SABC

DIVERSITY
CONTENT
AUDIENCE
ACCESS INNOVATION T
CONVERSATION TECHNOLOGY V VALUES
RADIO **ANNUAL** VISION HUMAN FUTURE
EMPOWERMENT **REPORT** DIGNITY
MISSION
DIGITAL ERA **2012** EDUCATION NEWS CULTURE
PARTNERSHIPS
SPORT ENTERTAINMENT
STRATEGY
GROWTH

EMBARKING ON
A NEW ERA

OF
CONNECTING
CITIZENS GLOBALLY
THROUGH DIGITAL
BROADCASTING

TOTAL VISION
CITIZEN EMPOWERMENT

Broadcasting for Total Citizen Empowerment.

MISSION
DRIVEN
SUSTAINABLE
STRATEGIC

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

VALUES
RESTORING
DIGNITY
PARTNERSHIPS

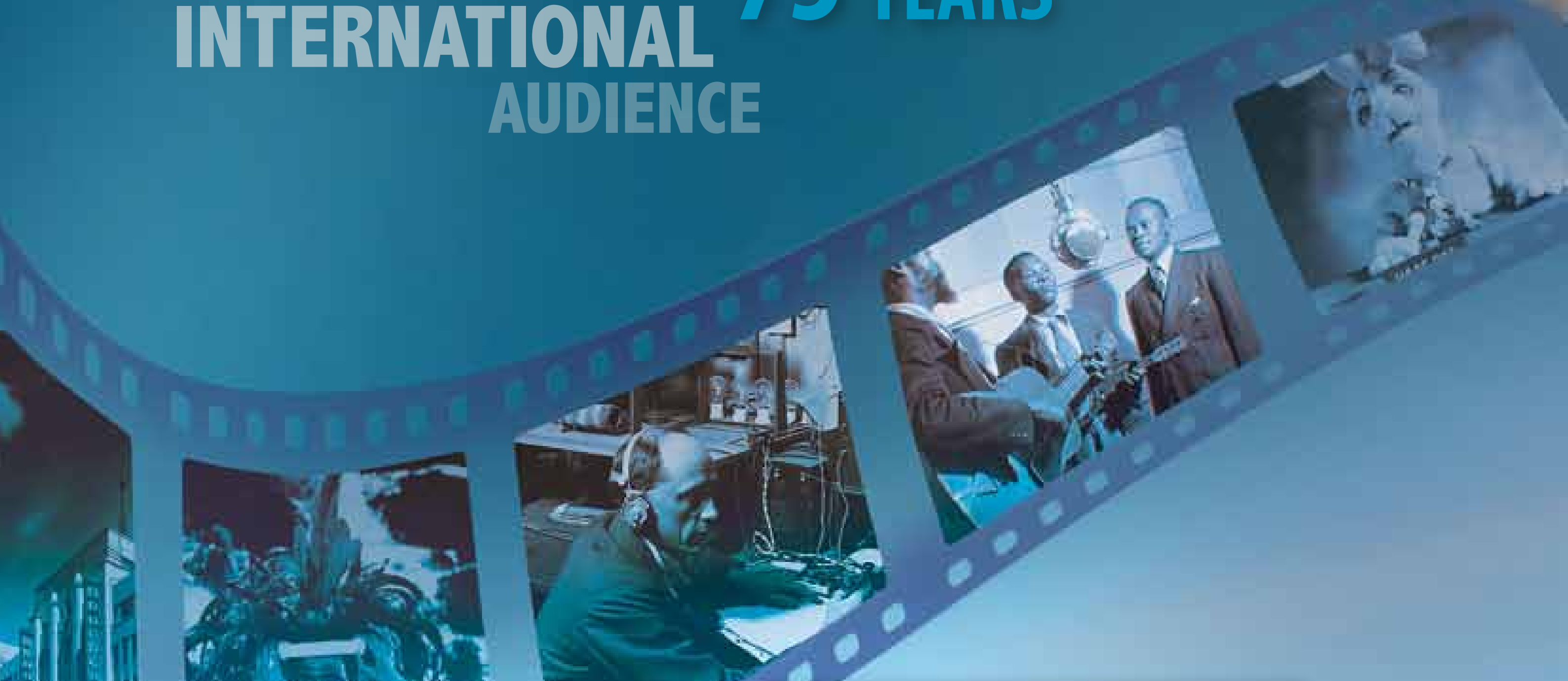
Conversations and partnerships.
Restoration of human dignity.
Building a common future.

HIGHLIGHTS
CELEBRATE SURPASSING
MILESTONES

TOUCHING LIVES

FOR OVER 75 YEARS

ACHIEVEMENTS
INTERNATIONAL
AUDIENCE



75 years of Inspiring the Nation...

The past year saw the SABC celebrate another key milestone in its history: the Corporation celebrated 75 years of broadcasting. It was a celebration that would have made the founding members proud.

Through its 18 radio stations and 3 television channels the SABC continued to dominate the radio and free-to-air television spaces across the spectrum. Its signature shows, such as Generations and Muvhango, continued to top the audience ratings (ARs) as they have over the past several years, with both shows reaching 23.4 and 11.4 ARs, gaining access to 6.2 million and 3.2 million households, respectively, during the year under review.

Other shows such as 7de Laan and the Bold and the Beautiful made it into the top 10 of the ARs. It is quite heartening to note that the majority of the top performing shows are locally produced.

SABC programming dominated the Pay-TV market with 9 out of 10 SABC shows occupying the Top 10 Pay-TV platform ARs.

Our sports properties continued to hold their own even against pay-television platforms. The broadcast of key soccer games saw the SABC reaching some of the highest ARs in the year under review e.g. the international friendly between South Africa and Burkina Faso reached 5.5 million households. This trend continued throughout the year.

Similarly, Radio continued to dominate the South African airwaves, demonstrating that the platforms were still in tune with their audiences. The radio platform delivered a 66% growth in audience share. Although Public Broadcast Service (PBS) Radio was not able to meet its growth targets of 58% from 55%, Public Commercial Service (PCS) Radio grew its total audience share to 14% of Living Standards Measure (LSM) 7-10, achieving an 8% all-races audience.

All our platforms performed well against the Independent Communications Authority of South Africa (ICASA) mandate and content quotas, comfortably surpassing most of the set targets. Various changes were effected at all our radio stations and we are confident that some of these interventions will begin to bear fruit in the new financial year.

Just as it has done for the past 75 years, the SABC continued to demonstrate that it remains in touch with its audiences and to touch the lives of South Africans across every spectrum of our society, a feat we hope to continue for the next 75 years.

RELATIONSHIPS LOCAL CONTENT OUR PEOPLE ACHIEVEMENTS CURRENT AFFAIRS DIGITAL FINANCIAL AWARDS MANDATE UNIVERSAL ACCESS REPORT PERFORMANCE ENTERTAINMENT

CONTENTS

This is the 75th Annual Report of the South African Broadcasting Corporation Limited, referred to as 'SABC', 'the Corporation' or 'the Company' (Registration Number: 2003/023915/06). It is tabled in Parliament in terms of the Broadcasting Act, No 4 of 1999, as amended, and the Public Finance Management Act, No 1 of 1999, as amended. This report details the activities of the SABC for the twelve months ended 31 March 2011.


Sanlam

SABC AT A GLANCE

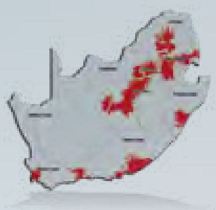
METRO FM

METRO FM is the largest national urban commercial station in South Africa with listeners in excess of 6 million. The station embodies and reflects the style and attitude of its listeners, who are ambitious, high flyers with the confidence that comes from being comfortable in a multiracial multicultural South Africa. Though primarily a music station METRO FM also delivers credible and unbiased news reporting that keeps its listeners involved and informed. As a brand, METRO FM is influential in driving the habits of its listeners as an extension of the listener's lifestyle. METRO FM is well positioned as a primary vehicle to reach the emerging, influential and aspirant Black market.

Average weekly audience:
6.423 million adults (15+).

THE POWER OF 5FM

Hailed as the entertainment power-house for South African youth, 5FM delivers the most popular contemporary music and entertainment to its listeners. With its finger on the pulse of global music and content trends, 5FM gives its audience the opportunity to be part of the energy and dynamism of the fast-changing youthful global community. Underpinned by its diverse and vibrant on-air talent, 5FM caters to the varied tastes of the audience that it serves. 5FM's youthful mindset, combined with its innovative attitude, allows the station to deliver an environment where the youth meet and amplify their experiences.



Average weekly audience:
2.246 million adults (15+).

GOOD HOPE FM 94-97 – Connecting Cape Town.

GOOD HOPE FM is Cape Town's leading music-focused, interactive, lifestyle radio station, whose Contemporary Hit Radio format provides a music-mix of R&B, Pop, Soft Rock, Hip Hop, Dance and the best South African Music. As an ideal medium to reach the twenty-something Capetonian audience, GOOD HOPE FM is well positioned to meet the lifestyle needs of this audience through showcasing events and public concerns.

Average weekly audience:
653 thousand adults (15+).

ukhozi fm

Ukhozi FM is a leading ALS station with audiences in excess of 6 million over the last decade. Broadcasting in isiZulu, the station is one of the biggest in Africa and keeps its audiences connected to their cultural identity in a modern world context. Playing a mix of Maskandi, Mbaqanga, Kwaito, Gospel, Pop and R&B music, it appeals to its audience's varied taste in African music.

Average weekly audience:
7.188 million adults (15+).

uMhlobo Wenene fm

Broadcasting from Port Elizabeth, Umhlobo Wenene FM is the most dominant medium in the region and it out-performs all other media. It is the only African-language station to broadcast in nine provinces and cover all of SA's major metropoles. Aimed at people who understand and speak isiXhosa, Umhlobo Wenene is a beacon to those who seek to preserve and protect their language, customs and traditions.

Average weekly audience:
4.085 million adults (15+).

LESEDI FM

Lesedi FM broadcasts from Bloemfontein to the Sesotho-speaking and -understanding communities. It is the biggest Sesotho radio station in South Africa. As a needs-driven participatory radio station, Lesedi FM provides regular programming that touches on issues that have a direct bearing on the development of listeners.

Average weekly audience:
3.584 million adults (15+).

Source: RAMS (Jan-May 2012) – used for audience figures

Thobela FM is the contemporary voice of Northern Sotho-speaking and -understanding South Africans, who are proud and respectful of their cultural heritage, without being tied to it. The station offers a platform for listeners to feel part of a generous, caring family.

Average weekly audience:
2.798 million adults (15+).

Motsweding FM broadcasts from Mmabatho in Setswana. It is the largest Setswana radio station in South Africa, with listeners that look up to the radio station as a source of education and entertainment. Motsweding FM has massive spillover listenership in Botswana. Motsweding FM aims to be the contemporary voice of Setswana-speaking and -understanding South Africans who acknowledge and are proud of their cultural heritage.

Average weekly audience:
3.180 million adults (15+).

RSG is a dynamic, full-spectrum radio station which offers diverse programming that is in touch, relevant and rooted in people's needs – a totally Afrikaans station. It is the all-in-one preferred radio station with something for everyone who speaks or understands Afrikaans, regardless of race. A wide range of music genres is offered, from Afrikaans, classical, popular, gospel, jazz and country music that appeals to forward-thinking people who have a sense of belonging in the new South Africa. RSG has a loyal listener base throughout the country attracting a diverse range of South Africans.

Average weekly audience:
1.935 million adults (15+).

Munghana Lonene FM broadcasts in Xitsonga. The station's broadcast reach stretches from Limpopo to Gauteng, Mpumalanga and the North West. Boasting a vibrant mix of education, information and entertainment, the station has found appeal with a large cross-section of the population who are active participants in the shows, adding their opinion and seeking advice.

Average weekly audience:
1.175 million adults (15+).

Ligwalagwala FM prides itself on being an upbeat radio station that speaks to young, motivated, upwardly mobile black siSwati-speaking people. Playing a mix of Kwaito, Ballads, House, R&B and Gospel, Ligwalagwala FM appeals to its listeners who are progressive and brand-conscious as they have true urban identities. The aim of the radio station is to act as a friend, teacher, entertainer and nation-builder for its listeners, broadcasting content that enriches the daily lives of its audience.

Average weekly audience: 1.391 million adults (15+).

Ikwekwezi FM takes pride of place as the only station in the country that caters to the isiNdebele community of South Africa. The radio station has been positioned to improve the lives of its listeners by keeping them in touch with current issues, while catering for the needs and tastes of the Ndebele people. It follows a music-and-talk-based format whilst understanding that its target market wants to be informed in an entertaining way.

Average weekly audience:
1 734 million adults (15+).

Broadcasting out of Polokwane, Phalaphala FM talks to the young, aspirant and upwardly-mobile black people living in the Northern Province. Aimed at the Tshivenda-speaking population, Phalaphala FM is recognised mostly as a music station with some talk content.

Average weekly audience:
1.031 million adults (15+).

Tru FM gives a platform for free expression to young people. Speaking to South Africa's youth and leaders of the future, TruFm is focused on providing its modernised, ambitious, confident and fun-loving Eastern Cape listener with the tools for self development and improved quality of life.

Average weekly audience:
275 thousand adults (15+).

SAFM is a platform where South Africans challenge and redefine the status quo. The station serves influential South Africans by honouring the freedom to question and reveal our social reality. SAFM inspires those who want to be ahead – it delivers progressive news and information, whilst remaining in touch with the listener's lifestyle and entertainment needs.

Average weekly audience:
540 thousand adults (15+).

Fulfilling the cultural, information and entertainment needs of the South African Indian population across three religious denominations (i.e. Hinduism, Islam and Christianity) in six languages. Lotus FM's programming policy is underpinned by core editorial values that reflect the proudly South African Indian identity, while affirming the audience's rich and diverse Indian culture and heritage.

Average weekly audience:
331 thousand adults (15+).

Radio 2000 is a cosmopolitan national radio station that broadcasts in English, 24 hours a day and is seen as the haven for live sport of all kinds but with special emphasis on rugby, cricket and soccer. Programming varies, ranging from Arts, Sports News, Culture, Travel, and Business to Personal Finance. The station also engages in national debates.

Average weekly audience:
790 thousand adults (15+).

X-K Fm targets the San people of Platfontein in the Northern Cape and aims to preserve the !Xu and Khwe cultures, uplifting, developing and informing the communities. This community consists of the !Xu (who make up 64% of listeners) and the Khwe who fall into LSM 1-6. Just under a third of listeners are aged 16-24, 30% are over 50, 34% are 25-34 and 15% are aged 35-49.

Average weekly audience:
5 thousand adults (15+).

Average weekly audience:
27.645 million adults (15+).

Full spectrum free-to-airchannel with a youthful focus, and aimed at a mass audience.

Broadcasts in English, isiZulu, isiXhosa, isiNdebele and siSwati.

Coverage via terrestrial transmitter network: Currently covering 91.2% of the population.

Available via satellite on the DStv and Vivid DTH (direct-to-home) digital satellite platforms.

Average weekly audience:
24.684 million adults (15+).

Full spectrum free-to-air channel aimed at the whole family.

Broadcasts in English, Afrikaans, Sesotho, Setswana, Sepedi, Xitsonga and Tshivenda.

Coverage via terrestrial transmitter network: Currently covering 92.5% of the population.

Available in stereo via satellite on the DStv and Vivid DTH (direct-to-home) digital satellite platform.

Average weekly audience:
20.041 million adults (15+).

Full spectrum free-to-air channel.

Entertainment and information format for cosmopolitan viewers.

Broadcasts in English.

Reach of channel via the terrestrial transmitter network: Currently covering 82.1% of the population.

Available via satellite on the DStv and Vivid DTH (direct-to-home) digital satellite platforms.

Source: AMPS 2011AB (used for audience figures)

REPORTS

CHARTER

MANAGEMENT

CORPORATE OVERVIEW

STRUCTURE

GOVERNANCE

OBJECTIVES

COMMISSION BROADCASTING MANDATE SERVICES LICENCE AUTHORITY

CHARTER OF THE SABC

In accordance with Section 8 of the Broadcasting Act 4 of 1999, the objectives of the Corporation are:

a) to make its services available throughout the Republic;

b) to provide sound and television broadcasting services, whether by analogue or digital means, and to provide sound and television programmes of information, education and entertainment funded by advertisements, subscription, sponsorship, licence fees or any other means of finance;

c) 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 Authority;

d) to provide, in its public broadcasting services, radio and television programming that informs, educates and entertains;

e) to be responsive to audience needs, including the needs of the deaf and the blind and to account on how to meet those needs; (e) Substituted by s.8 of Act 64 of 2002;

f) to provide other services, whether or not broadcasting or programme supply services, such services being ancillary services;

g) 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 this Act;

h) to provide 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 Corporation for reception as above;

i) to commission, compile, prepare, edit, make, print, publish, issue, circulate and distribute, with or without charge, such books, magazines, periodicals, journals, printed matter, records, cassettes, compact disks, video tapes, audio visual and interactive material, whether analogue or digital and whether on media now known or hereafter invented, as may be conducive to any of the objects of the Corporation;

j) to establish and maintain libraries and archives containing materials relevant to the objects of the Corporation and to make available to the public such libraries and archives with or without charge;

k) to organise, present, produce, provide or subsidise concerts, shows, variety performances, revues, musical

Radio and TV personalities featured in our local content.

In executing its mandate, the SABC is also guided, among others, by the:

- Public Finance Management Act (PFMA), 1999 as amended;
- Companies Act of South Africa;
- King Code on Corporate Governance for South Africa; and
- South African National Treasury Regulations.

and other productions and performances and other entertainment whether live or recorded in connection with the broadcasting and programme supply services of the Corporation or for any purpose incidental thereto;

l) 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;

m) to carry out research and development work in relation to any technology relevant to the objects of the Corporation and to acquire, by operation of law, registration, purchase, assignment, licence or otherwise, copyright and designs, trademarks, trade names and any other intellectual, industrial and commercial property rights;

n) to nurture South African talent and train people in production skills and carry out research and development for the benefit of audiences;

o) 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; and

p) to develop and extend the services of the Corporation beyond the borders of South Africa.

"The SABC has a DUTY to bring the advantages of the DIGITAL AGE TO ALL LICENCE FEE PAYERS"

Dr. Ben Ngubane

INTERVENTION GOVERNANCE LEGISLATION BROADCAST MANDATE BOARD

STATEMENT BY THE CHAIRPERSON OF THE SABC

Report of the SABC Board for the year Ended 31 March 2012

The Board of Directors is pleased to present the 75th Annual Report of the South African Broadcasting Corporation (SOC) Limited (SABC) for the financial year ended 31 March 2012.

The annual financial statements comprise the consolidated annual financial statements of the Corporation and its subsidiaries, (together referred to as the group), for the year ended 31 March 2012.

These annual financial statements are presented in accordance with the Companies Act of South Africa, the Broadcasting Act, No. 4 of 1999, the Public Finance Management Act, No.1 of 1999 and in accordance with the International Financial Reporting Standards.

It is important to register that the current Board of the SABC assumed their fiduciary duties at the Public Broadcaster on 10 January 2010. The Interim Board had just been granted, by National Treasury, a Government Guarantee for R1.473 billion in order for the Corporation to trade itself out of a deficit of more than R1 billion. This helped the Corporation continue as a going concern. In the words of the Minister of Finance, this Government Guarantee was in recognition of the SABC's role as a public broadcaster and its continued strategic importance to the South African Government and the people of South Africa. The Government was committed to supporting the SABC in resolving its financial crisis.

The Directors, together with management, remain critically aware of the need to eliminate those actions and omissions which led to the financial crisis of 2009 and continue, with great vigilance, to ensure that the lapses of the past do not occur in the future. The Board will continue to ensure that the following, among other things, are achieved:

- that corporate governance is restored and maintained at the SABC;
- to fulfil our public service mandate and to provide the South African public with entertaining, informative and high quality local content;
- that financial and internal controls and risk mitigation measures are entrenched and maintained;
- that the culture of fruitless and wasteful expenditure is totally eradicated within the Corporation;
- that the cost-to-income ratio is reversed: cost growth has far outpaced revenue growth; and
- that content procurement practices are aligned to the attraction of advertising spend.

The Board continues to address all the Government Guarantee Conditions through its Turnaround Strategy for the Corporation, which was agreed in June 2010.

The Current Year Under Review

2011/12 has been both a challenging as well as a rewarding year for all of us at the SABC. We have progressed well with the second phase of our approved Turnaround Strategy:

- the SABC, as a Corporation, has regained stability;
- prudence in spending, cost reduction and, most importantly, the implementation of strict financial and internal controls – all these have begun to yield healthy financial returns, with significant savings being realised; and
- crucially, the foundation has been laid for the Corporation to continue to move towards meeting the Government Guarantee Conditions and Targets.

During this fiscal, the Board of the SABC made two significant appointments – that of the Group Chief Executive and that of the Chief Financial Officer. It is the expectation of all Directors and staff that both these appointments will guide the Corporation to greater achievement and sustainability.

Commercial Enterprises (Group Sales)

Group Sales closed the 2011/12 fiscal on a high note in terms of revenue performance. Provisional figures showed an over-performance of more than R300 million for the year. This notable achievement resulted mainly from the better-than-expected performance of classic advertising on both radio and television.

