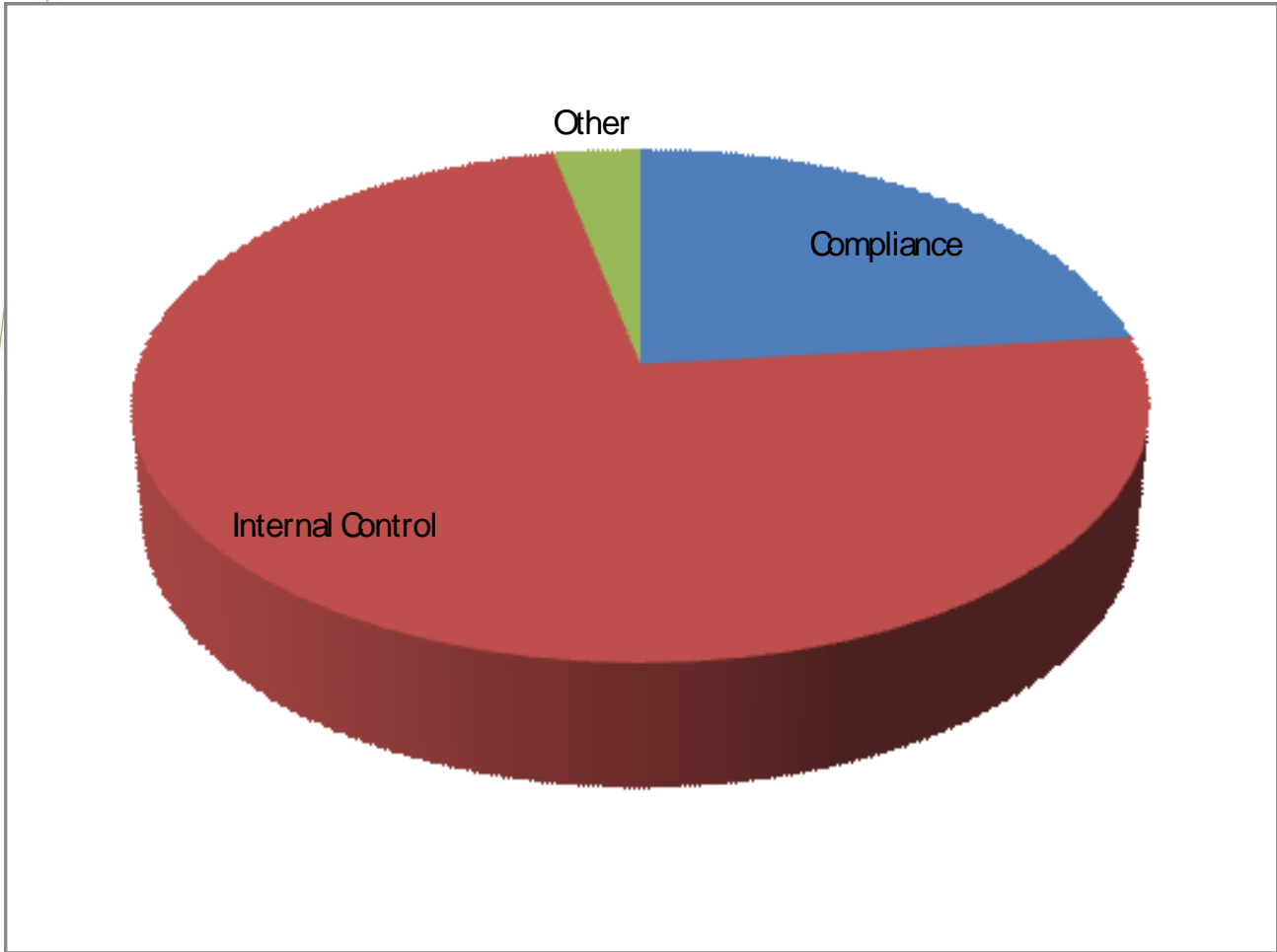


# Rating of findings

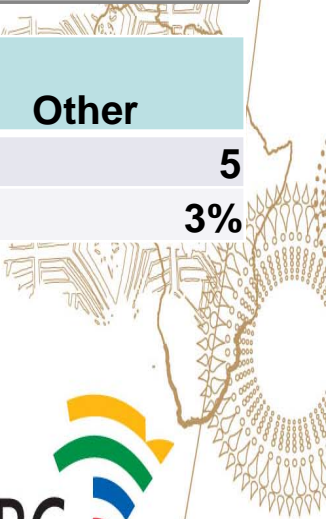


	Matter affecting Audit Report – Requires urgent attention	Important matters – Address in 12 months	Administrative matters – Address at discretion
No of findings	22	104	29
Percentage	14%	67%	19%

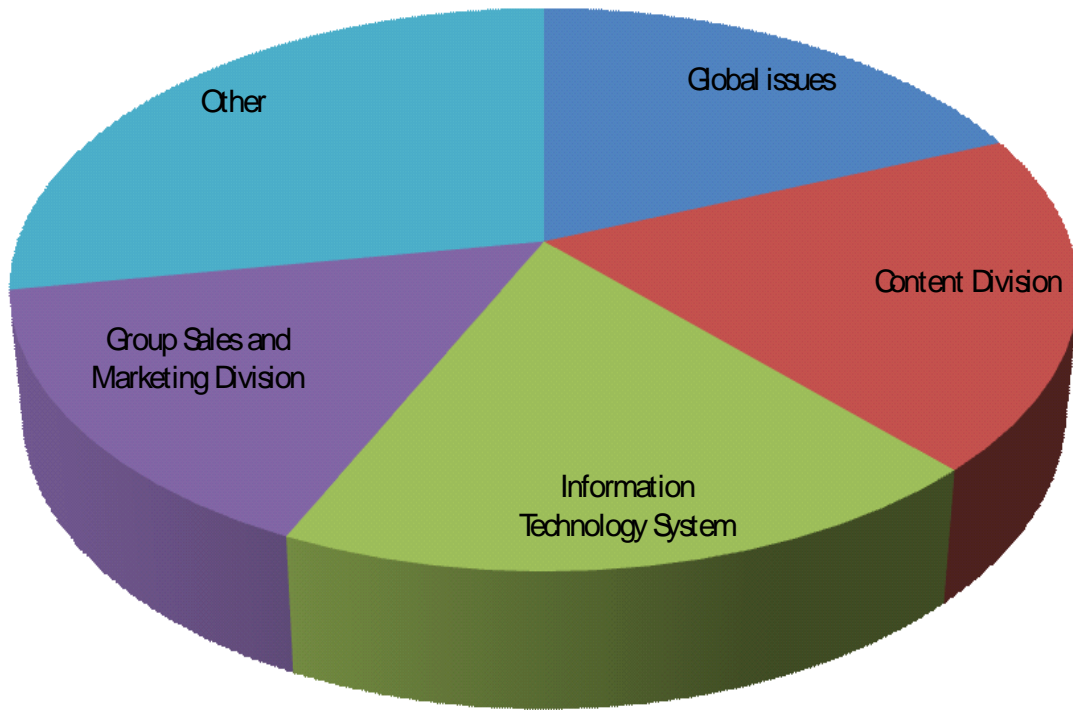
# Classification of findings



	Compliance matter	Internal Control deficiencies	Other
<b>No of findings</b>	<b>36</b>	<b>114</b>	<b>5</b>
<b>Percentage</b>	<b>23%</b>	<b>74%</b>	<b>3%</b>



# Findings per division



	Company wide issues	Content	IT	GSM	Other*
<b>No of findings</b>	<b>29</b>	<b>30</b>	<b>29</b>	<b>24</b>	<b>43</b>
<b>Percentage</b>	<b>19%</b>	<b>19%</b>	<b>19%</b>	<b>15%</b>	<b>28%</b>

\* The other divisions include Technology, Group Services, PBS, PCS and Regions.