The establishment of the Advertising Industry/SABC Forum in June 2010 went a long way towards repairing relationships and restoring the integrity of the SABC in the marketplace. The SABC Executive Management, the Advertising Industry Forum and Board Member, Clare O'Neil, meet on a regular basis in order to give assurance to advertiser investments. This has been one of the success stories premised on the Board's strategy, which comprises seven pillars.

Programming

For the first time in more than two years the Public Broadcasting Service (PBS) and the Public Commercial Service (PCS) sub-committees convened a Programming Summit for both TV and Radio, where a medium-term cycle of content was planned for a three-year period. This allows the Board oversight on the quality of programming with a view to increasing audiences and thus advertising revenues, meeting the public service mandate, and encouraging more local content.

The SABC has, also for the first time in more than two years, issued a Request for Proposals book, valued at R133 million, to the local production industry. In this way, we hope to provide fresh and innovative local content on our screens and airwaves.

The Executive Management has also focused on aligning content across channels to ensure that our audiences are better served with a wider choice of programmes.

The Seven Pillars

A. Pillar 1: Programming, Quality, Purchasing and Commissioning - The pillar speaks to audience delivery and audience targets - the television audience target is 60%.

The pillar also speaks to revenue achieved against increased audiences, as well as to new audiences through robust marketing campaigns.

In addition it lays emphasis on the securing of adequate funding for our migration to digital terrestrial television (DTT).

B. Pillar 2: Platform Management - This pillar speaks to the 24-hour news channel and to the technology infrastructure upgrade, which is the enabling requirement.

It also speaks to universal access at the centre of which is the roll-out of 300 low-power transmitters.

It calls for urgent editorial policy review in preparation for the launch of six new digital television channels.

C. Pillar 3: News - This Pillar provides distinctive public service broadcasting through compelling, credible and independent national news that is regionally focused and international news from an African perspective.

D. Pillar 4: Governance -This pillar speaks to monthly management reports and updates on the status of the government guarantee. This demands effective leadership and monitoring of performance throughout the Corporation. Essentially, it is all about progress in the Turnaround Strategy.

E. Pillar 5: People - Essentially this is about the skills audit and ensuring a structure fit for the Corporation. It envisages rigorous performance planning and performance management, accompanied by quarterly performance evaluations.

It also speaks to succession planning and development of the SABC people and it requires strategic leadership.

F. Pillar 6: Financial Health – This speaks to enhanced revenues as well as to the risk to business when audiences begin to decline. It calls for effective risk mitigation strategies.

G. Pillar 7: Stakeholder Management - This pillar ensures that the SABC is positioned as a reputable Corporation, an employer of choice, and a trusted business and social partner, which enjoys respect and support from its internal and external stakeholders by giving positive views about the Corporation.

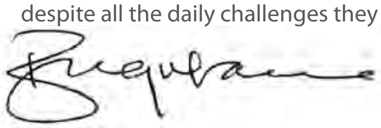
Looking Forward to the Next Fiscal

The SABC has a duty to bring the advantages of the digital age to all licence fee payers. This is clearly outlined by the Government of South Africa through our Shareholder, the Department of Communications.

The imminent launch of the DTT Channels in the coming year will signal our intent to deliver against this mandate. However, the huge capital and operational expenditure requirements related to this project, which is of national importance, will place strain on our operating cash flows. Hence we must embark on this project whilst remaining within budget and adhering to good corporate governance; and following the guidelines contained in the Delegation of Authority Framework regarding policy formulation and the relevant approval processes.

Considering the aforesaid, on a review of the financial statements, it is clear that the assets exceed the liabilities which is but one indicator of the financial health of the company. Along with being cash positive in the current fiscal, the company has also generated a profit for the first time in a number of years. The forecasts for our cash flows for the next fiscal are a net cash inflow. All these are reflective of our ability to meet our financial obligations from a going concern perspective.

I would like to take this opportunity to thank my fellow Board members; the Parliament Portfolio Committee on Communication, the Shareholder, the National Treasury and, most importantly, the women and men of the SABC who always make sure that the Corporation continues to function despite all the daily challenges they experience.



Dr. B S Ngubane
Chairman of the SABC Board

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DIRECTORS GOVERNANCE MANDATE MEMORANDUM STRUCTURE SHAREHOLDER

BOARD MEMBERS OF THE SABC

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

1. Dr Ben Ngubane - *Chairperson*

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

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

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

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

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

2. Mr Thami ka Plaatjie - *Deputy Chairperson*

Mr Thami ka Plaatjie has dedicated a large part of his life to political and social activism, academia and community service. He started his career serving as a Campus Registrar at the University of Vista in Sebokeng, where he read for his BA Degree, for Honours and for the University Education Diploma. Subsequently, he read for a Masters Degree at the University of Johannesburg. Mr Ka Plaatjie also lectured History for 5 years at Vista University's Mamelodi, Daveyton and Sebokeng Campuses.

From 2000 to 2003, he served as the Pan African Congress's (PAC's) Secretary General, where he was responsible for, among others, the repatriation of archival material from exile and its safe storage at Fort Hare's Centre for Historical Papers (NAHECS) where ANC and PAC material is stored.

Mr ka Plaatjie went on to serve as Director: Policy and Strategy, at the National Development Agency between 2003- 2005.

In 2006 he was commissioned by former State President Thabo Mbeki to be part of the National History Project under the aegis of the South Africa Education Democracy Trust (SADET) that was tasked with writing and re-writing the history of the liberation movements from 1960 – 1990.

From 2008 to 2009, he served as the Director of the Pan African Movement (PAM). Mr ka Plaatjie served in the Dinokeng National Scenario Planning team funded by Old Mutual and convened by Dr Mamphele Ramphele, Bishop Njongonkulu Ndungane and Vincent Maphai.

He has an extensive list of published works which include articles in periodicals and contributions in at least 6 books. He has also presented numerous papers at local and international conferences on wide-ranging socio-political topics. Mr Ka Plaatjie owns a publishing company.

He is currently a director of the Pan African Foundation: A Research and Community Development NGO, and is working

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on the biography of the PAC's founder, Robert Sobukwe. He currently serves on the AGRI Seta Board.

3. Mr Sembie Danana - *(appointed 3 June 2011)*

Mr Sembie Danana started his career as a lecturer at the then University of Transkei. From there he went on to work in various industries, which included working for different companies in various management and executive management capacities. He was PR Manager for the Transkei Development Corporation and worked at the Transkei Airways Corporation. He went on to work in construction, mining and FMCG. He has held Board positions at the International Council for Aviation, Petronet, Tshwane University of Technology, Ezulwini Mining, and World's View Consulting.

Mr Danana holds a Bachelor of Journalism and BA (Honours) degree from Rhodes University, and an MBA from the Roosevelt University in Chicago. He brings this broad industry experience to the SABC Board.

4. Mr Cedric Gina

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

Mr Gina is well-versed and has qualifications in the areas of Human Relations, Human Resource Management, Strategic and International Resource Management, Organisational Behaviour and Renewal, and Advanced Human Resource Development. He is also well-versed in the fields of Labour Law, Integrated Management of Employment Relations, Conflict Management and Collective Bargaining, Labour Market Environment and Analysis, and Organisational Behaviour and Change Management.

Mr Gina has also written extensively for various labour bulletins.

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

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

5. Mr Desmond Golding

Mr Desmond Golding commands extensive skills in economics, finance, investments and strategy, owing to his senior positions in the banking sector and government, his senior academia in economics and financial law at Harvard University and University of London.

He has read for:

- Masters of Law (Banking and Finance), University of London, England;
- Masters of Global Relations, Wits University (distinctions in International Economic Systems; and Foreign Relations);
- Finance for Senior Executives, Harvard Business School, Boston, USA;
- US Monetary Policy, Federal Reserve Bank of New York, USA;
- Risk Management, NM Rothchild, London;
- Completing his PhD on Central banking and Financial Markets Reform.

Mr Golding has worked as a Director, Credit Policy and Governance at Standard Bank; Group Credit Officer at Investec Bank Limited; Senior Manager for Strategy at the SA Reserve Bank (Office of the Governor).

Mr Golding also served as Private Secretary to the then Minister of Labour Tito Mboweni; Senior Researcher/Deputy Head for the African National Congress Parliamentary Research Unit; Head of 2010 World Cup in Mpumalanga Province; and Special Advisor to Minister of Public Works, and Sports and Recreation respectively.

Mr Golding was awarded the prestigious Nelson Mandela Scholarship for leadership to study in the UK in 1999 and he is a Mandela Scholar.

He has a deep understanding of international financial markets, and has lectured part-time at Unisa (CARS) - Trade, Investment and Monetary Law. He sits in the Economic Transformation Committee (ETC) of the ANC and is a member of the Panel of Progressive Economists for Cosatu.

Mr Golding has vast knowledge of corporate governance, turn-around, and technical areas such as audit and public finance, as he, among others, chairs the Audit Committee at the SABC, and was also the Deputy Chair of the Board of Ithala Financial

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Development Corporation. He also chaired the Board of the SA Civil Aviation Authority.

Mr Golding has published extensively in such areas as economic transformation, banking reforms, rating agencies, central banking, new global economic realignment and currency wars, nationalisation etc.

Mr Golding is a fervent reader, loves his family and marshal arts (karate).

6. Prof Philippa Green

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

She has been a writer and editor of many local and internationally reputable newspapers, magazines and journals as well as editing and managing the SABC Radio News Department. Some of the publications under her name include: Choice; Not Fate: The Life and Times of Trevor Manuel; articles in Changing the Fourth Estate; Essays on South African Journalism, Black, White and Grey South African Children in Detention (Ed), and Summary of the Wiehahn Commission into Labour Legislation (co-author). Her most recent work includes publications in The Role of the Media in a New Democracy in Lloyd, John and Winter Janice: Media, Politics and the Public (Axel and Margaret Ax: son Johnson Foundation, Stockholm, 2011) and Trevor Manuel and the Liberation of Nelson Mandela in McPhee, John and Rigolot, Carol: The Princeton Reader (Princeton University Press, 2010).

A former member and Chairperson of SA Nieman Fellow Selection Committee, Prof Green was a member of numerous committees (including the SA National Editors' Forum) and has excelled in many media awards. She was a visiting scholar at the Institute of African Studies in Columbia University, New York and Specialist Trainer in a newspaper in Nigeria, and a visiting Ferris Professor of Journalism at the Council of the Humanities, Princeton University.

Her participation in various spheres of society has seen her on many judging panels for awards in journalism.

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

7. Mr Peter Harris *(resigned 30 June 2011)*

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

Mr Harris practised law for many years and was Co-Founder and Managing Partner of Cheadle Thompson & Haysom. His professional experience ranges from being the Director of Programmes of the International Institute for Democracy and Electoral Assistance in Stockholm, where he was responsible for all electoral and conflict resolution programmes worldwide, to being Chief Director of the Monitoring Directorate of the Independent Electoral Commission of South Africa in 1994 (secondment). In April 1993, he was Director of the Wits/Vaal region of the National Peace Accord (secondment).

Mr Harris continues to advise government and corporates at senior levels and is an operations consultant to the United Nations (UN). He has represented the UN in Mexico, Haiti, Guyana and other countries. He is the editor of the publication "Democracy and Deep Rooted Conflict: Options for Negotiators", foreword by the former Secretary General of the United Nations Mr Kofi Anan (1998). Mr Harris is the author of the prize-winning book "In a Different Time: The Inside Story of the Delmas Four".

Mr Harris holds BA and LLB degrees from Rhodes University and an LLM from Warwick University in the UK.

8. Adv Cawe Mahlati

Adv Cawe Mahlathi is the Founder and Chairman of Sebilo Resources, a private limited company trading in mineral resources, semi- and precious stones. Prior to starting her company Adv Mahlathi was the CEO of Gauteng Tourism Authority (GTA).

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

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Among others she has been advisor to former state President Nelson Mandela on the formation of the Censorship Board, and was also Advisor to the former Ministers of Communications Mr Jay Naidoo, and the late Dr Matsepe Cassaburri. She also served in former Communications Minister, General Siphiwe Nyanda's Digital Dzonga Forum.

Adv Mahlathi is President of the Constitutional Committee of National African Federation of Chambers of Commerce (NAFCOC), and a Director of Colliers International Property Management Consultants (SA).

Adv Cawe Mahlati holds an LLB, MA (International Law and Diplomacy) from the Diplomatic Academy in Vienna, Austria.

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

Dr Patricia Makhesha has professional experience in various transformation, change management, and communication fields spanning almost 20 years. Her work entailed the development and implementation of strategies in various capacities.

Dr Makhesha worked for the South African Air Force as a Public Relations Practitioner and for the SABC as a journalist. She belongs to the Prestigious Women's Room and Young Women's Academy. She won the Women in Water Award for 2005 in the category of Policy and Management and was the youngest member of the Rand Water Board and Trans Caledon Tunnel Authority (TCTA), CIDB and NFVF.

Dr Makhesha holds a doctorate degree and an MBA in Strategy from the MU Business School, a National Diploma in Public Relations Management from Technikon SA, and has completed various Executive Programmes from Harvard, Wits and UCT Business Schools.

She currently runs her own business, MMMS Consulting, and has prior experience in transformation and human capital and BBBEE policy development and monitoring, as well as having been Group Corporate Development Manager at Global Forest Products and Manager of Marketing and Communication at the ABSA Group.

10. Mr Clifford Motsepe *(resigned April 2012)*

Mr Motsepe is currently the MEC of the Department for Co-operative Governance, Human Settlements and Traditional Affairs

Mr Motsepe qualified as an attorney in 2000 and specialised in commercial, civil and labour litigation. He has vast experience in the public sector having served as the Municipal Manager of Waterberg District Municipality in Limpopo and as acting Deputy Director General in the office of the Premier in Limpopo, responsible for Planning and Policy Co-ordination. He is the former Head of Department of Local Government and Housing in Limpopo Province and served on the National Executive Committee of the African National Congress Youth League.

Mr Motsepe holds B Proc and LLB degrees from the University of Limpopo and a variety of management certificates from Duke University in the USA and the UNISA School of Business Leadership.

11. Mr Lumko Mtimde *(appointed 3 June 2011)*

Mr Lumko Mtimde is the current CEO of the Media Development and Diversity Agency (MDDA). He has served the Independent Broadcasting Authority (IBA) as a Councillor and served as a General Manager/Chief Director (Broadcasting Policy) at the Department of Communications. In 2002 he was appointed to serve ICASA as a Councillor.

Mr Mtimde has extensive experience in media and broadcast industry in South Africa, Africa and Internationally. He currently holds positions on the World Summit Awards (WSA) Board (based in Austria) and other boards in South Africa dealing with information and communication technology, education and with journalism. In addition, he is one of the High Level Panel of Advisors of the Global Alliance for ICT and Development (GAID), launched by former Secretary General of the United Nations, Mr Kofi Annan in March 2006, as nominated by the WSA Board. In 2011, he served as a Judge for the prestigious Most Influential Women in Business and Government Awards (MIW) held by CEO Communications and also serves on the Boards of MICTSETA and of ECITI.

Mr Mtimde's qualifications include a BSc. degree in Physiology and Biochemistry, a Postgraduate Diploma in Telecommunications and Information Policy. He completed the Executive Development Programme through NetTel@ Africa (LTA, Lesotho), a 3 Day MBA in Leadership at Terrapin Training and Strategic Leadership Academy (Regal Exchange, UK).

12. Ms Clare O'Neil

Ms O'Neil has a long-standing career in the media, in marketing and in advertising that spans more than 30 years, during which time she received extensive training both locally and abroad. Her career took her to the Argus Group as a media analyst and to various advertising agencies.

She has been M-Net's Marketing Services Manager and the General Manager of Marketing at the group's advertising sales house, Oracle Airtime Sales.

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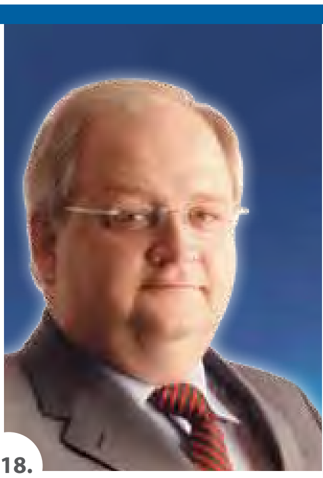

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At Midi Consortium she was one of the people who helped set up the eTV's channel in her role as Commercial Sales Director.

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

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

Ms O'Neil has won media awards e.g. the AMF Media Innovator of the Year Award for her work on the media research project, ConsumerScope and she has mentored and trained many people in the media and advertising industries.

In 2011, Ms O'Neil became an NAB representative on the SAARF (South African Advertising Research Foundation) Board and, in May 2012, was appointed Chairperson of the SAARF Board.

13. Ms Suzanne Vos

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

She is a former journalist who worked for various South African newspapers and in 1982 she was appointed Manager of South African Associated Newspapers, a position she held for two years. Ms Vos immediately thereafter became a research consultant to the then Chief Minister of KwaZulu, Prince Mangosuthu Buthelezi. She represented the Inkatha Freedom Party as a Member of the Executive Committee of the National Peace Accord and as a Member of the National Peace Secretariat. She also served as a delegate at CODESA on the Technical Team on Violence. Ms Vos is a Trustee of the National Peace Accord Trust which provides psycho-social interventions for former combatants.

EXECUTIVE MEMBERS OF THE BOARD

14. Ms Lulama Mokhobo - *Group Chief Executive Officer (GCEO)*

Ms Lulama Mokhobo, the current Group Chief Executive Officer of the SABC, first joined the SABC as Head of Public Broadcasting Services in 2005, and later became the division's Group Executive responsible for SABC1, SABC2 and 15 radio stations. She left the SABC in 2010.

Prior to that Ms Mokhobo ran the Communications divisions of Eskom, of the South African Post Office and the PR division of DaimlerChrysler SA. She is a former head of educational TV and radio of the now defunct Bop Broadcasting Corporation where she pioneered the use of broadcast content to help redress the educational imbalances that were created by the apartheid system. She was a bid team-member of MidiTv, which later won the first free-to-air broadcast licence (eTV's) and later became its Director of Audit, Compliance and Head of Gauteng operations. She counts, among the numerous recognitions she has received for her work, the Robert M de Keiffer excellence Award (USA); the Martin Luther King Award for humanitarian work (USA); the Eskom Manager's Award and more recently the Black Business Executive Circle Award (BBEC). She has also been awarded an honorary membership of the Wits University's International Golden Keys Society.

Ms Mokhobo holds a BA degree and Diploma in Education from the former University of Botswana and Swaziland, and a Science Master's Degree in Instructional Technology from Utah State University (US). She has served on a number of boards including that of a JSE listed company and is a current trustee of the Nelson Mandela Children's Fund.

15. Mr Hlaudi Motsoeneng - *Acting Chief Operations Officer (COO)*

Mr Hlaudi Motsoeneng first joined the SABC in the early 1990's as a freelance journalist with commitment and passion for quality news and for broadcasting. He was appointed as a full-time trainee journalist early in 1995. He has made a positive contribution to the SABC as a journalist, as a producer of news and current affairs and as Executive Manager. He is focused and deliverables-driven and has worked through the ranks to achieve his present position of Acting Chief Operations Officer.

Mr Motsoeneng has achieved various qualifications and recognition from participation at various levels, including the National Certificate: Generic Management NQF Level 5 from Prodigy, the Thompson Foundation Certificate in Radio Journalism, the SABC Leadership Development Programme at the Gordon Institute of Business Science from the University of Pretoria, the Analysis of Contemporary Social Issues at the University of the Witwatersrand, the certificate of positive role models awarded by the Free State Youth Commission and the Special Recognition Certificate awarded by the QwaQwa Campus of the University of the North and QwaQwa Community in recognition of Mr Motsoeneng's achievements as a journalist and the service he rendered to the QwaQwa Community for being a role model and source of motivation to the members of the community.

His exceptional abilities in stakeholder management were identified by the Free State provincial government where he worked as a Media Liaison Officer to the MEC for Cooperative Governance and Traditional Affairs. In this role, he served as a critical link between the department and its stakeholders, playing a pivotal role as an advisor to the MEC.

16. Ms Gugu Duda - *Chief Financial Officer (CFO)*

Ms Duda qualified as a Chartered Accountant (SA) in 2002. She has a post Graduate Diploma (Financial Management) from Wits University, a Bachelor of Commerce (Accounting) from Wits University, an Honours Bachelor of Accounting Science (CTA) from UNISA, and an Executive Leadership Development Programme from the University of Stellenbosch Business School.

Ms Duda brings to her position a wealth of financial management expertise gained from work experience in the fields of mining (Anglo Gold Ashanti, Sasol and WIPHOLD) and banking as Chief Financial Officer: FNB Internet and Telephone Banking. She had particular interest in women's and community affairs e.g. Global Women's Economic Forum and she established the Mining Women's Trust.

Ms Duda served on several boards, notably Astrapak, Adcorp Holdings, ABB South Africa and Ixia Coal. She has also worked on various trusts e.g. Nedbank Eyethu Community Trust, Old Mutual Black Management Incentive Trust, Old Mutual Black Brokers Trust and Mutual and Federal Community Trust.

17. Mr Phil Molefe - *CEO (Acting) (until January 2012)*

A veteran of both print and electronic media, Mr Molefe has been a journalist for 30 years, working for several South African publications, including SASPU National, Weekly Mail and The Star. He studied journalism at the distinguished Editorial Centre at the University of Wales. He is also a fellow of the respected Thompson Foundation in the United Kingdom.

He has held several senior editorial positions in the SABC, including Head of Television News and Head: SABC Africa.

He also held the position of General Manager: International Affairs. In this capacity, he was responsible for developing and maintaining sound relationships between the SABC and its International Stakeholders both at multilateral and bilateral levels. In 2011, he acted as the Group CEO of the SABC. He is currently the Group Executive of News and Current Affairs.

Mr Molefe holds a Post-graduate Diploma in Management from the University of the Witwatersrand's Business School. He is currently studying towards a Master of Business Administration (MBA) at the Wits Business School.

A former Vice-President of the Commonwealth Broadcasting Association (CBA) he has also served as a member of the Executive Council of the African Union of Broadcasting (AUB).

Mr Molefe is held in high esteem in the broadcasting industry in Africa and globally**.**

18. Mr Robin Nicholson - *CFO (until 22 July 2011)*

Mr Robin Nicholson started working at the SABC in 2001. He was responsible for overseeing the finance function of the entire Group, for determining and advising on financial strategy for the Group and for monitoring performance of the Group. This included the Defined Benefit and Medical Plans.

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

Mr Nicholson's formal qualifications include Bachelor of Commerce, Bachelor of Laws, Bachelor of Accounting, all obtained at the University of the Witwatersrand. In 1987, he passed the final qualifying examination for the SA Institute of Chartered Accountants in South Africa (SAICA) and went on to obtain further management and business qualifications.

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

19. Mr Lerato Nage - *CFO (Acting) (until March 2012)*

Mr Lerato Nage has worked as a trainee accountant, audit supervisor and business development advisory consultant at Gobodo Inc. at their Mafikeng office. He was involved in Local Government audits (Mamusa, Rustenburg, Bophirima Central District Municipality), in social development (Department of Development Local Government and Housing, North West), in Health (North West), in Leisure Tourism, in Education, Safety and Security and in construction.

From 2005 to 2007 Mr Nage worked at SABC as a Financial Accountant (Group Finance). He has worked at Telkom Group SA Limited and from there he moved to Westcon SA (Pty) Ltd as its initial reporting and compliance officer. In 2008 Mr Nage re-joined the SABC as GM Group Finance and was subsequently appointed as the Acting CFO until March 2012. With a positive outlook and analytical approach to his duties he made an invaluable contribution to the SABC Board.

Mr Nage holds a BCompt Accounting from the University of the North West and is currently working on BCompt (Hons) through UNISA. Over the years he has attended many courses in line with continued professional development.

Board Committees

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

Meetings Attended by SABC Board Members from 1 April 2011 to 31 March 2012

MEETINGS	Board 8	Special Board 5	News 1	PBS/PCS 4	Audit 6	Finance Investment & Procurement 2	Risk 6	Governance Nomination & Remuneration 3	Technology 3	TAC 5
Dr B S Ngubane	6	5	-	-	2	1	1	3	-	2
Mr. T S ka Plaatjie	2	-	-	-	-	1	1	-	-	-
Mr. C S Gina	7	5	-	3	3	1	6	2	3	5
Prof P M Green	8	2	1	4	2	-	2	3	2	-
Mr. D K Golding	8	4	1	1	5	2	4	3	2	4
Mr. N C Motsepe	5	4	-	1	-	1	-	1	-	3
Ms. C F O'Neil	8	3	-	3	2	1	1	3	1	1
Ms. S C Vos	7	3	1	4	-	2	-	3	3	4
Mr. L C Mtimde	5	4	1	1	-	2	-	3	3	1
Mr. J S Danana	6	4	1	2	2	-	2	3	3	4
Adv C B Mahlati	7	1	-	4	5	-	4	3	3	4
Dr S P Makhesha	5	2	1	2	-	-	2	2	1	4
Mr. L P Nage	8	5	-	4	4	2	5	3	2	3
Ms. G P Duda	-	-	-	-	1	1	1	-	-	-
Ms. L P Mokhobo	2	-	-	-	1	1	1	-	-	-
Mr. P Molefe	3	2	1	4	4	1	1	2	2	4
Mr. P J Harris	1	1	-	-	-	-	2	-	-	-
Mr. G H Motsoeneng	6	2	-	2	1	2	-	2	1	1

PUBLIC COMMERCIAL SERVICE COMMITTEE	GOVERNANCE, NOMINATIONS AND REMUNERATION COMMITTEE	RISK COMMITTEE	TECHNOLOGY COMMITTEE	TURNAROUND COMMITTEE
Ensures that the commercial broadcasting services provided by the SABC comply with the provisions of Section 11 of the Broadcasting Act. Ensures adequate funding of programmes and platforms.	Recommends policies on remuneration of company directors and senior executives for Board approval. Determines the parameters of executives' pay and alignment with performance agreements. Determines and reviews remuneration and bonuses payable in terms of performance contracts. Assists in the selection and appointment of senior executives. Assists in the nomination and recommendation of appointments of Board members for approval by Board and the Minister. Ensures the annual report includes appropriate disclosure in respect of remuneration issues.	Oversees the development and implementation of the risk management framework and relevant policies including the fraud prevention plan. Oversees the development of a risk management strategy. Regularly evaluates the status of key risks in the Corporation. Together with the Audit Committee, reviews the efficiency of the framework of risk management and internal controls. Assists in the determination of the risk appetite of the Corporation and ensure that the appropriate risk mitigation strategy is in place.	Ensures that the SABC employs appropriate technology to enable it to deliver on its mandate. Ensures that technology in use in the SABC properly supports the Corporation's strategic objectives. Oversees the adequacy and suitability of the current disaster recovery plan. Advises the Tender committee and the Corporation generally on purchasing decisions insofar as they relate to technology acquisitions.	Provides strategic direction and oversight with respect to the implementation of the SABC Turnaround Strategy. Ensures adherence to the requirements and conditions of the Government Guarantee, whilst driving improvements in the financial health and sustainability of the Corporation. Provides guidance and strategic advice in repositioning, streamlining and modernizing the Corporation to be successful in the future digital media environment.

MEETINGS	Board Meeting with the Minister 1	Board Induction 1	Board Workshop 1	Board with PCC 6	AGM & GM 2	Bilateral Meeting 1	Stakeholders Meetings 4	Regional Visits 11
Dr B S Ngubane	1	1	1	6	2	-	4	-
Mr. T S ka Plaatjie	1	-	-	1	-	1	-	-
Mr. C S Gina	1	-	1	3	1	-	4	-
Prof P M Green	1	1	-	2	1	1	4	1
Mr. D K Golding	-	1	1	4	2	-	1	-
Mr. N C Motsepe	-	-	1	1	2	1	-	-
Ms. C F O'Neil	1	1	1	3	1	-	4	-
Ms. S C Vos	1	-	1	5	2	1	4	6
Mr. L C Mtimde	-	1	1	6	1	1	-	-
Mr. J S Danana	-	1	1	6	1	1	1	10
Adv C B Mahlati	1	1	1	6	2	1	4	7
Dr S P Makhesha	1	1	1	4	1	1	-	11
Mr. L P Nage	1	1	1	3	2	1	4	-
Ms. G P Duda	-	-	-	2	-	1	-	-
Ms. L P Mokhobo	1	-	-	2	-	1	-	-
Mr. P Molefe	-	1	-	3	1	-	4	-
Mr. G H Motsoeneng	1	-	1	4	-	1	4	-

The internal Audit team at the SABC.

RISK MANAGEMENT CONTROL

GOVERNANCE

ASSESSMENTS MONITORING COMPLIANCE REPORTS

INTERNAL AUDIT

Activities of the Group Internal Audit

The mandate of the Group Internal Audit is determined in terms of Section 51 of the Public Finance Management Act (PFMA) of 1999 which requires that the SABC Board of Directors (Accounting Authority) must ensure that the SABC has and maintains "a system of internal audit under the control and direction of an Audit Committee complying with, and operating in accordance with, regulations and instructions prescribed in terms of Sections 76 and 77" (of the Act). Internal Audit is an independent, objective assurance and consulting activity, designed to add value and improve on organisational operations in order to ensure that the Corporation accomplishes its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

In addition to the assurance role as per the approved Internal Audit Charter and as prescribed by the PFMA and Corporate Governance King III, the following are incorporated in the activities of Group Internal Audit:

- investigations of possible misconduct/irregularities; and
- consulting services on corporate governance matters and elements impacting on the control environment.

Group Internal Audit executed its governance role for the Board and Group Executive Management by providing independent assurance on the adequacy and effectiveness of the system of risk management, internal control and governance processes. Group Internal Audit reported, on an ongoing basis from September 2011 onwards, its findings and recommendations to management and provided quarterly reports to the Audit Committee on significant findings. IT governance reviews were also included in the Audit Plan, including assurance around the effectiveness of critical IT controls. This assisted the Corporation to comply with King III requirements around the effective IT structures and governance. Over the years Group Internal Audit has assisted the Corporation to manage the fraud risk exposures by conducting forensic investigations and reporting them to management accordingly.

During the 2011/12 financial year, Group Internal Audit focused primarily on implementing its Turnaround Plan deliverables which were aimed at improving the effectiveness and efficiency of the internal audit function. The following process improvements were implemented:

- the Audit Committee finalised the recruitment process for the vacant position of the Head of Internal Audit (Chief Audit Executive), who was appointed from 1 August 2011;
- the revised Internal Audit Charter and the new Internal Audit Code of Ethics were documented and approved by the Audit Committee;
- in line with good corporate governance and best practice with regards to the effective management of

forensic investigations, Group Internal Audit developed a Forensic Protocol Notification Policy. This was endorsed by the Audit Committee and approved by the Board;

- the Department developed a Risk-Based Integrated Internal Audit Methodology and compiled the Audit Manual;
- the entire Internal Audit team was trained in the new audit methodology with the assistance of a professional auditing firm;
- the Department embarked on the supplementary risk assessments which culminated in the formulation of the Internal Audit Risk-Based Three-Year Rolling Plan, the Annual Operational Audit Plan and the Combined Assurance Plan. These were approved by the Audit Committee; and
- the Department established the new role of Quality Assurance and Improvement as required by the International Standards for the Professional Practice of Internal Auditing. This function started operating from 1 April 2012.

Internal Audit Overall Assessment of the Internal Control Environment

Group Internal Audit conducted systematic and objective appraisals to provide independent assurance on the adequacy and effectiveness of internal controls based on the audit coverage from the approved 2011/12 Annual Audit Plan.

The report of the results of the individual audit assessments with audit findings and recommendations were communicated to management, who undertook appropriate corrective actions to address the control deficiencies. Sufficient and appropriate audit procedures have been conducted to support the audit findings and the conclusions reached. The conclusions were based on a comparison of the audit information and situations, as they existed at the time, against the audit criteria. The conclusions are applicable only to the focus areas examined.

In our opinion, we found that the internal controls over the various focus areas were partially ineffective and required attention for improvement. Management has already taken concrete steps to address the control environment, and notable from management endeavors are the review and update of the SABC Policies and Standard Operating Procedures.

RISK MANAGEMENT

A formal and systematic approach to managing risk has been implemented in the SABC during the year under review. The tone at the top indicates a drive towards transparency, openness and commitment to continuous improvement, hence the Board's approval of the Whistle-blowing Policy.

To operationalise risk management principles every executive decision requires a thorough risk analysis; further, the SABC has implemented a risk management tool in line with the newly implemented SABC risk management framework.

This tool has enabled the Division to standardise and unify the risk management language and a consistent application of the risk management processes across the Corporation.

The Risk & Governance Department has facilitated divisional and provincial risk assessments which supplement the previous year's strategic risk registers.

Compliance and Monitoring

The SABC management has adopted a consolidated and integrated approach to Compliance and Monitoring which has led to the appointment of a Head of Compliance. Part of this role is to ensure that the SABC complies with laws and legislation. The compliance function is one of the critical pillars of the combined assurance framework.

To ensure that the matters previously reported by the Auditor General of South Africa (AGSA) and the Special Investigations Unit (SIU) are addressed; the Board appointed an Interim Task Team. During the year under review the Task Team has assisted management in resolving at least 70% of issues that were reported on. Some of these included improvements in policies and controls, and the execution of disciplinary action where relevant. The Corporation will continue with the monitoring of criminal cases currently in progress.

The Risk Management team at the SABC.

> *The year under review saw the SABC* ***ENTER INTO VALUABLE PARTNERSHIPS*** *that will stand the Corporation in good stead going forward*
>
> ***Ms. Lulama Mokhobo***

STATEMENT BY THE Group CEO OF THE SABC

The 2011/12 financial year was significant for the South African Broadcasting Corporation (SABC) for a number of reasons. The year marked the 75th anniversary of the SABC in broadcasting. It was also a year that saw us consolidate most of our efforts from the last three years of turning the Corporation around.

Our 75th anniversary comes at a time when the Corporation is undergoing an organisational renewal as it gears itself for the next 75 years. This milestone gave us an opportunity to reflect on the past 75 years with a view to building on our strengths and achievements over the years and making improvements where appropriate.

Broadcasting For Total Citizen Empowerment

The year under review saw South Africans exercise their democratic right by participating in the 2011 Local Government Elections. As is the norm, the SABC pulled out all the stops in ensuring that no part of the country was left uncovered. Through its multiple platforms the SABC carried a variety of programming aimed at educating, informing and facilitating discussions around the Local Government Elections in a manner that ensured accessibility to all citizens.

The SABC was also the host broadcaster of one of the biggest international conferences ever organised on our soil, the 17th Session of the Conference of the Parties of the United Nations Framework Convention on Climate Change and the Seventh Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP 17). The conference was broadcast live from Durban and the SABC provided live feed to many other countries covering the conference.

The SABC forged partnerships with government on a number of initiatives including partnerships with the Government Communications and Information System (GCIS) to assist SABC programming and news staff to understand the South African Government policy on environment, as part of preparations for the COP 17 environment conference held in late 2011, and with the Department of International Relations.

Generally the Corporation was able to comply with most of its licence conditions as set out by the Independent Communications Authority of South Africa (ICASA). The broadcast of the Local Government Elections, the Rugby World Cup and the African Cup of Nations football tournament made this an extraordinary year for the SABC, which meant the SABC would not be able to meet some of its licence conditions as a result. In anticipation of this, the SABC had duly applied to ICASA for exemptions from complying with the licence conditions during the broadcast of the above listed events, which exemption was granted.

Preparing for the Future

In February 2012, the Minister of Communications issued an amended policy on digital migration for South Africa.

The year under review saw the broadcaster fine-tuning its preparation for its digital migration process which include the envisaged launch of the Digital Terrestrial Television (DTT) platform in the 3rd quarter of the coming financial year. Key to this will be the launch of the 24-hour News Channel that will see the SABC being able to offer a broader diversity of views and news programming as never before.

The SABC also undertook an extensive skills audit that will help us to evaluate our skills base against the requirements of a new digital era and ensure that it has the right set of skills to match the new digital environment it will be operating in.

Investing in Digital Infrastructure and Technology

In order to achieve the SABC mandated objectives and remain sustainable in the long-term, the Corporation has pursued the following:

- developing efficient ways of working with digital technology; and
- implementation of mechanisms to ensure long-term protection of critical audio-visual assets.

Since the multi-year Technology Plan was approved, National Treasury has injected funds totaling R850m into the SABC. Of this amount, R104.4m was paid over to SARS in the form of output VAT, leaving R745.6m for spending on broadcast infrastructure as part of the digital migration. As at 31 March 2012, 68 projects had been completed at a cost of R569.3m, and six projects had been approved of which four were in progress with expenditure amounting to R34.7m. The unspent balance of R141.6m is the subject of a rollover request that was submitted to the Department of Communication on 20 April 2012.

The large projects still to be implemented from the Technology Roadmap are the following:

- storage area network;
- digital playout centre;
- digital library; and
- Auckland Park television production studio upgrades.

Strengthening Our Relationships

The year under review saw the SABC enter into valuable partnerships that will stand the Corporation in good stead going forward. One of these was the signing of an historic three-year broadcasting rights agreement with the South African Football Association (SAFA), which conferred all broadcasting rights for Bafana Bafana home games to the SABC. For away games, the SABC also entered into a three-year broadcasting rights agreement with French company SportFive, which holds the rights.

Broadcasting sports rights are a highly valuable commodity and with these agreements in place the SABC will be able to maximise all possible revenue opportunities that can be derived them from.

Among some of our achievements, there was an understanding reached between organised labour and the Corporation for the establishment of a performance driven culture. This should lead to improved organisational performance and operational efficiencies.

The Corporation, in partnership with the Department of Communications and Sentech, continued its drive of erecting low-power transmitters across the country, which has seen previously excluded communities such as Van Zylsrus in the Northern Cape, Memel, Hobhouse and Paul Roux in the Free State having, for the first time, access to SABC services.

Class-leading Programming

The Corporation continued to commission and produce award-winning and globally recognised programmes across its platforms. Most SABC programmes continued to do well against their peers in the free-to-air television space. Its signature shows , such as 'Generations 'and 'Muvhango', continued to top the audience ratings (ARs) as they have over the past several years, with both shows reaching 23.4 and 11.4 ARs, gaining access to 6.2 and 3.2 million households, respectively, during the year under review.

The declining trend in Audience Share continues to be a concern for the Corporation, particularly taking into consideration the imminent launch of DTT that will result in increased competition in Terrestrial Broadcasting space. To curb this trend the SABC issued an RFP Book to the value of R130m in November 2011 which will go a long way to improving the content offering on our television network. This investment is intended to improve Audience Performance and meet the targets set in the Government Guarantee.

Financial Overview

I am pleased to report that the Corporation has been able to meet the majority of its set turnaround targets. In 2010, the Corporation received a R1.4 billion Government Guarantee (GG) to assist it in turning the Corporation around. The Corporation was able to secure a R1 billion long-term loan from financiers Nedbank against this guarantee. By the end of the 2011/12 financial year, the Corporation had accelerated the repayment of the R 1 billion and significantly reduced the interest payments.

On a consolidated level, the SABC's net profit exceeded the GG target, achieving a strong bottom line of R343 million against the target of R222 million. This is a remarkable turnaround for the Corporation as it had posted a loss of 129 million in the 2010/2011 financial year. One of the positive contributors to improved net profit is the increase

SABC's Green tips awareness campaign featured during the COP 17 conference.

in Advertising Revenue against GG targets. The television channels have maintained stable schedules and attained the targets set in the GG during both prime time and performance period, which has assisted the Corporation to improve advertising revenues. This however has been offset by declining Sponsorship Revenue which remains an area of focus for the Corporation.

Over this past financial year great progress was made with reducing costs, which further improved the bottom line especially through managing reduced impairments as well as through more focused management of Sport costs. One of the challenges remains the escalating people managment costs: although there was a 10% reduction in headcount, the employee costs increased as a result of the post-retirement medical and pension benefits obligations.

The Corporation will continue to focus on its goals as set out in its 2012-2015 Corporate Plan without compromising on any of its set objectives and licence conditions. Strict adherence to corporate governance rules will remain our guiding principle.

Internal Control Environment

The SABC had the misfortune of receiving yet another Audit qualification in the Annual Financial Statements for the financial year 2011/12 as a result of the poor control environment. As an Corporation we continue to put maximum effort into improving the control environment through key interventions as follows:

- policy reviews;
- business process re-engineering;
- embedding Risk and Compliance in business processes and decision making; and
- filling of key vacant positions.

Looking Ahead

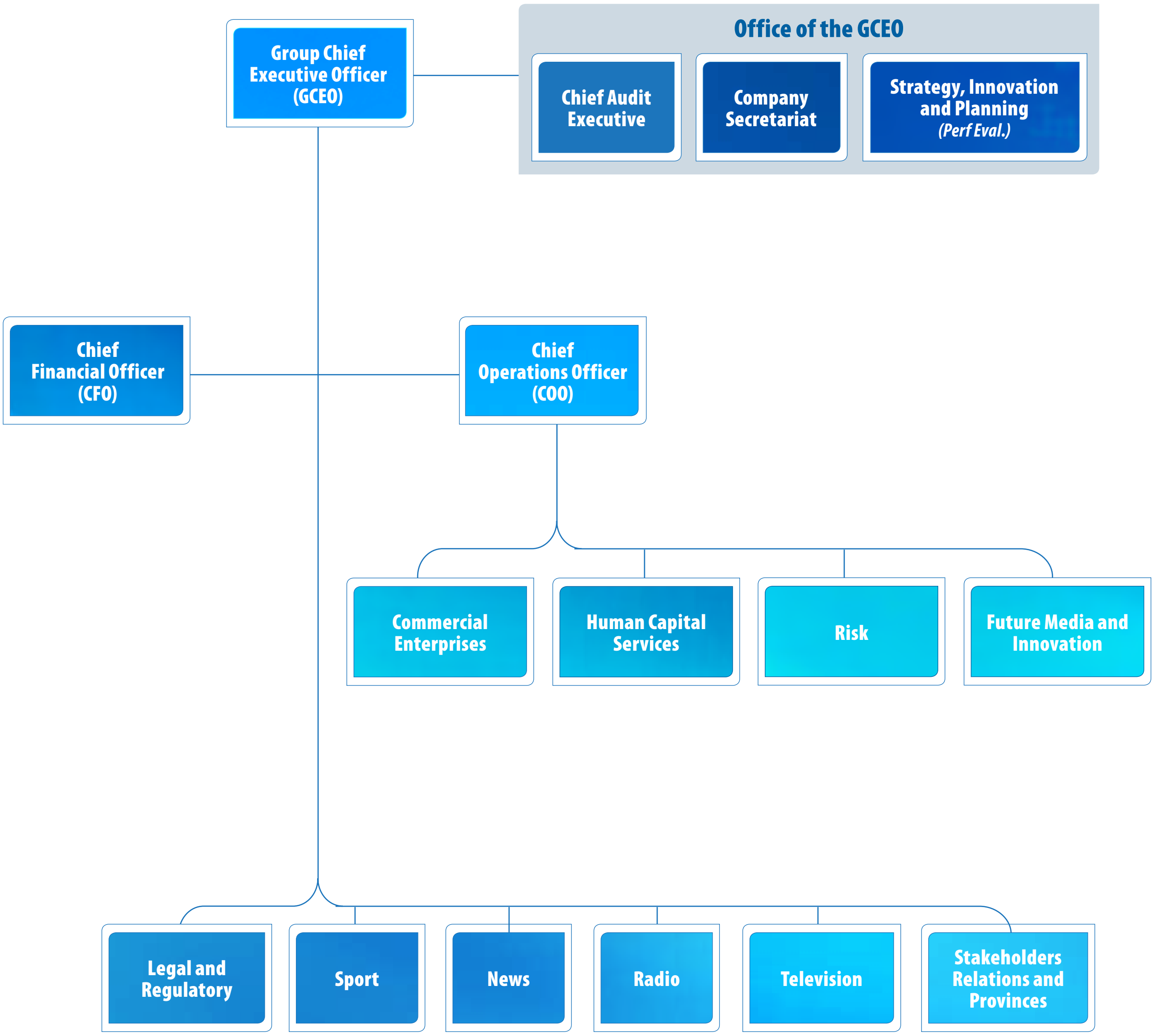
The year ahead will see the final preparations and eventual launch of the SABC's DTT platforms, which should usher in a whole new broadcasting environment for the SABC. Our commitment to the principle of Universal Access remains steadfast and the coming year will see a further roll-out of low-power transmitters and the FM transmitter expansion programme will remain on course as we roll-out our DTT project.

I would like to take this opportunity to thank all the staff members who have ensured that we continue to remain on-air, even under the most trying circumstances and, most importantly, that we continue to provide programming that draws audiences to our platforms, earning our Corporation well-deserved industry accolades and recognition. As it moves into the digital era the SABC will continue to rely on the same level of commitment and dedication that you've demonstrated over the years, to deliver a broadcast service that informs, educates and entertains. I would also like to thank the former acting CEOs, Mr Robin Nicholson, Mr Phil Molefe as well as the Acting CFO, Mr Lerato Nage for their sterling work ensuring that our ship remains afloat under very difficult circumstances during their acting periods.

A heartfelt thank you to my fellow Group Executive members, the Board and the Shareholder, for the support they have given me and the confidence they have shown in me to steer this ship out of the treacherous waters it has found itself in over the past few years, and to safely deliver it into a new digital age.

Ms. L P Mokhobo
Group Chief Executive Officer

SABC CORPORATE ORGANISATIONAL STRATEGY COMMITTED STRUCTURE OPPERATIONS



GROUP EXECUTIVES

Lulama Mokhobo
Group Chief Executive Officer

Hlaudi Motsoeneng
Acting Chief Operations Officer

Gugu Duda
Chief Financial Officer

Theresa Geldenhuys
Company Secretary

Lorraine Francois
Chief Audit Executive

Thabiso Lesala
Group Executive: Human Capital Services

Anton Heunis
Group Executive: Commercial Enterprises

Sully Motsweni
Acting Group Executive: Risk Management

Leslie Ntloko
Acting Group Executive: Radio

Verona Duwarkah
Acting Group Executive: Television

Jimi Mathews
Acting Group Executive: News

Dudu Mwelase
Acting Group Executive: Stakeholder Relations and Provinces

Thabang Mathibe
Acting Group Executive: Legal and Regulatory Affairs

Sipho Masinga
Acting Chief Technology Officer

Sizwe Nzimande
Acting Group Executive: Sport

Peter Butler, presenter of local programme 'Shoreline'.

LOCAL ACCESS REGIONAL COVERAGE NEWS SERVICES SUPPORT

Provincial Offices

The SABC's Provincial offices serve as the local SABC base for the broadcaster, allowing the SABC immediate access to relevant provincial news, information and understanding, while at the same time giving regional stakeholders immediate access to the services of the broader SABC.

Structured in a manner which mirrors the national Head Office in terms of its operations, Provinces bring relevance and local feel in news, programming, and general life and culture of people in different geographical areas across the country. Stakeholder needs are substantively addressed through SABC services in the Provinces, providing communities with an opportunity to touch and feel the SABC.

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

More than any other function, Provinces play a crucial role in the coverage of provincial news, ensuring in-depth news coverage and attention for even the most remote areas of the country. Of the 18 SABC Radio Stations, 12 (66%) are based outside of Gauteng.

The Provinces also serve as important revenue-generating points for the SABC. TV licence fees are collected through the offices and marketing exercises that Audience Services initiate are effectively supported. Provincial offices are used for liaising with major businesses and industries that support Radio and TV Advertising sales in all corners of South Africa.

Access to SABC services are enhanced through the provincial offices, and the Provinces are acknowledged as important communication hubs both centrally and in the remotest areas of South Africa.

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

Provincial General Managers

Ms. Nada Wotshela
WESTERN CAPE

Mr. Zola Yeye
EASTERN CAPE

Ms. Zamambo Mkize
KWAZULU NATAL

Mr. Victor Ravhuanzwo
LIMPOPO

Mr. Quinton Lenyai
MPUMALANGA

Mr. Alwyn Kloppers
HATFIELD AND GAUTENG

Mr. Vincent Tsoenyane
FREE STATE AND NORTHERN CAPE

Mr. Tlotlo Seru
NORTH WEST

REPORT BY THE CFO OF THE SABC

FINANCIAL EXPENDITURE REVENUE INCOME PERFORMANCE

The Year Under Review

"The SABC has achieved a remarkable profit turnaround, with strong emphasis on governance, revenue growth, cost reduction and profit maximisation. The country's imperative to launch Digital Terrestrial Television (DTT) has enabled us to create an innovative business model to invest over R3 billion in DTT infrastructure and local content for job creation over the next three years"

FINANCIAL HIGHLIGHTS

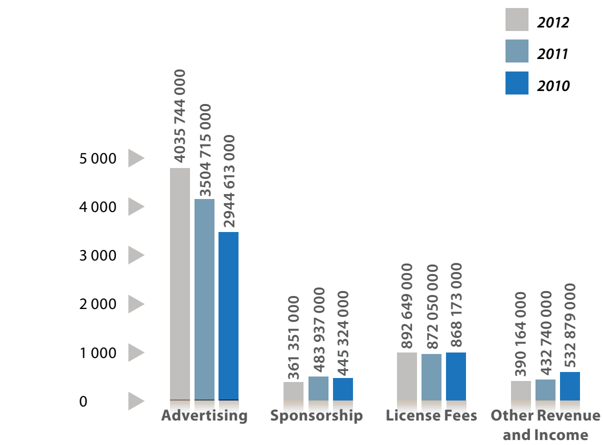
Notable Successes

- 7% increase in revenue to R5,612 billion;
- 2% reduction in operating expenditure to R5,243 billion;
- R343 million net profit achieved against the Government Guarantee profit target of R225 million; and
- Cash and cash equivalents increased to R218 million (FY 2011: R109 million).

Revenue

Revenue for the year ended 31 March 2012 increased by 7.3% to R5,6 billion (2011: R5,2billion) , primarily due to a 15%, increase in classical advertising to R4 billion (2011: R3,5 billion). Classical advertising (Radio and Television) is still the dominant contributors of revenue despite the challenging market conditions in the advertising industry. Sponsorship revenue continued to decline by 25% to R361 million post 2010 World Cup hype (2011: R484 million). The significant challenges are due to escalating rights costs and competitive sponsorship market conditions. Licence fees increased by 2% to R893 million (2011: R872 million); the increase is attributed to the efficient collection processes implemented by the SABC. The SABC also managed to reach a R1 billion mark in cash collection on license fees; this is the "first" significant milestone in the history of the Corporation.

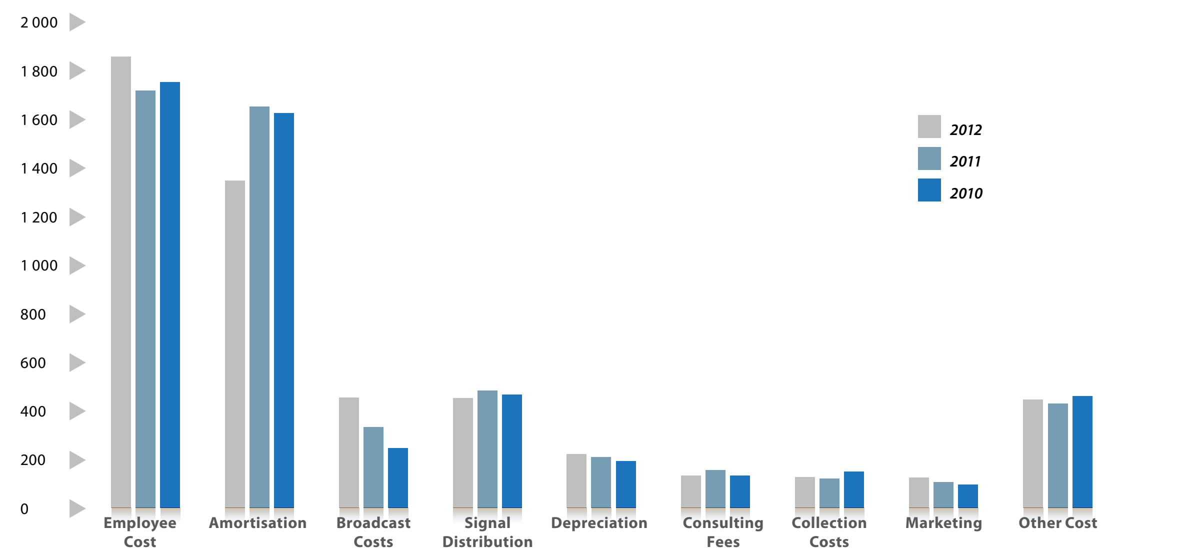
Three-year Revenue Trend
Millions (R)



Operating Expenditure

Operating expenditure for the year ended 31 March 2012 decreased by 2% to R5,2 billion (FY 2011: R5,3 billion). Employee costs increased by 8% largely due to increased costs of post retirement pension and medical aid benefits. Amortisation and impairment rights decreased by 18% to R1,3 billion (FY2011: R1,7 billion) due to SABC's efficient utilisation of rights before expiry in order to reduce impairments. Broadcast costs increased by 37% to R462 million (FY2011:R338 million). This increase is a result of a revision in the formula to calculate Needletime amounts due, and aligning it with market practice. Professional and Consulting costs decreased by 16% to R139 million (FY2011:R167 million), as a result of the effective implementation of the SABC's cost reduction plans. In addition marketing costs increased by 14% to R123 million (FY2011:R108 million) primarily due to a slight increase in marketing activities.

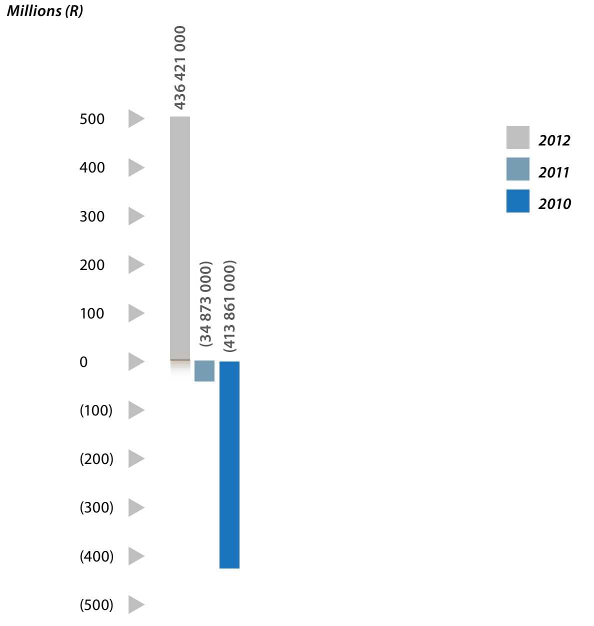
Three-year Expenses Trend
Millions (R)



Operating Profit

Operating profit improved to R436 million from a previous loss of R35 million in FY 2011. The total improvement year-on-year is thus R471 million. The improvement this year is a result of our continued austerity plan and the successful implementation of the Turnaround Strategy, supported by the Executive Committee, Board of Directors and all employees.

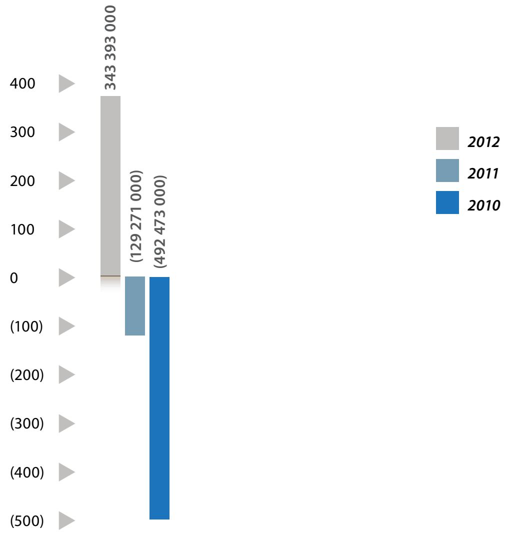
Three-year Operating Profit / Loss Trend
Millions (R)



Net Profit

Net profit significantly improved to R343 million from a previous loss of R129 million in 2011. The total improvement year-on-year is a result of the successful implementation of the cost reduction strategies, turnaround plan and the commitment of the entire SABC team to drive efficiencies towards business improvement.

Three-year Net Profit / Loss Trend
Millions (R)



Turnaround Strategy

While the general thrust of this strategy has been in pursuit of achieving the Government Guarantee conditions, it has also become increasingly important in enabling the Corporation to remain focused and to allocate resources in a manner which achieves the longer term goal of being fully sustainable at current levels of operation. The continued implementation of the areas previously identified for attention will continue and is expected to keep on driving the positive impact on the bottom line.

Compliance with Government Guarantee Profit targets

On a consolidated level, the SABC's net profit exceeded the Government Guarantee target. We achieved a strong bottom line of R343 million versus the GG target of R222 million. The Corporation posted a loss in the previous financial year 2010/2011 of R129 million; it is evident from these results that the SABC has achieved a remarkable turnaround in the financial year ending 31 March 2012.

Content Audit Qualification Plan

The SABC is currently in the implementation phase of the project plan approved by the Board to address the qualification on programme, film, and sports rights. The plan has measurable deliverables with timelines to be monitored by the Audit Sub-Committee.

Cash Flow Statement

Cash and Cash Equivalents increased to R218 million as at 31 March 2012 (FY 2011: R109 million). Thus, the total improvement in Cash holdings increased by R109 million since the beginning of the 2011/12 fiscal. Cash inflows from operating activities are a healthy R643 million compared to R491 million in 2011. The Acquisition of Plant and Equipment has contributed to an outflow in available cash to the amount of R102 million and the other major contributor to this outflow was the acquisition of Call Deposits to the value of R278 million.

These movements resulted in net cash outflows from investing activities totalling R364 million. In addition, the repayment of the capital portion of the Nedbank loan to the value of R111 million and instalment sale of OB Vans to the value of R58 million has resulted in cash outflows from financing activities to the value of R169 million.

The overall healthy cash position on 31 March 2012 is an indication of our strong and effective improvement on cash-flow and balance-sheet management.

Digital Terrestrial Television (DTT) Investment

The launch of DTT is SABC's key project. The SABC's DTT trial has been operational since 2008 and the funding received from Treasury through the MTEF (Medium-Term Expenditure Framework) has been utilised to create a robust digital platform for the Corporation. We are currently in the process of finalising our 2012-2015 MTEF submission to our shareholder (Department of Communications) to invest in DTT content and infrastructure.

Going Concern

The Directors have reviewed the Group's budget and cash flow forecast for the year ended 31 March 2013. On the basis of this review of the current financial position and existing financial borrowing facilities and Government Guarantee (GG), the Directors are satisfied that the South African Broadcasting Corporation (SABC) has access to adequate resources to continue operating for the foreseeable future and as a going concern, and accordingly the going concern basis continues to be adopted in the preparation of the financial statements.

Ms. G P Duda
Chief Financial Officer

GOVERNANCE

STRATEGIC

PERFORMANCE

MANAGEMENT

OVERVIEW

DELIVERABLES

INDICATORS

REPORT ON THE DELIVERY PERFORMANCE OF THE SABC

GROWTH ACHIEVEMENTS

Key Deliverable	Key Performance Indicator	Performance Delivery	Reasons for Deviation
Pillar 1: Programming: Quality, Purchasing and Commissioning			
Strategic Objectives: Provide content that drives audiences and delivers public value, whilst meeting both the public service mandate and sustainability of the Corporation			
Talented skills retained.	Hot talent loss reduction by 10%.	SPORT: Achieved. TV: Not achieved.	The SABC's Operating model was only approved in August 2011.
Reduced impairments.	Reduce the number of titles that are impaired by 50%.	Not achieved.	This process was monitored on a monthly basis. However not all the titles could be scheduled as they were not in line with channel strategies and positioning and would not assist the channels in achieving the audience targets set.
Local commissioned content cost containment.	Average cost per minute per genre limited to 2% increase from FY10/11 baseline.	Not achieved.	This increase requires allocation of additional resources to meet the increased output required.
Foreign licence costs containment.	Reduce new deal values by 10% (Measured in US$, excluding SABC3 turnaround strategy procurement).	Not achieved.	The lengthy turnaround processes compromise the Division's ability to negotiate and achieve the target.
Education delivery on radio, television and outreach.	Deliver mandate hours in line with licence conditions.	Achieved.	
Pillar 2: Platform Management			
Strategic Objectives: Delivery of public service broadcasting that achieves the Corporation's mandate delivery, drives audiences, and creates public value			
Re-establishment of the market intelligence function to drive business decision making informed by audience requirements.	Centralisation of services. Department resourced. Research delivery to meet corporational requests.	Not achieved. Not achieved. Not achieved.	TV Division has capacity constraints. This hampered the division's ability to allocate the required resources to deliver against this project.
Television Audience delivery.	60%	Not achieved.	The SABC's financial position crippled the Television network's ability to sustain its competitiveness as the acquisition of content was restrained.
Turnaround strategy for SABC3 to deliver on audience targets, LSM 7-10.	16%	Not achieved.	The Turnaround Strategy for this channel suffered many setbacks due, largely, to the failure to deliver on International content; however the channel has been successful in maintaining its all-adults audiences.
All Radio listenership increased to 67% all adults.	67%	Achieved.	
ICASA Mandate delivered for Radio and TV.	Meet the mandate target.	Not achieved.	The non-achievement relates specifically to the areas of minority languages and other genres. The non-achievement in terms of genre hours was brought about due to special events.
Plan of delivery for commercial launch of DTT Platform.	Business case signed off and platform ready for launch.	Not achieved.	An integrated DTT business plan is in the process of being completed. TV Division has capacity constraints and the team aligned to the Corporate DTT team is also responsible for the day-to-day operations of the Division. This hampered the Division's ability to deliver effectively against this project.
• Digital Media established and Technology division established.	Establishment of Digital Media division and implement operating model and structure for the combined division (Digital Media and Technology)	Not achieved.	Digital Media is already being implemented, i.e. EPG under the DTT laboratory group. Due to limited resources and the need to be within the turnaround goals of the SABC, there won't be a new division formed specifically for Digital Media.
• Business unit structure resourced.	Recruit resources to staff future IT business unit.	Not achieved.	All IT islands reporting to BIT. Vacant positions within new structure are still to be advertised.

Key Deliverable	Key Performance Indicator	Performance Delivery	Reasons for Deviation
Pillar 2: Platform Management (continued)			
Strategic Objectives: Delivery of public service broadcasting that achieves the Corporation's mandate delivery, drives audiences, and creates public value			
• Delivery of public value as per research findings.	Public value research conducted.	Not achieved.	TV Division has capacity constraints. This hampered the Division's ability to allocate the Resources required to deliver against this project.
• Research into how SABC is delivering on its public value mandate (targets to be set).	Meet public value targets as set.	Not achieved.	
• Increased reach of SABC services through the rollout of low power transmitters.	100 low power transmitters operational.	Not achieved.	It is taking longer than anticipated to get approval for frequencies and for the commission and build of sites by Sentech.
Digital Playout Centre project implemented	Complete on-site build and the commission and testing	Not achieved.	A document was submitted recommending that Board not proceed with the contract and that Technology proceed with these projects.
Storage Area Network project implemented.	Complete implementation and facility operational.	Not achieved.	
Upgrades to Studios 1 and 2 Implemented	Both studios completed and operational.	Not achieved.	
Critical infrastructure in Final Control Centre implemented.	3 FCCs completed and operational.	Achieved. FCC's 1,3 and 4 are complete and operational.	
Newsroom production and computer system implemented.	System implemented and operational.	Not achieved.	TV News requested that the primary and secondary play out systems be changed around.
Pillar 3: News			
Strategic Objectives: Provide distinctive public service broadcasting through compelling nation news that is regionally focused and international news from an African perspective			
News programming that delivers audiences and achieves slot targets. Improve audiences from 7% to 10%.	Reduce further loss of audiences Achieve 7% audiences.	Achieved.	
24 hour news channel launched.	Launch the 24 Hour News Service, by October 2011.	Not achieved.	There was a lack of budget to implement the 24 hour business plan and the absence of a Board resolution on the platform to launch the channel.
Local Government Elections • Provision of platform for citizens, politicians and parties to relay their campaign messages. • Balanced analysis of election issues. • Broadcast of IEC results.	Ensure a successful fair and balanced broadcast coverage with national reach.	Achieved.	
Pillar 4: Governance			
Strategic Objectives: Review of operational policies and procedures to ensure alignment with new operating model			
Headcount reduction to the targeted operating model.	15% reduction.	Not achieved	The structure was only approved in August 2011. Currently in the process of finalising consultation with Labour to embed the structure. Since April 2011 to March 2012 the numbers have dropped 2%.
Review and revise editorial policy.	Launch updated, relevant Editorial Policy.	Not achieved.	The first two phases of the project were completed. Work was postponed on the project until February 2012, when it resumed.
Business performance management.	Approved corporate and shareholder compact submitted to DOC as per PFMA guidelines.	Achieved.	
	Quarterly performance reports submitted to DOC as per PFMA guidelines.	Achieved.	
Individual performance management.	Annual performance contracting.	Not achieved.	Performance policy was drafted and presented to Labour only in March 2012. This has now been planned for the 1st quarter of the new fiscal.
	Quarterly evaluation.	Not achieved.	
Union Relationship Management.	Negotiation agreements signed.	Achieved.	

Key Deliverable	Key Performance Indicator	Performance Delivery	Reasons for Deviation
Pillar 4: Governance (continued)			
Strategic Objectives: Review of operational policies and procedures to ensure alignment with new operating model			
Application of the organisational risk management framework.	Risk reporting structures established.	Achieved.	
	Conduct internal risk assessment workshops to review and update SABC risk register.	Achieved.	
Increase controls around fruitless and wasteful expenditure.	Review of procurement processes.	Not achieved.	The Policy was revised, but has not been approved by Group and Board.
	Review of Delegation of Authority (DAF).	Not achieved.	The key driver of this project is the Company Secretary. A Company Secretary was appointed on the 01 May 2012. The CFO is a key provider in the review process. The CFO was appointed on the 01 March 2012. In view of appointments this process will be resuscitated and fast-tracked to completion.
	Review and refinement of the internal audit.	Achieved.	
Embed risk management into the day-to-day activities of the Corporation.	Evaluation of the optimal cost of compliance as a percentage of revenue.	Not achieved.	Have not been able to establish the optimal cost by year-end.
	Reduce cost of compliance to agreed percentage of revenue.	Not achieved.	Have not been able to establish the optimal cost by year-end.
Pillar 5: People			
Strategic Objectives: Attraction, retention and development of resources to drive organisational delivery.			
Embed a performance culture to ensure efficiency and effectiveness.	Performance Management - Reward linked to performance strategy and implementation.	Not achieved.	Scheme design completed but needs to go to Board for approval only once Performance Scheme is embedded.
Leadership development programme implemented.	Development and implementation.	Achieved.	
Corporation design, work study, job profiles and competency profiles.	Organogram approved and cascaded.	Not achieved.	Top structure approved in August 2011. Design completed up to level 3. Executives are being engaged to craft the full six layers. Work study, job profiling, grading to be done to establish right numbers and grades once all layers have been finalized.
	Job profiles determined by Corporation.	Not achieved.	
	Design and graded by Remuneration Department.	Not achieved.	
	Roles and responsibilities defined.	Not achieved.	
	Competency profiles determined.	Not achieved.	
Training of staff to ensure business proficiency and effectiveness.	Comprehensive training strategy aligned to SABC business operating model and strategic direction.	Not achieved.	A Total of 1972 employees were trained. The RPL contracts were signed. A project plan has been drafted.
Review cost impact policies:	Leave Policy.	Not achieved.	This forms part of the total policy review process. The draft has been completed and requires consultation with Labour.
	Acting Policy.	Achieved.	
	13th Cheque Policy.	Achieved.	
	Senior Managers' Car Scheme Policy.	Achieved.	
	Transfer Policy.	Not achieved.	This forms part of the total policy review process. The draft has been completed and requires consultation with Labour.
	Travel Policy.	Not achieved.	
	Adhoc Rewarding of Staff.	Not achieved.	
	Consolidated Remuneration Policy.	Not achieved.	
Change to Total Cost Of Employment for new hires.	Change to TCOE.	Achieved.	
Medical Aid Policy Review.	Medical Aid Policy Review.	Achieved.	Unions are not in favour of moving to an open scheme. Tender process will commence in 1st quarter of next fiscal with a view to select a service provider as an alternative scheme to fund alongside the closed scheme.

Key Deliverable	Key Performance Indicator	Performance Delivery	Reasons for Deviation
Pillar 5: People (continued)			
Strategic Objectives: Attraction, retention and development of resources to drive organisational delivery.			
Skills audit completed.	Confirmed job families. Conduct Audit and report on gaps. Design strategies to close gaps.	Not achieved.	The business requested that skills audit be conducted in the absence of structures and positions being finalised. It has been highlighted as an urgent need. Completion date moved to 30 June 2012. First phase of skills audit project (compilation of employee's qualification and skills profile) is underway. This will assist in addressing previous challenges experienced on the skills audit process.
Succession Planning Policy and plan in place and executed.	Succession Policy. Development Plans for potential successors.	Not achieved	The succession planning Policy and Strategy could not be implemented owing to most of the senior positions being filled by employees in an acting capacity. The new structure once implemented will define potential successors appropriately – This will be aligned to the pipeline.
	Redesigned and SABC tailored leadership pipeline.	Not achieved.	The framework is available but due to leadership changes, could not be implemented. The framework must also be aligned to the Performance Management Process.
Pillar 6: Financial Health			
Strategic Objectives: Increase revenues by ensuring organisational effectiveness, efficient service delivery and the establishment and development of alternative income streams.			
Revenue targets met.	R4.050 billion.	Achieved.	
Maintain Cost of Sales Ratio of 5.5%.	Based on Revenue Budget. Cost of Sales 5% (R217m).	Achieved.	
Manage working capital - Reduce debtors days.	Target debtors days of 73 days.	Not achieved.	The deterioration at year-end resulted from a debt of R31m not being finalized.
Share of Advertising revenue maintained.	TV – 54%.	Not achieved.	Television Revenue Share performance is partially attributable to the repositioning of SABC3 not having taken place. The situation was exacerbated by schedule changes and by significant television audience share loss in the 4th Quarter.
	Radio – 45%.	Not achieved.	Radio Revenue Share performance was due to the highly competitive radio broadcasting environment in South Africa.
Government Subsidy requests made.	• Request made. • Lowest-income households. with TV sets (special debt collection).	Achieved.	
	Concessionary TV licence holders	Achieved.	
TV Licence collection targets met.	R1.019 billion.	Not achieved.	Non-achievement was mainly due to debt collection revenue not being on target owing to the non-implementation of the special revenue-generation initiative.
Maintain acceptable cost-to revenue-ratios: • Collection cost as % of operating revenue. • External operating costs as % of operating revenue.	 19% 10%	 Achieved. Achieved.	
Increased revenues from alternative revenue streams: • Digital Media	R51.3m	Not Achieved.	Due to non-achievement of the Government Guarantee deliverables; however this will be achieved through the restructuring of the Technology Division, part of the new approved structure. Rationale: can be achieved at a cost of less than R15 million.
• Content exploitation.	R36,8m	Not achieved.	Content exploitation did not achieve its combined target because the Local Sales Unit requires stability, training and a revised strategy which is being crafted.

Key Deliverable	Key Performance Indicator	Performance Delivery	Reasons for Deviation
Pillar 6: Financial Health (continued)			
Strategic Objectives: Increase revenues by ensuring corporational effectiveness, efficient service delivery and the establishment and development of alternative income streams.			
Content Funding / Co-production.	R21,2m	Achieved.	
Asset management strategy developed and implemented.	Create organisational structure for Property and Facilities function and transfer all staff in to that structure (May 2011).	Not achieved.	Awaiting approval by the general SABC structure.
	Approved property strategy (Jan 2012).	Not achieved.	Awaiting approval by the general SABC structure.
Pillar 7: Stakeholder Management			
Strategic Objectives: Review of operational policies and procedures to ensure alignment with new operating model			
Enterprise stakeholder management plan implemented.	Strategy developed by 31 April 2011.	Achieved.	
	Strategy implemented 31 March 2011.	Not achieved.	There were budgetary constraints to implement some activities.
Regional structure revised and implemented.	Strategy approved.	Not achieved.	Strategy approved at divisional level but engagements with Group Executive Committee did not take place to ensure buy-in from all divisions and agree on reporting lines.
	New Reporting lines established.	Not achieved.	The operating model is not aligned to the provincial strategy.
Brand and Reputation of SABC improved.	5 brands win awards in Top 10 brands survey or awards ceremonies.	Achieved.	
Own all the national awards, SAMA, SAFTA, Loeries, National Sports, News.	Win 60% of categories in all awards.	Not achieved.	This was primarily due to the reduced investment in quality content brought about by the lack of sufficient funds to do so and increased competition.
Strategic marketing plan and implementation thereof in all marketing areas : • Television. • Radio. • News. • Sport. • Trade marketing.	Recruitment of Marketing Head (June 2011).	Achieved.	
	Television: Strategy approved (Sept 2011) and implementation.	Not achieved.	Marketing strategy was developed but it was not fully implemented.
	Radio: Strategy approved (Sept 2011) and implementation.	Not achieved.	
	News: Strategy approved (Sept 2011) and implementation.	Not achieved.	
	Sport: Strategy approved (Sept 2011) and implementation.	Not achieved.	
	Trade Marketing: Strategy approved (Sept 2011) and implementation.	Not achieved.	

COMPLIANCE

LICENCE

QUOTAS **DELIVERY ON** LOCAL

PERFORMANCE **MANDATE**

LANGUAGE

SERVICE

Radio 2000 presenter, Bertha Charuma

PERFORMANCE DELIVERY REGULATOR

COMPLIANCE WITH LICENCE CONDITIONS

IMPLEMENTATION COMPLY QUOTAS

The licence conditions for SABC television and radio prescribed quotas of various programming genres that they needed to comply with from 2006. The licence conditions are a yardstick for the Regulator to measure the SABC's delivery on its mandate as outlined in the Broadcasting Act of 1999 as amended.

For the financial year 2011/12 the channels have generally complied with the licence conditions. The broadcast of the Local Government Elections, the Rugby World Cup, and the Africa Cup of Nations (AFCON) resulted in slight under-performance in certain genres. However, the SABC, as required by the licence conditions, had duly applied to the Independent Communications Authority of South Africa (ICASA) for exemptions from complying with the licence conditions during the broadcast of the above events. The exemptions were granted by the Authority.

RADIO

With 16 public service radio stations and 3 commercial radio stations, the SABC's Radio Division has the broadest reach to citizens; many South Africans rely on the news, programming and information delivered by our stations.

The 2011/12 financial year started with the coverage of the Local Government Elections. SABC Radio had to ensure that it delivered on its mandate of informing and educating the public about preparations for, and the organisation of, the elections. The major challenges were young voters who had just become eligible to vote, the seeming apathy of youth and the low women participation in the ballot.

To this end SABC Radio was expected to create awareness and excitement and to galvanise the people of South Africa around the elections just as it had done during the 2010 FIFA World Cup. SABC Radio, through its platforms, ran voter education programmes as a build-up to the elections. Other on-air programmes for the build-up included, among others, the inclusion of voting in the story-line of radio drama soapies, discussions on voting during talk shows and regular promotional campaigns with different messages explaining the necessity of voting.

On the News front, PBS Radio Delivery against ICASA Licence Conditions was successfully implemented with all the radio stations exceeding weekly targets of News and Current Affairs of 420 minutes, weekly targets of 180 minutes of Information Knowledge Building; Education weekly targets of 300 minutes; weekly targets of 60 minutes of Drama, and weekly targets of 60 minutes for Children's programmes.

Radio Performance of South African Music

The SABC has generally performed above ICASA's minimum requirements for South African music as opposed to foreign music. The list below provides annual average music percentage per station. The Regulations require that the public broadcasting service radio stations broadcast a weekly average of 40% South African music. The commercial radio stations have to broadcast 25% SA music.

CBS	Average FY 2011/2012
5FM	33%
Good Hope FM	38%
Metro FM	42%
PBS	
Tru FM (CKI)	52%
Ikwekwezi FM	74%
Lesedi FM	73%
Ligwalagwala FM	63%
Lotus FM	22%
Motsweding FM	71%
Munghana Lonene FM	78%
Phalaphala FM	66%
Radio 2000	44%
RSG	56%
SAFM	67%
Thobela FM	68%
Ukhozi FM	67%
Umhlobo Wenene FM	79%
X-K FM	54%

% CBS and PBS Local Music

Use of Official Languages

SABC Radio delivers broadcasting in more than the 11 official languages as some stations also broadcast in languages of minority groups.

PBS Stations:

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

PCS Stations:

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

Delivery as per The Public Service Mandate

PBS Radio delivers on a weekly basis programmes that address the challenges facing the nation and that promote nation-building and social cohesion. These themes include the following:

- Moral Regeneration;
- Health Issues;
- Education Matters;
- Job Creation;
- Human Rights;
- Crime and Stability;
- Arts and Culture;
- Sports and Recreation;
- Labour;
- Heritage and Tourism;
- African Renaissance; and
- Science and Technology.

Key Achievements

Internally the SABC's operating model was changed from that of having two separate divisions being Public Broadcast Services (PBS) (comprising SABC 1 and 2 television channels and the 15 PBS radio stations) and Public Commercial Services (PCS) division (comprising SABC 3 and the three commercial radio stations) working separately.

Instead, towards the end of 2010 the Radio and TV Divisions were separated to encourage the exploitation of centres of

ICASA Genre Licence Conditions

PBS Radio delivered the ICASA genre licence conditions to the letter.

	News daily			Current Affairs daily			IKB	Education	Children	Drama
	(M-F)	(SAT)	(SUN)	(M-F)	(SAT)	(SUN)	Weekly	Weekly	Weekly	Weekly
SA FM	99	95	93	325	-	-	1538	332	59	219
Icasa's Quota	*60*	*60*	*60*	*60*	-	-	*180*	*240*	*60*	*150*
RSG	110	62	63	210	95	61	1405	325	224	275
MLFM	80	80	75	118	60	60	1264	337	178	177
Lesedi FM	84	62	60	194	60	58	1865	330	126	171
Ikwekwezi FM	134	68	64	127	60	60	1530	323	102	203
Ukhozi FM	85	60	60	196	63	63	2638	339	287	218
Phalaphala FM	84	82	82	108	66	62	2642	363	147	215
Ligwalagwala FM	99	60	60	110	60	60	1870	355	405	250
Motsweding FM	106	60	60	111	62	61	1462	251	108	164
Thobela FM	208	110	80	96	60	60	1750	420	420	160
Umhlobo Wenene FM	78	78	78	162	64	72	701	336	432	171
Icasa's Quota	*60*	*60*	*60*	*60*	*60*	*60*	*180*	*300*	*60*	*150*
Lotus FM	76	70	70	92	65	60	639	-	-	193
Icasa's Quota	*60*	*60*	*60*	*60*	*60*	*60*	*180*	-	-	*150*
X-K FM	67	50	50	101	55	55	1432	534	755	-
Icasa's Quota	*30*	*30*	*30*	*30*	*30*	*30*	*180*	*300*	*15*	-
Tru FM	74	60	60	56	30	55	2076	336	54	-
Icasa's Quota	*30*	*30*	*30*	*30*	*30*	*30*	*60*	*120*	*30*	-

excellence as well as the equitable allocation of resources, whilst delivering on the relevant mandates of the portfolios within the divisions, i.e. the commercial portfolio delivering revenue as its core mandate and the public service radio stations delivering the public service mandate as their core mandate.

During this time there was also the introduction of the turnaround strategy, which set out certain deliverables for radio as part of the Corporation's fulfilment of its Government Guarantee requirements.

Programming Highlights

The key achievement of radio besides the delivery of mandatory content, was the successful promotion and creation of awareness before and during the Local Government elections. All radio stations produced and broadcast programmes aimed at addressing the apathy of the youth towards voting. Voter education programmes were broadcast across all the radio stations for first-time voters. Radio stations featured political debates and discussions during their talk-back shows. PBS Radio stations, together with the News Department, held town hall debates.

TELEVISION

TV Performance for Local Content

The SABC television channels have generally exceeded the minimum requirements on local content as prescribed by the regulations and the licence conditions. The table below provides a three-year scenario from 2009/10 to 2011/12 on local content performance.

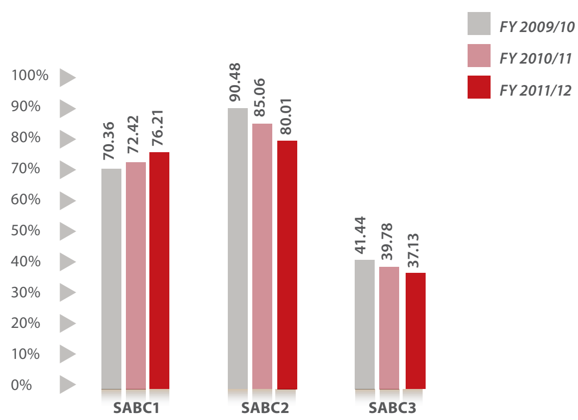
SABC 3's Local morning show 'Expresso' presenter team.

Languages on Television

The Broadcasting Act, as amended, Regulations, and the SABC editorial policies advocate the promotion of South African languages other than English. This principle was encapsulated in the licence conditions that were granted to the SABC in 2005. SABC television has had challenges in performing above the minimum requirements on languages for various reasons that include lack of capacity in the production industry to deliver content in marginalised languages.

The tables below show SABC television's performance on languages:

SABC Local Content - Prime Time

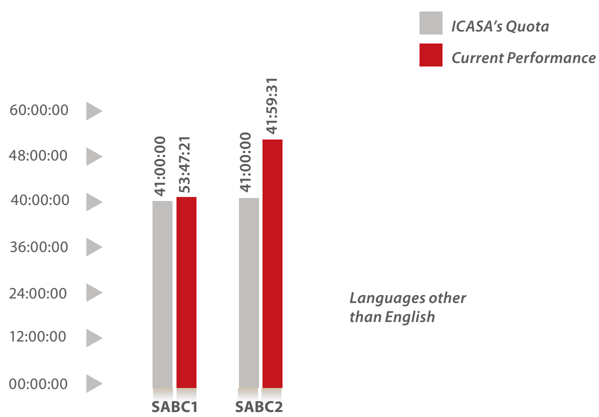


ICASA's overall local content quotas

Source: Prime Time Broadcast Schedule

Language Delivery for TV Performance

Current performance vs ICASA's quota

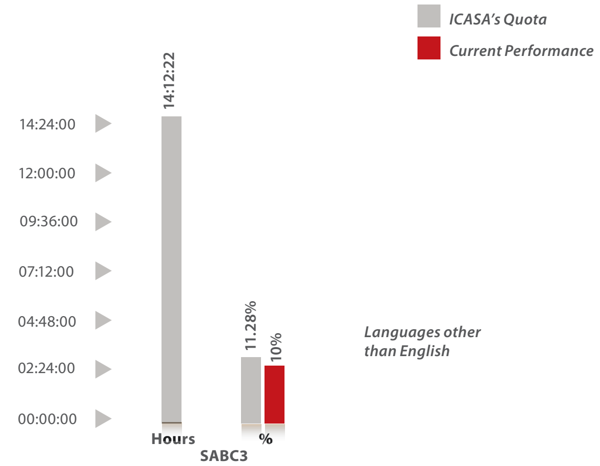


Average hours/min per week

Source: Broadcast Schedule (28 March 2011 - 1 April 2012)

Language Delivery for TV Performance

Current performance vs ICASA's quota



Source: Broadcast Schedule (28 March 2011 - 1 April 2012)

Audience Experiences

The Television Division, through its three TV channels and Content Commissioning Departments, continually interacts with its audiences to bring its programming stars and characters to the people e.g.:

- five SABC Education Baba Indaba Expos were held during the fiscal;
- in partnership with the National Department of Basic Education SABC Education hosted the 2011 National Teachers Awards function, which was broadcast live on SABC 2;

5 SABC Education Baba Indaba Expos were held during the fiscal.

- SABC partnered with Sanlam on the national Takalani Sesame Road Show; and
- as the youth channel, SABC1 continued to ensure that it connects with its core audience through music. The Live Tour was a national road-show to promote SABC1's flagship entertainment property 'Live', giving viewers an opportunity to interact with hosts and local music talent.

Television Highlights

Special events and activations:

- the channels broadcast a number of special events such as the festivities to celebrate the ANC Centenary, as well as on-air communication to ensure that the nation celebrated the victories of the liberation struggle.
- special broadcasts included the J&B Met, AFCON and the Sri Lanka Cricket Tour.
- the 6th SAFTAs were broadcast on SABC3, and out of the 65 nominations, SABC Television received 34 "best of" awards. The Educational Drama 'Intersexions' scooped 11 awards.
- SABC Education hosted the Brothers for Life Awards function for all the winners across 9 radio stations.
- in celebration of Africa Day 2011 a live concert featuring local, continental and international musicians was held at the Mary Fitzgerald Square, downtown Johannesburg. The evening was a melting pot of African song and dance performed in front of an enthusiastic and jovial crowd. The show was broadcast live on SABC2 and was themed to address issues of social cohesion, economic and developmental progression of African countries. Some of the artists featured on the night included The Mahotela Queens, Professor, Habib Koite and Baba Maal.
- In celebration of the local arts, SABC1 partnered with, and broadcast, the following key events:
  - South African Traditional Music Awards – October 2011;
  - Crown Gospel Awards – November 2011;
  - Metro FM Awards – November 2011; and
  - South African Music Awards – April 2011

NEWS

SABC News and Current Affairs is the main news-gathering Division of the SABC. The main news division is situated at the SABC Auckland Park Head Office, with its other local bureaus spread across the Provinces. As a division, SABC News is charged with uncovering, reporting and delivering local, national and international news. The Division plays a critical role in providing high quality, reliable and unbiased news and current affairs services within South Africa. The Division is staffed by journalists and camera personnel skilled in production techniques and desktop editing. It is this skill and capacity which the SABC will call upon when it launches its 24-hour news channel.

Recently there has been significant growth in the popularity of the SABC News online platform, which carries up-to-the-minute breaking news stories, which is testament to the demand for SABC news content. The SABC's ongoing implementation of studio upgrade technologies will contribute to modernising news output.

In a research study by the Human Sciences Research Council during the period under review, the majority of South Africans considered SABC News programmes as being the most reliable and trustworthy, second only to religious institutions.

The expanded presence of SABC News across all platforms and its network of international bureaus and cross-media journalists has enabled SABC News to provide unrivalled coverage of significant events and breaking news in the country. This was showcased during its coverage of the May 2011 Local Government elections. In the run-up to the elections SABC News hosted a series of national debates broadcast live on Sunday nights on SABC1 and SAFM, and streamed live on sabcnews.com. Six of these debates, conducted in partnership with the University of Johannesburg, took place in Johannesburg, with the rest of the debates hosted at various venues across the country. At the beginning of April 2011, the SABC also introduced national pre-election shows, which were aired four days a week from Johannesburg, with crossings to the regions during the shows.

Audience ratings for these programmes increased significantly over time, on both SABC1's and SABC2's 2011 Local Government Election broadcasts, indicating a keen interest from viewers. The "All Adults" rating of SABC1's "Elections Debate" increased from an average 9.1 ARs/25.6% (2.463 million adults) during April 2011, to a remarkable 10.7 ARs/29.8% (2.912 million adults) for the broadcast on 1 May 2011. A "Total Individual" audience of 3.556 million took the opportunity to watch this specific broadcast.

The "All Adults" rating of the SABC2 "2011 Local Government elections" programme at 18:00 increased from an average 5.1 ARs/15.7% (1.371 million adults) in April to 5.8 ARs/16.3% (1.564 million adults) for the broadcast on 2 May 2011 and attracted a "Total Individual" audience of 1.874 million. A comparison between the 2011 figures and those of the 2009 General Elections indicated a greater audience interest in the 2011 Local Government Elections.

1 200 SABC staff members were involved in the Television and Radio coverage of the 2011 Local Government Elections. SABC News identified twenty-six Outside Broadcast points and 100 cameras were deployed across the country. The TV production was end-to-end digital, with conversion to analogue only at the point of transmission to air.

SABC News had nine Outside Broadcasting points at the IEC centres in all nine provinces, as well as a brand new, state-of-the-art, High Definition unit in Pretoria. Seventeen remote mobile units were deployed across South Africa which received news feeds from all twelve of the SABC's Regional offices. Extensive election and results system training for staff was conducted at the SABC offices across the country. The News Research Department compiled a comprehensive Election Handbook for Editorial staff.

The SABC's results system was connected to the Independent Electoral Commission's (IEC's) in order for results to be available instantaneously. Through this system, in addition to reflecting the results as released by the IEC, SABC News was able to provide comparisons with previous elections, to pick-up on results trends as they developed, and to do predictions of expected outcomes in conjunction with experts from the CSIR, using scientific forecast models specifically developed for the elections. These results, trends and predictions were broadcast on all radio, TV and digital news services in real time.

SABC News had six Television presenters anchored at the IEC Election Centre in Pretoria, which ensured that viewers were kept updated throughout the day. As the IEC released the results this was complemented by a wide and balanced analysis of election issues by a panel of 30 analysts.

More than 400 editorial staff and almost 100 technical and support staff were involved in the SABC Radio coverage of the Local Government Elections. Teams were deployed at all IEC Centres countrywide covering various voting stations, to inform listeners about developments on both election day and results day. SABC Radio Broadcast Facilities (RBF) commissioned broadcast facilities at all IEC Centres to enable News programmes to be broadcast live from these Centres.

The SABC's Digital News Unit launched a 2011 Local Government Elections mobisite, enabling users to access minute-by-minute updates on election related stories and voter information via their cell phones.

After the local government elections SABC News continued to provide comprehensive news service on radio and television. During the first quarter the reach of those services increased significantly. Two thirds of the SABC News product either increased or sustained audiences while 68% improved or sustained audiences compared to June 2010. Eight of the SABC's regular bulletins increased performance in June 2011, while the remaining two were stable. Current Affairs programmes did not match the growth in news output, as only four programmes improved on the previous year-on-year ratings.

Other major activities which pre-occupied the Division during this period included the successful coverage and broadcast of The 17th Session of the Conference of the Parties of the United Nations Framework Convention on

2011 Local Government Elections.

Climate Change, the Seventh Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP 17) and the African National Congress's (ANC) Centenary celebrations. The opening and closing of COP 17 were broadcast live from Durban, KwaZulu Natal. From 28 November to 9 December 2011, SABC viewers received live broadcasts of keynote addresses and detailed reportage of discussions as they unfolded during the negotiations. An experienced team of SABC News anchors and journalists was deployed to cover the event, bringing audiences daily coverage of the event.

The ANC Centenary celebrations in Mangaung in early 2012 were also covered live, from the church service in Bloemfontein, Free State, to the keynote address at the Mangaung stadium on the 8th of January 2012. SABC News will continue to broadcast live events related to the Centenary celebrations, which will last beyond this reporting period.

The announcement of national matric results was also successfully broadcast by the Division in all the official languages.

Audience levels for SABC TV current affairs programmes were mixed with some programmes recording significant increases while audiences for others declined. Two out of three SABC1 programmes (Cutting Edge and Yilungelo Lakho) and two of four SABC2 programmes (Fokus and Leihlo la Sechaba) increased ratings compared to the previous reporting period, with another SABC2 programme (Zwa Maramani) remaining constant.

'Fokus' reached an exceptional 7.6 ARs/21.2% (ADS 16+) and an average Total Individual Audience of 2.359 million viewers. This score takes 'Fokus' to pole position among adult 16+ viewers on the TV current affairs list. This programme increased viewership across the language spectrum, with Afrikaans viewers on 22.4 ARs and a market share of 51.4%. This means that more than half of the Afrikaans adult audience that watched during the 18:30 slot was watching 'Fokus'. The programme continued increasing its viewership reaching an 8.2 ARs/22% (ADS 16+) rating and attracted almost 2.5 million viewers (Total Individuals), with its adult Afrikaans audience on 25 ARs/54.8% by the financial year-end.

'Leihlo la Sechaba' also obtained a remarkable score of 6.8 ARs/21.5% with almost 2.2 million individuals having watched the show. 'Asikhulume', which will be changed in the new financial year, did not increase its yearly average rating. The programme recorded 7.4 ARs/19.8% (ADS 16+) and attracted 2.614 million viewers (Total Individuals).

The loss of audiences for some daily television news and current affairs programmes was due in part to strong competing programming on commercial networks, and was a reflection on the general performance of channels. The News Division is developing strategies to improve audience performance, including a new look and feel to coincide with the planned launch of SABC 24 Hours and some detailed qualitative market research to help refine news content.

With reference to radio current affairs slots, morning shows on Ukhozi FM continue to grow overall listenership. The 05:00-06:30 slot continues to perform well with a year-on-year performance rating at 17.0%. Lesedi FM's 05:30-07:00 slot has attracted 6.8% year-on-year growth, and currently is at 0.9% in the fiscal under review. While Umhlobo Wenene FM has been declining in listenership figures, its 05:30-06:30 current affairs slot has performed well on 8.9% growth year-on-year. Ligwalagwala FM 05:30-06:30 slot has seen 1.4% growth, which is an improvement on the -8.2% experienced last year.

Motsweding FM 06:00-07:00 and RSG 06:00-08:00 slots continue to perform well year-on-year as well as during the period under review. SAFM's 06:00-09:00 slot has also performed well in the period under review, achieving a 7.7% increase. Midday Current Affairs slots, however, do not perform well with the exception of Ukhozi FM 13:00-13:30 (4.6%) when compared year-on-year. During the period under review, 4 out of 7 stations performed well overall. These are RSG, Lotus, Lesedi FM, and SAFM. The evening slots have performed well year-on-year on SAFM, Ukhozi FM, MLFM, and TruFM.

Weekend current affairs programmes also continued to perform in a satisfactory manner. Year-on-year two stations have performed well. These are MLFM whose 06:00-07:00 slot has seen a growth of 17.3%, and SAFM's 06:00-09:00 slot registering a 21.4% growth rate. The midday slots have also performed well on both stations, year-on-year, with RSG's 13:00-14:00 seeing a 28.4% year-on-year growth. Lotus FM's 13:00-14:00 slot registered a 32.3% year-on-year growth, and 26.8% to date. Lotus FM's 13:00-14:00 Sunday slot continued on its phenomenal growth of 6.3% year-on-year and 21.0% to date. Evening current affairs weekend show on SAFM's 20:00-21:00, on Saturdays experienced a healthy growth rate of 130.8% year-on-year and a 42.2% growth, albeit from a small sample. This slot is commanding 30 000 listeners from 13 000 a year ago. MLFM's 19:00-20:00 Sunday slot recorded a growth of 15.7% year-on-year, and 1.9% growth in the period under review. SAFM's 20:00-21:00 slots, on the other hand, recorded a healthy 6.4% growth in the period under review.

Our social reconstruction initiative, 'Touching Lives', continued to change lives of ordinary South Africans across the length and breadth of this country. The programme, which was launched in 2010, is based on the five key national priorities, namely:

- education;
- health;
- crime;
- poverty alleviation; and
- rural Development

The SABC takes account of these so that news, current affairs and information services can be the catalyst for positive and progressive development and change.

SPORT

The year under review has been a challenging one for SABC Sport with both extreme highs and dramatic lows. However, it has been a defining year in which some important milestones were achieved, milestones that will no doubt be great catalysts in how the Business Unit operates going forward.

The 2011 IRB Rugby World Cup coverage was undoubtedly the pinnacle of the year under review, with the successful integration of all the relevant business units to deliver a spectacular event, both on screen and commercially. This effort – which became a test case of how SABC should be managing sport special events - yielded the expected results with on-screen audience performances trumping the competition. Our sales figures were on target and our awareness and PR campaign received accolades for excellence. This well-coordinated approach, spearheaded by SABC Sport, proved that it is possible to drive meaningful returns for the SABC from special sporting events if the various units pull together.

However, the inverse of this was the challenge presented by the acquisition of broadcast rights. One of the most inhibiting challenges during the year under review was the

SABC Sport presenter Duane Dell'Oca commentating on the International Friendly between South Africa and Ghana.

lapsing of about 90% of SABC Sport's key Broadcast Rights agreements. These agreements lapsed over a period of 18 to 24 months at various intervals, and were not immediately renewed for various reasons, the most critical of which was the rapid rise in the cost of sports rights, which was rendering them too costly for the SABC, and thus too costly to carry live sport content. This was further aggravated by the financial position of the SABC and its obligations to meet the Government Guarantee Conditions, rendering it financially imprudent to secure inordinately expensive rights without any discernible returns.

The cost of delivering returns against Sports of National Interest is becoming an insurmountable financial challenge for the SABC. It is critical that a sustainable solution be found to ensure the continued delivery of Events and Sports of National Interest.

With the above in mind, the objectives for the year under review for SABC Sport were to manage and reduce the cost of delivering Sport and Events of National Interest, whilst retaining quality of delivery. The key cost contributors to the delivery of Sports of National Interest are in order of impact: rights fees, which have grown by some 450% in the past 10 years; cost of production, which has grown at a rate higher than CPIX consistently for the past 4 years; and human capital costs. The targeted delivery was to contain our overall rights fee escalation to within the 10% of the previous contract. This was largely achieved across our major contracts. On production, the aim was to ensure that we seek innovative cost-efficient mechanisms to deliver world-class productions.

The Rugby World Cup 2011 was a monumental shift in how we handle special events, with costs of production being managed to well within target, yet the on-screen content managed to deliver some impressive audience for SABC2. On PSL we implemented some new thinking, which reduced both internal and external costs, whilst improving the viewer experience. With regard to human resource costs, we are currently reviewing our Human Capital utilisation with the aim of ensuring better utilisation of the staff that we have through better resource planning and project integration. This will not only reduce our costs against human capital but it will also be a great asset in ensuring better quality content on screen.

These efforts, however, remain far from enough to ensure sustainability of SABC's delivery of Sports and Events of National Interest. The key to sustainable delivery lies in the review of the SABC Sports funding model. At present 90% of SABC Sports funding for rights and production is derived from advertising. In the current economic climate, with advertisers reducing their spend year-on-year, this task is getting harder and harder to achieve on and the current global economic outlook does not bode well for the model going forward. DTT will provide a new dimension in the bid to increase inventory against sporting properties that are covered by SABC Sport. The increased play space with greater technological capability should result in enhanced revenues and contribute to reducing the funding gap.

UNIVERSAL ACCESS

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

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

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

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

Together with Sentech, the national signal distributor, the SABC has embarked on a project to increase the coverage of its services by installing 300 new low-power transmitter sites across South Africa over a three-year period - 100 per annum. This will provide access to terrestrial television and radio services to the present under-served, mostly rural areas of South Africa.

Significant progress has been made with the completion of 62 of the 100 planned new low-power transmitter sites. The 2011/12 target of 100 new low-power transmitter sites is taking longer than anticipated because of delays with approval for frequencies and for commission and build by Sentech. However, in addition to the 62 sites on-air, Sentech is in the process of constructing another 47 sites that have been approved by ICASA; we are currently awaiting ICASA approval for an additional 44 sites.

In an attempt to increase access to the SABC services as part of the television digital migration process, the SABC will be including all the SABC radio stations on the DTT transmitter network. This will give citizens more choice, allowing them to listen to a radio station of their choice in their own home language from their television set. The use of satellite technology to augment the terrestrial coverage will furthermore give all citizens access to all SABC services throughout the country.

Metro FM Annual Music Awards showcasing and recognising several local artists.

INDUSTRY DEVELOPMENT

As a Public Broadcaster, and being part of the Industry that it serves, the SABC has developed various initiatives aimed at uplifting and supporting the South African entertainment industry.

Towards the end of fiscal 2011/12, the SABC entered into a three-year partnership with the Cape Town International Jazz Festival as the Official Broadcast Sponsor. This sponsorship underlines the National Public Service Broadcaster's commitment to support events that celebrate and reflect South Africa's identity and diverse culture. The SABC also sponsored workshops and master classes aimed at a new generation of musicians as well as four promising caddies from the Caddy Foundation, during the official Cape Town International Jazz Festival's golf day.

SABC1 drove campaigns in aid of our young citizens to assist them in identifying and enhancing their skills, thereby helping them improve their job-hunting efforts. Young people were hosted by international DJs in a music workshop aimed at honing their creative skills and teaching them entrepreneurial skills within the music industry.

The SABC also entered into a partnership with Moshito Music Conference and Exhibition, a partnership underpinned by a common set of values between the Corporation and Moshito. As a media partner, the SABC has committed itself to support the Moshito music conference by using its radio and television platforms to highlight current, key and burning issues within the South African music industry.

Radio also contributed to the development of local music in South Africa through various initiatives with the music industry, namely:

- Metro FM Annual Music Awards;
- SATMA (South African Traditional Music Awards) annual Awards – all SABC stations;
- Support of the Gospel Music Awards – annual event by all SABC stations;
- Support of the Joyous Celebration Gospel annual concerts – all stations;
- Ukhozi FM, Thobela FM, Ikwekwezi FM, Umhlobo Wenene and Tru FM Gospel Event;
- Xilombe Music Awards – annual event: Munghana Lonene FM;
- Support for the MTN SAMA Awards – all SABC radio stations;
- NCF (National Choir Festival) – Umhlobo Wenene FM;
- MACUFE – Lesedi FM, Umhlobo Wenene FM;
- BUYEL'EKHAYA Music Festival – Umhlobo Wenene FM;
- Maskandi and Isicathamiya annual festival – Ukhozi FM and Umhlobo Wenene FM;
- Local Classical Music recording - SAFM;
- UNISA Music Competition - SAFM;
- Lotus FM Lyrics writing competition – held every 2nd year;
- Khindlimuka Xitsonga Music Awards – annual event by Munghana Lonene FM;
- Zindala Zombili Traditional Music and Dance – Motsweding FM; and
- RSG hosts annual events for the development of music and culture - KKNK, Gariepfees & Suidoosterfees.

During the period under review !Xun & Khwedam through X-KFM recorded music of the Xu and Khwe communities to preserve the San culture which faces extinction.

TECHNOLOGY SATELLITE

TECHNOLOGICAL ERA

FACILITIES

COVERAGE

LINKS

SIGNALS DIGITAL

The modern News studios facilities.

SYSTEMS ACCESS SITES

TECHNOLOGY

DOMAINS DIGITAL INNOVATION INFRASTRUCTURE PLATFORM

Creating Audience-focused foundation upon which Broadcasting can exist

Throughout history humans have been driven by search, first for food, secondly for entertainment and information.

The SABC has recently celebrated its 75th anniversary. In the past 18 years it has tried to live up to its mandate as a public broadcaster to inform, educate and entertain South Africans and to act as a catalyst for nation building and social cohesion. Whilst celebrating 75 years, the broadcaster faces the task of ensuring another 75 years, as the technology that gave birth to the SABC has given birth to other forms of media and entertainment consumption.

As the backbone of the broadcaster the Technology Division therefore has a big role to play in using its skilled staff to roll out the new technology to the nation.

Milestones for the Year Under Review

Propelled by the success achieved from the broadcast of the World Cup in 2010 the Division began the year well with the successful coverage of the Local Government Elections. As expected, SABC facilities were the centre for all contribution and distribution feeds. Henley Television Facilities were involved in establishing the Gauteng results hub at the Renaissance Centre. IT was responsible for the critical areas, namely the Election Results System as well as the IT Telecommunications infrastructure.

In September 2011 the SABC assisted Mozambique to broadcast the All African Games in Maputo. TVOBs played a major role and provided 2 Outside Broadcast (OB) units, contributed equipment and staff to cover the event and provided an International Broadcast Centre (IBC) to receive signals from the venues and distribute them to international takers. Only with the SABC's intervention was television coverage of the event possible.

Towards the end of 2011, Govenrment granted the SABC the strategic partner role to fulfil the broadcast requirements for the Convention on Climate Change (COP 17) in December, which took place at the International Convention Centre (ICC) in KwaZulu Natal (KZN), with many countries participating. The SABC, as Pool Rights owner, established a broadcast platform that allowed for a multi-broadcast to be transmitted to many different countries in the world. The broadcaster included a number of its radio stations as part of the broadcast, which combined became the biggest broadcast for the 2011/12 financial year. TVOBs was appointed the host broadcaster for COP 17 by the United Nations (UN) through a contract with The Department of International Relations and Cooperation (DIRCO). COP 17 was completed successfully and a letter of gratitude was received from the UN.

Other major productions included the Rugby World Cup and the African National Congress (ANC) Centenary Conference covered by TVOBs. For the Rugby World Cup broadcast Henley Television Facilities appropriately upgraded the Sport dedicated facilities. Eight high definition (HD) live feed video signals were prepared and all matches were broadcast.

Innovations in SABC Technology

Innovation is achieved through Research and Development at the SABC and one particular area of focus has been DTT technology (this is covered under the DTT section).

The SABC is looking to implement a News weather production and broadcast system that will provide a modern look and feel to the SABC's weather slots on television. When taking into account the 12 daily weather slots during the week and 8 daily slots over the weekends, and the involvement of the 30 weather presenters to cover the various languages, the current Weather System is clearly not capable of supporting the weather production and play-out operation. Future needs will demand more infrastructure. The SABC is embarking on a single centralised technical graphics facility. Workstations would, however, be de-centralised to their logical workflow areas. This technical hub will include production graphics for drama, sport, news and on-air facilities. Virtual studio facilities will also be included. The envisaged plan is to have the four Studio Play-out Weather Systems, each installed in the Studio equipment room with cable extenders to the control areas of Studios 9, 10, 11 and 12.

The legacy system, which has been used in the SABC newsrooms for the past 19 years, has been replaced by the Electronic News Production System (ENPS). The ENPS is currently functional in 58 countries, 800 newsrooms and used by approximately 60 000 journalists worldwide, thus meeting the needs of the demanding news environments. The system allows journalists constant access to the newsroom worldwide. ENPS is being implemented for use by radio, television and new media.

For the Local Government Elections TVOBs used an Internet Protocol (IP) communication system to connect the many remote points to the ICC control centre in Pretoria. For the first time no microwave links were used and all the remotes were done via Digital Satellite News Gathering (DSNG). Only 4 of the 16 DSNGs were hired and TVOBs supplied the rest by splitting the normal DSNGs in two.

Digital Mobile News Gathering (DMNG) – TV contribution through mobile phone – units were introduced for the Rugby World Cup in New Zealand. Provincial TV-News offices were digitised and adopted digital workflows, and the unit's DSNG fleet was increased to five.

IP Portfolio

During the year under review a number of sites were launched to improve the website offerings. These included SABC News (www.sabc.co.za/news), International Sales (www.sabc.co.za/intsales) and SAFM (www.sabc.co.za/safm), which form part of the new technology platform that runs from www.sabc.co.za. A special website at www.sabc.co.za/mandela was also created, which pays tribute to the life and times of former President Nelson Mandela and will be strongly promoted during Mandela Day each year. Production websites at the Internet Services Provider vendor were implemented and hardware properly balanced to ensure availability and stability.

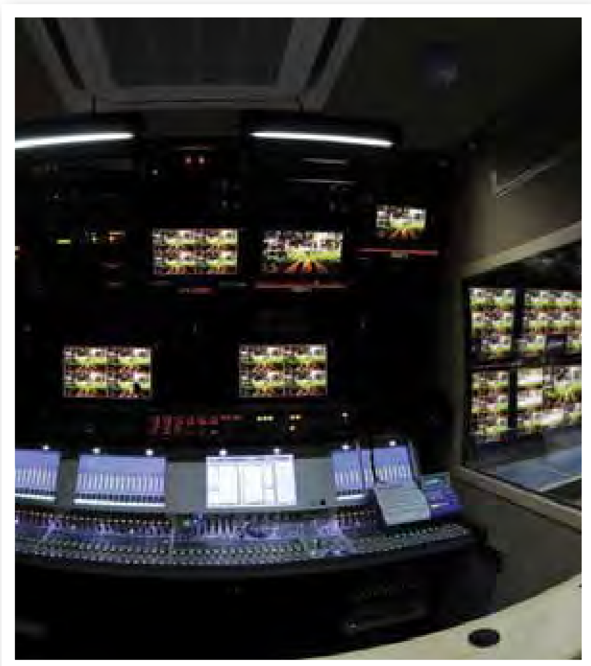
SABC will continue bringing its remaining online properties onto the shared platform to ensure that the experience remains seamless for our on-line audiences. The mobile website will also be enriched by offering access to more information.

The Year Ahead

The highlight for the year ahead will be the launch of DTT, therefore all efforts will be geared towards this.

- The establishment of a separate Digital Media Division will now be achieved through a cost-effective model of lower-level department that caters for Research and Development and incubates IP portfolio broadcast platform management. In essence, the entire Technology division is being restructured to be Digital-ready, through skills set clustering where all internet/online related skills will be under IP portfolio.
- Over and above the 24-hours News and Sport Channels the SABC has planned for additional channels to coincide with the envisaged DTT launch in October 2012. Henley will be upgrading the recently digitised FCCs to be capable of monitoring more than one channel each or build a Multichannel Play-out Centre.
- Preparations and broadcast of the London Olympics in July 2012.

The year ahead will see the Division intensify implementation of the Turnaround Strategy through implementation of outstanding audit findings, termination of non-performing contracts and creating structural permanency for effective governance.



Inside the High Definition Outside Broadcasting units.

MIGRATION
DELIVERY DIGITAL NETWORK TERRESTRIAL
PROCESS ERA

Prototype SABC set-top box.

MIGRATION
SIGNAL
TERRESTRIAL
PROCESS
DELIVERY

DIGITAL MIGRATION

The process of migrating all SABC workflows to the digital domain continued in line with the long-term migration strategy envisaged since 2005. Digital Terrestrial Television (DTT) is a component of this process.

The Newsroom Production and Computer System to replace the current legacy systems across all SABC broadcast centres is nearing completion.

Final control centres and main control facilities enjoyed continued digitisation as well.

Other milestones included the Craft Edit Server in News Facilities, Studio 9 upgrade/digitisation, Line Record Room project roll out, and Final Control Centre digitisation.

The continuation of upgrading studio facilities in Polokwane and Western Cape provinces demonstrated continued infrastructure investment throughout the SABC.

Digital Terrestrial Television (DTT)

In February 2012, the Minister of Communications issued an amended policy on digital migration for South Africa. Following that, ICASA is currently developing regulations for Digital Terrestrial Television (DTT). The DTT environment will provide the SABC with a multi-channel platform to showcase more South African content and will provide an opportunity to develop local languages. This will ease some of the programming bottlenecks that the SABC television experienced in the past due to limited airtime.

DTT will provide the South African public with more content choices, new channels and better quality of signal. This will also require the SABC to think and behave as a digital broadcaster in a multi-platform, multi-channel environment. To this end the SABC has ensured that it participates in the entire value chain and all processes that will eventually bring DTT to fruition.

Through its participation in the Government's Broadcasting Digital Migration Programme, the SABC has contributed to defining four broad areas of activity as follows:

- Policy and Regulation;
- Content, Platform, and Transmission;
- STB Manufacturing, Testing and Distribution; and
- Marketing and Consumer Support.

The SABC's DTT project has been on trial since 2008, and has already addressed many of the critical matters that will enable both the SABC and the industry to put certain processes and infrastructure in place. The SABC has put in place programmes to upgrade its broadcast facilities, including the upgrade of the analogue Final Control Centres (FCC) and the development of a new multi-channel playout facility. Most of the work is already at the advanced stage of the broader digitisation.

SABC Television Network within DTT

The SABC will launch DTT with 3 channels (News, Sports and Children/Educational) in addition to the existing terrestrial channels. The intention is to gradually launch the channels in the first few months of the platform launch.

The creation of a number of extra channels on the DTT platform will allow the SABC to offer a greater range of content in all official languages, increased regional representation and to drive industry development in building capacity for new and existing producers, particularly in the regions.

The SABC strategy is to deliver channels that will meet the diverse audience needs of the country. The strategy has identified gaps in SABC delivery to key audience segments (based on SABC's audience segmentation framework) and gaps in delivery of SABC's mandate and in opportunities to sustain commercial revenue in the long term.

Specific focus has been on increasing content delivery in areas such as children, news, sport, regional content, youth, women and education. Focus has also been placed on ensuring that digital technology is used to more effectively deliver on services in all languages and to disabled members of our community.

The most important differentiation for the SABC's DTT channel portfolio is its emphasis on driving Public Value and Citizenship in comparison to the more commercial offerings by other broadcasters. Particular attention has also been placed on ensuring that an appropriate SABC network mix of services is developed over time rather than having a series of individual channels put together.

Behind the scenes on the production of our Local Magazine show, 'Top Billing'.

GENDER
FIRST CITIZENS
HUMAN RIGHTS **HUMAN** **CAPITAL** STRATEGY
SERVICES DIGNITY
EMPOWERED
EMPLOYMENT

Our Employees at Ikwekwezi FM.

OUR EMPLOYEES

DEVELOPMENT TRANSFORMATION LEARNING WELLNESS EQUITY

The SABC has committed itself to creating an integrated human resource environment to form the backbone of all people-centred functions and provide efficient HR services.

During the year under review Human Capital Services focused on developing a new operating model and structure for the Corporation that will address the future needs of the broadcaster and entrench economic, social and cultural sustainability in order to enhance long-term performance. The key focus areas included Employment Equity, Performance Management, Learning and Development as well as Employee Wellness.

Employment Equity

In keeping with its corporate values of restoration of human dignity and building a common future, the SABC developed an Employment Equity Strategy to transform the workplace.

The SABC also established institutionalised structures such as the National Employment Equity Forum and the National Disability Committee to monitor the implementation of Employment Equity in the SABC. Divisional and Provincial Employment Equity Committees were also established.

The Employment Equity report for the year under review reflects that 66% of the workforce is African, 20% White, followed by 9% Coloured and 5% Indian. The SABC workforce consists of 46% females and 54% males.

Informed by the SABC's Vision of 'Total Citizen Empowerment', and as part of the Corporation's 'living the values' principle, the SABC recognises disability as a human rights and human dignity imperative. To this end the SABC developed a Disability Strategy that will mainstream disability in the SABC. As a result the Corporation exceeded its target of 2% employment of individuals with disabilities.

To further this Strategy the SABC plans to run Employment Equity related initiatives in the coming year to give employees an opportunity to understand and contribute to the implementation of the Strategy.

Analysis of Staff Complement as at 31 March 2012

(Filled Permanent Positions)

Race	No	%
African	2 404	66.19%
Coloured	320	8.81%
Indian	170	4.68%
White	738	20.32
Grand Total	**3 632**	**100.00%**
Gender	**No**	**%**
Male	1 950	53.69%
Female	1 682	46.31%
Grand Total	**3 632**	**100.00%**

Employment and Vacancies

Salary band	Posts	Posts Filled	Vacancy Rate	Additional Posts
Top and Senior Management	104	67	55%	0
Middle Management	507	432	17%	0
Junior Management	677	596	14%	0
Supervisory Level	1568	1414	11%	0
Remaining Staff	1243	1123	11%	0

Employee Relations

The year under review has seen a positive working relationship between the SABC and organised labour.

There has been robust engagement with organised labour during the Turnaround Strategy consultation process.

There was a significant reduction in the number of disciplinary actions taken against employees during the year under review. Management and labour formed task teams to resolve substantive issues carried over from the previous financial year's negotiations and agreed to come up with amicable solutions. The SABC continues to strive for an harmonious and sound labour relations environment.

Approximately 35 disciplinary hearings were conducted during the year under review.

The 5 major categories of misconduct were:

1. absenteeism;
2. contravention of personnel rules and regulations;
3. dishonesty;
4. insubordination; and
5. non-compliance with the duties of the contract of employment.

Organisational Development

Performance Management is key to the sustainability and development of the Corporation. The SABC embarked on an initiative to revitalise performance management within the Corporation. A decision was taken to automate the process and the SAP performance module was configured for this. The process should make the performance management cycle much easier to administer and it will be launched in the new financial year.

Learning and Development

The SABC embarked on a process of up-skilling its existing and new employees. A total training investment of approximately R23m (1,6 % of the Compensation budget) allowed employees to participate in 4346 skills programmes and short courses in the broadcasting, information technology, marketing and journalism fields.

The partnership between the MICT SETA, the National Skills Fund and the SABC contributed to job creation and entrepreneurship activities via the internship and learnership programmes. A total of 278 learners graduated from internships and learnerships that were implemented in Human Resources, Finance, Broadcast Engineering, Film and Television Production, Journalism, Radio Production, and Television operations. A 56% absorption/employment rate for learners was achieved through this intervention.

R2.5m was invested in bursaries for employees, children of employees and deserving citizens. Bursaries were sponsored for 231 recipients for scarce and critical skills within the industry and in the country.

Employee Wellbeing

SABC is committed to the health and wellbeing of its employees and offers various wellness programmes to support employees, as well as their families, through the SABC Wellness Department. Employee Wellness focuses on managing health issues and work-life balance. These programmes are designed to create awareness and build and maintain a healthy, empowered employee. Employee Wellness focused on three main areas: Medical Surveillance and Health Risk Assessments (Occupational Health), Drug and Substance Abuse (Employee Assistance Programme), and HIV and Aids (Primary Health).

1315 Occupational health examinations were done during the reporting period. Of these, 106 employees were seen by the Occupational Medical practitioner for occupational health related matters, and 144 employees were examined by the Occupational Medical Practitioner to assess fitness for duty after medical surveillance.

As part of our Employee Assistance Programme, Employee Wellness successfully developed a Drug & Substance Abuse Programme to assist employees and their families on matters of substance abuse.

HIV/Aids remains a major social issue nationally. All employees and contractors are actively encouraged to know their status.

In conjunction with SABC Education and SIDA Education, Employee Wellness in 2011/12 was able to successfully distribute over 1000 Master Aids Games designed to educate and engage both the youth and adults about HIV and Aids. Over the past three years 65% of SABC employees have participated in HIV counselling and testing.

STRATEGY

RECOGNITION OBJECTIVES

MARKETING INITIATIVES

REPUTATION

VALUES

BRAND

TRADE AWARENESS

Visuals from the 'It's our Game' campaign.

RECOGNITION REPUTATION

BUILDING THE SABC BRAND

TRADE STRATEGY AWARENESS

The SABC's primary marketing objectives for the year under review were to improve the SABC's brand reputation, build awareness for all SABC brands, and to develop and implement a strategic Marketing plan informed by the Turnaround Strategy.

During the 2011/12 financial year the SABC blueprint was developed in partnership with Brand SA. However, a delay in the sign-off of the Advertising, Creative and On-air promotion Agencies' contract impacted negatively on the deliverables of the SABC brand campaign and other SABC brands, particularly SABC3 and SABC News.

Nevertheless, eight SABC Radio Stations (Ukhozi, Umhlobo Wenene, Metro, Lesedi, Motsweding, Thobela, RSG and 5FM) were able to make it to the Top 10 Brand Survey list during 2011. This survey measures brand relationship scores, audience loyalty, awareness and confidence in the brand.

The SABC TV Network won 30 Awards at the 2011 South African Film and Television Awards (SAFTAS) and went on to win a staggering 40 Awards at the sixth (2012) SAFTA Awards, including "Best Soapie" award, which went to 'Isidingo'.

SABC Corporate Marketing drove transversal support for all SABC sub-brands by means of self-promotion, advertising and event sponsorship. An on-air team produced 90 transversal line-up promos per TV Channel per month. The main objective of these promos was to encourage transversal viewership across the three channels.

SABC Corporate Marketing hosted workshops with all SABC Radio stations in the Provinces. The SABC mother brand positioning was presented at these workshops to provide guidance for the stations in aligning themselves with the mother brand. During these workshops SABC Corporate Marketing started a process of redesigning and repositioning some of the SABC Radio stations' logos and corporate identities in line with their own market positioning. Some of the corporate identity material was designed over eight years ago and had not changed to keep up with a rapidly changing market environment, particularly in light of the looming digital migration.

Corporate Marketing also contributed to a publication showcasing the 75 Year History of the SABC. The SABC was profiled in a number of brand publications in celebration of the SABC's 75th birthday.

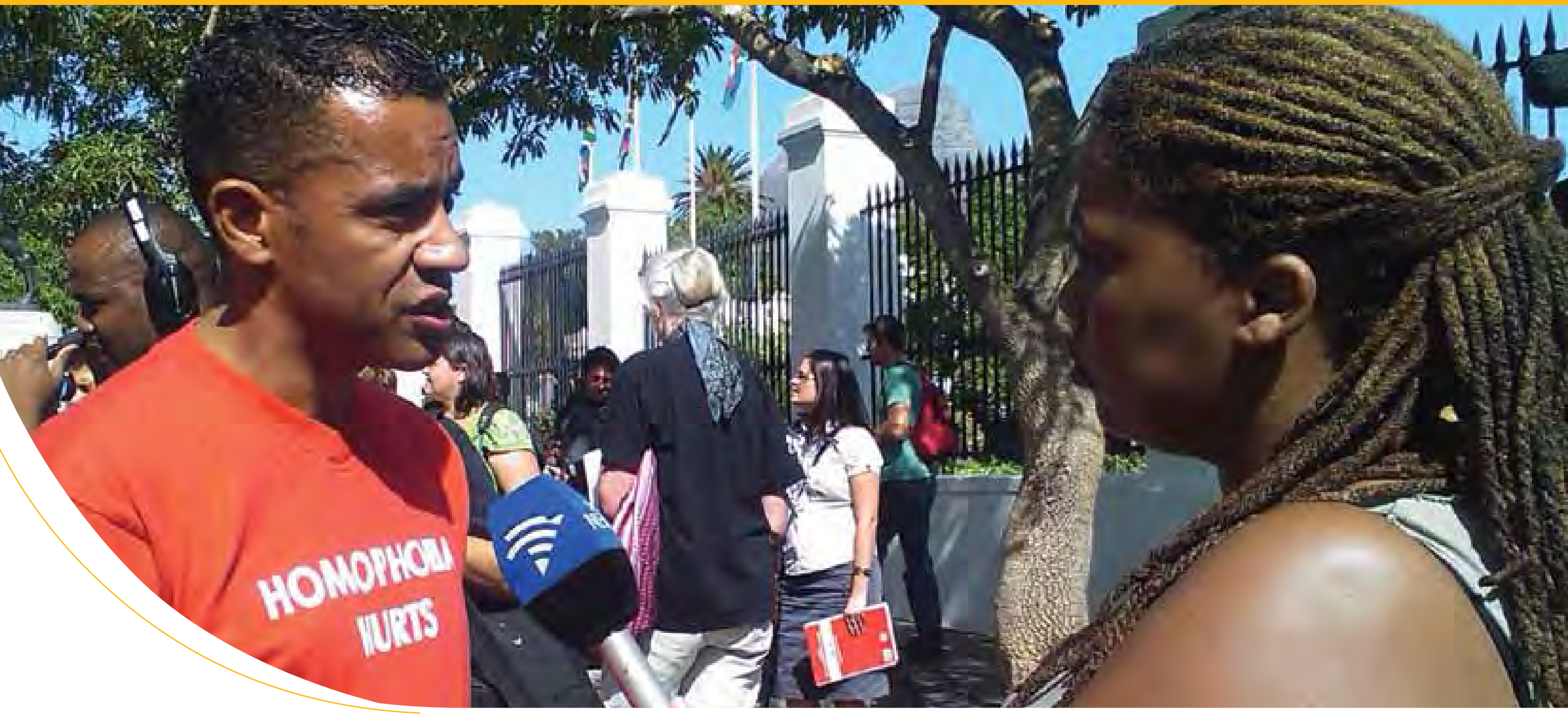
The introduction of SABC internet URLs at the end of News and weather bulletins (August 2011) helped increase the online and mobile traffic on these digital platforms. The consolidated 'Listen Live' functionality was activated on the web and mobile platforms.

Corporate Marketing entered into a trade exchange on a print campaign to the value of R1.5 million for the 2011 IRB Rugby World Cup during Heritage Month and contributed R2 million of airtime towards the 'Arts Alive' festival as the official broadcast partner.

STATUTORY
COMMISSION

COMPLAINTS

RESOLUTIONS
CONSUMER
SERVICES
REQUIREMENTS



SABC News interviewing protestors during a news insert.

STATUTORY

COMPLAINTS

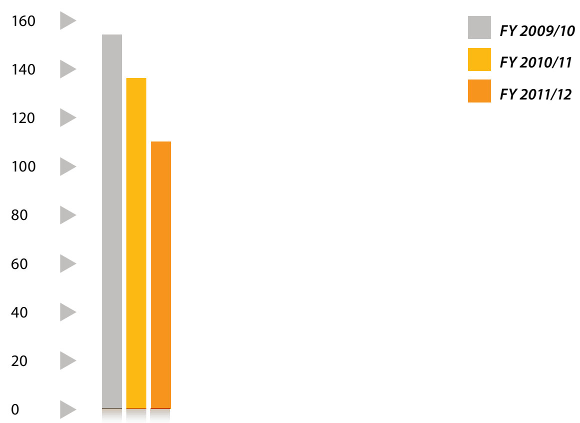
COMMISSION SERVICES CONSUMER RESOLUTIONS

Complaints against SABC services are channelled through a number of bodies, some statutory and others self-regulatory. These include the Broadcasting Complaints Commission of South Africa (BCCSA), the Advertising Standards Authority of South Africa (ASASA), the Wireless Application Service Providers Association and the National Consumer Commission.

As always most complaints during this fiscal were received via the BCCSA, which adjudicates content-related complaints. There were also some from the NCC but none from any of the other bodies listed.

Fiscal comparative Figures for BCCSA Complaints

No of Complaints



Source: Prime Time Broadcast Schedule

Broadcasting Complaints Commission of South Africa

During the fiscal year 2011/12, 110 complaints against SABC services were finalised by the BCCSA. Of these complaints, 107 were dismissed, one was dismissed on appeal by the SABC, one led to a reprimand and one received a fine of R11 400.

There has however been a consistent trend towards a decline in the number of cases lodged at the BCCSA, as is reflected in the three-year analysis. This can be ascribed to on-going and regular training of relevant staff in the requirements of the Code and to implementing stricter internal processes for non-compliance. An on-air education campaign for listeners and viewers across all radio and television services also contributed to this reduction.

National Consumer Commission

The Consumer Protection Act went into effect at the start of this fiscal, effectively rendering the SABC also subject to complaints lodged with the National Consumer Commission (NCC).

So far all the complaints that have been referred to the SABC via the NCC have been around issues related to television licence fee collections. All matters were satisfactorily resolved.

INITIATIVES

STAKEHOLDERS

RELATIONS

ENGAGING OUR PEOPLE

PUBLIC

PARTNERSHIPS

COMMUNICATION

EMPLOYEES

Mr. Hlaudi Motsoeneng (COO) engaging with employees.

COMMUNICATION PARTNERSHIPS STAKEHOLDERS PUBLIC RELATIONS EMPLOYEES

ENGAGING OUR PEOPLE

STAKEHOLDER ENGAGEMENT

The SABC's Stakeholder Engagement Strategy was developed to deal with the ever-changing environment within which the Corporation operates. As a public broadcaster the SABC serves a wide range of stakeholders and in the year under review our strategic focus was on internal stakeholders and other key stakeholders, including citizens.

Public Engagements

The SABC employed a wide range of mechanisms to engage with external stakeholders and to capture information about the Corporation's social impact.

The Audience Services Division, responsible for optimising funding to the SABC's Public Broadcasting Service through the collection and management of television licence fees, embarked on a nationwide citizen outreach programme to build personal and sustainable relationships with the public.

The Division participated in several Mall Activation Campaigns in the period under review. The campaigns entailed a TV Licences division presence at popular shopping malls in various Provinces, with a highly visible kiosk at which licence holders could personally resolve their queries or pay their licence fees. The initiative was supported by an awareness campaign on SABC radio stations and a competition campaign.

The Division also successfully partnered with internal SABC stakeholders such as RadioSonderGrense (RSG) and SAFM to participate at the Klein Karoo National Arts Festival, the Grahamstown National Arts Festival, the Gariep Arts Festival and the Tshwane Spring Show. Events with external partners included the International Franchise Expo at the Sandton Convention Centre, the World Telecoms Day activities hosted by the Department of Communications, Business Opportunities and Franchise Expo with Eskom and the Vodacom Suppliers Day.

Currently income from TV licence fees contributes 16% to the SABC's annual operating revenue.

Our platforms (Radio and TV) also held several public campaigns where our personalities engaged with the public.

People with Disabilities

The SABC also sought to address the needs of audiences with special needs, an undertaking that resulted in the Broadcaster convening meetings with various relevant stakeholder Corporations including Deaf SA and Disabled People South Africa (DPSA). The parties agreed to work together towards making SABC programmes more accessible and to explore ways of approaching issues concerning programming and employment equity – a memorandum of understanding is expected to be signed in the 2012/13 financial year.

Community Organisations

Various Community organisations such as the Coloured community, Khoi-San community and the South African Christian Ministries (SACMIN) were engaged in an effort to understand different community needs in shaping the SABC to reflect the diverse cultural and multilingual nature of South Africa, as prescribed by the Broadcasting Act.

Engagements with different communities are still on-going and require multilateral engagement and consultation with the Shareholder and Regulator.

Most issues raised by communities relate to the use of language, reflection of culture, stories that reflect the width and breadth of South Africa (not just urban areas), as well as the accurate portrayal of all segments of our society.

There can never be enough engagements with citizens. The SABC Stakeholder Division has developed a more structured way of engaging with the public, which will begin in the 2012/13 financial year. A perception survey will be used for a scientific understanding of how South Africans feel about SABC content and services. The Broadcasting Act stipulates that, as a Public Broadcaster, the SABC should solicit public feedback regularly. Plans were put in place for public feedback sessions and Editorial Policy Review processes. All of this work requires funding, which was not available during the year under review.

Sporting Bodies

National sporting bodies such as the South African Football Association (SAFA), the Premier Soccer League (PSL), the South African Rugby Union (SARU), and Sport 5 were engaged in an effort to secure rights to matches of national interest and to ensure that national team matches are broadcast live. The process remains on-going and the Public Broadcaster intends engaging all sporting bodies in the next financial year.

Local Content

In support of the South African music industry and promoting local content, during 2011/12 the Public Broadcaster entered into discussions with the Independent Record Companies of South Africa (AIRCO) aimed at exploring ways for the Corporation to promote the growth and development of the local music industry. The result was the signing of a long-awaited distribution agreement between the SABC and AIRCO, that will see AIRCO being able to submit its members' and non-members' music products for broadcast on SABC platforms (TV and digital).

Government Relations

The SABC partnered with Government on a number of initiatives to support key national days. Relevant messages were incorporated in SABC programming. A workshop was held in partnership with Government Communications and Information System (GCIS) to assist SABC programming and news staff to understand the South African Government policy on environment, as part of preparations for the COP 17 environment conference held in late 2012.

International Relations

Relationships with international stakeholders remained cordial and mutually beneficial for the SABC. The public broadcaster participated in the hosting, transferring and sharing of skills with numerous international bodies. Through its relations with the Department of International Relations and Co-operation (Dirco), the SABC continued to provide its annual media training to Dirco diplomats.

The SABC also has, and continues to maintain, relations with other international bodies such as the China Central Television (CCTV), Brazil National Telecommunications Agency (BNTA), Malawi Broadcasting Corporation, Tanzania

SABC Management engaging with labour unions.

SABC 2 partnering with the Breast Cancer Walkathon.

Broadcasting Corporation, Federal Radio Corporation of Nigeria, Uganda Broadcasting Corporation and Africa (China) TV media. These relationships are underscored by an understanding to exchange content, benchmarking, skills transfer and corporate agreements satisfactory to both parties.

Engaging Employees

Internally, the 2011/12 Financial Year was underscored by the repositioning of the Stakeholder Relations and Provinces Department, a process that started with vigorous engagement with staff and organised labour. Focusing on HR issues pertaining to permanent and independent contractors, the process unfolded through various internal platforms and across different levels, including the Senior Management Forum, Middle Management, Provincial staff, employees with disabilities, and the Redifussion – a platform developed to engage all employees, including the Provinces.

Because of the improved relationship between management and organised labour meaningful and positive developments took place during the period under review. One such development was the agreement that performance management will be cascaded into the middle management and bargaining units. Since these engagements, organised labour has played a pivotal role in providing solutions together with management to long-outstanding and substantive issues.

However, a lot of work still needs to be done to ensure the continuation of a healthy leadership/staff relationship. The process is on-going and has thus far allowed open communication between the SABC leadership and staff. The focus for the next fiscal will be to empower managers to interact effectively with their immediate subordinates in order to ensure employees are always kept abreast of the strategic direction of the Corporation.

Employees with Disabilities

In line with its key responsibilities, as enshrined in the Broadcasting Act, namely, to be responsive to the needs of all South Africans "including the needs of the deaf and the blind and account on how to meet those needs," the SABC performed a special needs assessment aimed at establishing the needs of staff with special needs and ways in which it can make the working environment friendlier and more accessible to these employees. As a result of this assessment some members of staff were provided with wheelchairs and also had communication aid facilities installed for their use.

SOCIO ECONOMIC DEVELOPMENT INITIATIVES

Through various initiatives, SABC Television platforms participated in various community upliftment projects during the year under review, some of which are listed below:

- implemented the SABC Education Bursary Scheme 2011 in partnership with NEMISA. Bursaries to the value of R2 million were awarded to successful applicants;
- awarded monthly bursaries to the unemployed youth through the programme 'Shift';
- awarded bursaries to Grades 12 on 'Matrics Uploaded' programme;
- SABC2 has adopted the Ebenezer Orphanage and Old Age Home as its main focus for CSI. The channel selected the home having heard of their plight due to their indigence. In December the channel donated cooking stoves, a fridge and groceries to the home, organised massage treatments for the minders and oldies and took the channel's kiddies programming mascot, DUB, to entertain the children. The SABC2 staff also spent the day at the home, preparing Christmas lunch for the children and oldies;

SABC News 'Touching Lives' donating computers to schools in Soweto.

- in October 2011, SABC2 partnered with the Breast Cancer Walkathon (BCW) 2011 to raise awareness of breast cancer. It took its on-air personalities to participate in the 5km and 8km walks, handed out SABC2 promo items to the Walkathon participants, as well as autograph signage. In keeping with the Rugby World Cup 2011 fever, SABC2 arranged for Kalawa Jazmee artists - who created the SABC Rugby World Cup Theme song - to perform on the main stage. The on-air personalities delivered promos to sensitise the nation about the BCW; and
- as part of giving back to our local communities on Mandela Day:
  - SABC1 team, together with channel icons, spent Mandela Day at the Kliptown Youth Centre, cleaning the centre and its surroundings; and
  - SABC3 spent the day with ICare Children's Centre for street children, planting a vegetable garden.

SABC News 'Touching Lives'

During the year under review, SABC News' 'Touching Lives' was instrumental in mobilising the public and the private sectors to contribute in the following initiatives:

- building of a hostel for the disabled children in Thembalethu, Khayelitsha, Western Cape. The hostel was handed over to the recipients on the 18th of July 2011. This was made more special by the presence of Minister Lulu Ngxingwana and Deputy Minister Dr. Ngoako Ramatlhodi. The day also celebrated the birth of South Africa's first democratic leader, Mr. Nelson Mandela;
- installation of a security system for the home of the disabled children in Bloemfontein, Free State;
- bursary funds for a student from an historically disadvantage background (student currently registered for a Bachelor of Commerce at the University of Cape Town, Western Cape);
- sports funding for children from historically disadvantaged backgrounds to participate in historically White sports e.g. golf funding students in East London;
- provision of wheel-chairs for people living with disabilities across South Africa; and
- funding for organisations catering for the homeless; children suffering from various diseases to undergo surgery; and homes for orphans.

A fundraising telethon on 'Morning Live' was organised by the SABC's CSI Department to raise funds for the people of Somalia. The telethon was led by SABC News and supported by SABC Corporate Marketing and Corporate Communications, SABC Radio Stations, Department of Women and Children, Gift of the Givers, musicians and soapie actors and actresses. A total of R1 million was raised through the telethon.

The SABC donated computers to the Mbuyisa Makhubu school in Soweto. Various radio stations also donated computers to an NGO that caters for children of refugees from East and West Africa as well as from the SADC countries.

As part of the SABC's social commitment and to promote National Literacy Day reading material and books were donated to Ponego Secondary School in Katlehong. This auspicious day also saw 20 learners graduate in ABET learning programmes.

Investments were also made for 63 employees to participate in the GIBS Management and Leadership programmes to ensure relevant leadership skills within the Corporation.

The NOSA Safety Awareness toolbox talk package.

HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT POLICIES AND PRACTICES

Focus on Health and Safety

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

Safety

The SABC's vision for occupational health and safety of the workforce is one of zero tolerance for on-the-job fatalities, injuries and diseases. The effective implementation of the occupational health and safety programme, the storage and stacking programme, the fire safety programme, the health and safety policies and the awareness programmes assisted in keeping injuries on duty as low as possible. Combined, these initiatives have resulted in the creation of a conducive work environment. All in all, there were 8 reported injuries on duty in 2011/2012, with no fatalities.

In compliance with the Occupational Health and Safety Act (OHAS), Fire equipment for the entire complex is serviced annually. Pest control is also well-managed and there have been no serious reports of infestations in our complex.

The NOSA Safety Awareness toolbox talk package is now available through the Library Department and is accessible to staff and all the Departments.

A National Disability forum has been established and the safety awareness programme has been highlighted as a priority for all SABC Provincial offices.

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

Health

The Occupational Health and Safety 2011 awareness programme for staff included a Workers' Health, Safety and Wellness Open Day where facilities were provided for employees to have their cholesterol and glucose levels, and their blood pressure checked, as well as having other health assessments.

The state-of-the-art SABC Corporate Gym has 900 members and is used by an average of 2000 permanent and contract workers every month.

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

Environment

The Corporation embarked on a biological programme to reduce the sick building syndrome effect on the workforce. Noise, air quality and light surveys have been conducted in most of the SABC Provinces and Auckland Park to determine compliance with legislation. Shortcomings have been identified and are in the process of being corrected. Water quality tests are done regularly to ensure that the tap water in the SABC buildings is clear of algae and cholera- free.

Waste management is being addressed in accordance with the stipulations of the Act with waste disposed of according to classification, including hazardous chemicals.

Smoking in SABC buildings is restricted to designated areas, bringing the SABC in line with requirements of the Tobacco Product Amendment Act.

ACKNOWLEDGEMENT VALUE

EXCELLENCE CONTENT

ACHIEVEMENTS AND ACCOLADES AWARDS

RECOGNITION

PRIDE

ACKNOWLEDGEMENT CONTENT EXCELLENCE RECOGNITION ACCOLADES

ACHIEVEMENTS AND AWARDS

SABC RADIO AWARDS

SABC Radio stations came out as best performers in the fiscal April 2011 to March 2012, especially Ukhozi FM, 5FM and SAFM:

MTN Radio Awards

- Ukhozi FM won 8 MTN Radio Awards including the coveted Public Broadcasting Service (PBS) Station of the Year award.
- SAFM won 5 MTN Radio Awards.
- 5 FM won 4 MTN Radio Awards including the Commercial Radio station of the year (5FM is also one of the only five African radio stations nominated for the Influential International Station award).
- 5FM won top accolades as the Coolest Radio Station Brand for the 5th consecutive year in the Sunday Times Markinor annual survey.
- METRO FM achieved second position in the same survey.
- Other MTN Award winners were; Metro FM (1), Thobela FM (1), RSG (1), Lesedi FM (1), Phalaphala FM, Lotus FM (2) as well as Channel Africa.

SATMA

- Umhlobo Wenene: Saba Mbixane.
- Ukhozi FM: Khalesakhe Mbhense.

Other Awards

- Siki Mgabadeli was named as one of the leading 200 Young South Africans by the Mail & Guardian.
- SAFM was given an Achievement Award for Invaluable Support by promoting Casual Day 2011 in aid of Persons with Disabilities.
- Ashraf Garda was given an Ubuntu Dialogue Award - Media Category by the Turquoise Harmony Institute (NGO) - for noteworthy contributions to dialogue, peace and harmony in society.
- At the MTN Radio Awards for work performed during 2011:
  - Daytime Show PBS: Afternoon Talk - Ashraf Garda;
  - Night Time Presenter PBS: Ashraf Garda (for The Talk Shop);
  - Drama Programme: Radio Vuka on SAFM;
  - On-Air Packaging PBS: African Renaissance campaign – Julia Ann Malone; and
  - News and Actuality Producer: Veronica Fourie – AM Live on SAFM.

SPORTS

Another achievement was for Sport Playback, a sporting programme produced by SABC Sport. The programme won the South African Film and Television Awards' Best Sport Programming award. Our on-screen presentation

SABC Radio receiving several awards at the MTN Radio awards.

with the new wardrobe design, particularly for Laduma and Soccerzone, has received numerous compliments and commendations from various stakeholders, most importantly the PSL, who are the owners of the rights we use in Laduma and Soccerzone.

NEWS

Recognition for the work done by the SABC News Division's 'Touching Lives' programme came through various awards. A new category was developed by the National Press Club to recognise the impact journalistic initiatives such as 'Touching Lives' can have on our society.

International Awards

- CNN Africa Award (Radio).

National Awards

- Vodacom 2011 National Radio General News Award.
- Vodacom 2011 National Radio Feature Award.
- Vodacom 2011 National TV News Award.
- National Press Club Radio Journalist of the Year.
- National Press Club and Proudly South African Award to SABC Touching Lives for society upliftment through the media.

Provincial Awards

- Provincial Tourism Award (North West Parks and Tourism Board).
- 10 Regional Vodacom 2011 Journalist of the Year Awards.

Community Awards

- Club Environmental Reporter – SAB.
- Swimming South African Television Journalist of the Year.
- Kudu Award (SANPARK).
- Annual Inheritor's Community Achievement Awards 2011.
- Umzinyathi Mayoral Cup Award – International Relations.
- SATMA Award.
- Community Award.

TELEVISION

SABC TV Programming continues to resonate with both its audiences and peers, receiving numerous audience and peer awards locally and internationally.

- 'Siyayinqoba Beat It' was awarded the Gold Plaque for being the Best Programme communicating issues of HIV/AIDS with people that are already infected.
- SABC TV programming swept the South African Television Awards.

The visuals from 'Intersexions'.

- The SABC swept 78 nominations at the South African Film & Television Awards (SAFTAs), with education drama 'Intersexions' being nominated in 23 categories and winning 12 awards. The awards' main objectives are to honour, celebrate and promote the creativity, quality and excellence of South African film and television talent.

EDUCATIONAL CONTENT

The 2012 National Teacher Awards

- Certificate of Appreciation for Participation.

The George Foster Peabody Awards.

The Peabody is the oldest electronic media award in the world, recognising excellence, distinguished achievement, and meritorious public service.

- Peabody Award for excellence for 'Intersexions'.

MTN 2012 Radio Awards

- Presenter Nomfundo Mkhize, 'Teen Zone' on Ukhozi FM, nominated in the Daytime Presenter Category.

Input Conference Sydney May 2012

- Episode 4 Selected to be screened in section "The thrill of political drama" for '90 Plein Street'.

2012 South African Television Awards

- Golden Award Winner in drama category for Best TV Drama Series for Intersexions.
- Golden Award Winner in drama category for Best Director of a TV Drama Series: (EPS 4 & 20) Rolie Nikiwe for 'Intersexions'.
- Golden Award Winner in drama category for Best Writing Team in a TV Drama Series: (EP 20) Brent Quinn, Linda Bere and Team for 'Intersexions'.
- Golden Award Winner in drama category for Best Actor in a TV Drama Series: Siyabonga Radebe as "Muzi" for 'Intersexions'.
- Golden Award Winner in drama category for Best Actress in a TV Drama Series: Lungelo Dladla as "Buhle" for 'Intersexions'.
- Golden Award Winner in drama category for Best DOP / Cinematographer in a TV Drama Series: (EP 8) Trevor Calverley for 'Intersexions'.
- Golden Award Winner in drama category for Best Editor on a TV Drama Series: (EPS 8 & 20) Melanie Golden for 'Intersexions'.
- Golden Award Winner in drama category for Best Production Design in a TV Drama Series: Marna Heunis for 'Intersexions'.
- Golden Award Winner in drama category for Best Music Composition in a TV Drama Series: Sue Lubner for 'Intersexions'.
- Golden Award Winner in drama category for Best Make-up & Hair stylist in a TV Drama Series: Smartie Olifant for 'Intersexions'.
- Golden Award Winner in drama category for Best Sound Design in a TV Drama Series: (EP 4) Janno Muller, Tim Pringle for 'Intersexions'.
- Golden Award nomination in Best Reality Show for 'One Day Leader'.
- Golden Award nomination in drama category for Best Director on a TV Drama Series: (EP 8) Catharine Cooke for 'Intersexions'.
- Golden Award nomination in drama category for Best Actor in a TV Drama Series: Thato Moraka as "Tshepo" for 'Intersexions'.

- Golden Award nomination in drama category for Best Actor in a TV Drama Series: Katleho Ramapakela as "Thami" for 'Intersexions'.
- Golden Award nomination in drama category for Best Supporting Actress in a TV Drama Series: Nolwazi Shange as "Ntombi" for 'Intersexions'.
- Golden Award nomination in drama category for Best Writing Team in a TV Drama Series: (EP 4) Chisanga Kabinga for 'Intersexions'.
- Golden Award nomination in drama category for Best DOP / Cinematographer in a TV Drama Series: (EP 20) Trevor Calverley for 'Intersexions'.
- Golden Award nomination in drama category for Best DOP / Cinematographer in a TV Drama Series: (EP 4) Trevor Calverley for 'Intersexions'.
- Golden Award nomination in drama category for Best Editor on a TV Drama Series: (EP 4) Melanie Golden for 'Intersexions'.
- Golden Award nomination in drama category for Best Editor on a TV Drama Series: (EP 8) Melanie Golden for 'Intersexions'.
- Golden Award nomination in drama category for Best Costume Design in a TV Drama Series: Rochelle Selling for 'Intersexions'.
- Golden Award nomination in drama category for Best Sound Design in a TV Drama Series: (EP 20) Janno Muller, Tim Pringle for 'Intersexions'.
- Golden Award nomination in drama category for Best Sound Design in a TV Drama Series: (EP 8) Janno Muller, Tim Pringle for 'Intersexions'.

AfriComNet 2011 Awards

- Gold Plaque for being the Best Programme communicating issues of HIV/AIDS to the people that are already infected for 'Siyayinqoba Beat It!'

TVSA

- Best Drama of the Year - The General TV Awards for 'Intersexions'.
- Best TV show of the year - The General TV Awards for 'Intersexions'.

African Movie Academy Awards (AMAA)

- Nominated in the best categories of: Production Design, Cinematography, Screenplay, Editing, Young Actor,

The cast from 'Siyayinqoba Beat It!'

The Cast from 'Ga Re Dumele'.

Actress in Supporting Role, Actor in Supporting Role, Actor in Leading Role and Best Film for 'Hopeville' (Film).

CONTENT HUB

2012 South African Television Awards

- Best Youth & Children Programme for the 'Jam Alley' Crew vs Crew.
- Best News & Actuality for 'Speak Out'.
- Best Reality for 'Jam Sandwich'.
- Best Supporting Actor: Drama for 'Fallen'.
- Best Supporting Actress: Drama for 'Sokhulu and Partners'.
- Best Costume Design: Drama for 'Zone 14'.
- Best Actress: Soap for 'Isidingo'.
- Best Ensemble: Soap for 'Isidingo'.
- Best Soap (Public Vote) for 'Isidingo'.
- Best Actor: Comedy for 'Ga Re Dumele'.
- Best Actress: Comedy for 'Ga Re Dumele'.
- Best Ensemble: Comedy for 'Stokvel'.
- Best Post-production: Comedy for 'Gauteng Maboneng'.
- Best Technical Team: Comedy for 'Gauteng Maboneng'.
- Best Art Direction: Comedy for 'Gauteng Maboneng'.
- Best Comedy for 'Gauteng Maboneng'.

SAB Awards

- Media Environmental Broadcast Journalist of the Year for '50/50'.
- Merit Award.

SAFTA 2011

- Best Director in Documentary for 'Jammer as ek so bitter is' by Rina Jooste.

SAFTA 2012

- Nominated for Best Short Documentary for 'Solving It'.
- Won Best News and Actuality Programme for 'Speak Out'.

INPUT 2011

- Innovation in Public Broadcasting for 'Relate'.

INPUT 2012

- Innovation in Public Broadcasting.

Africa in the Picture Film Festival Amsterdam

- Best Short Film for 'Difficult Love'.

INCOME EXPENDITURE

REVENUE

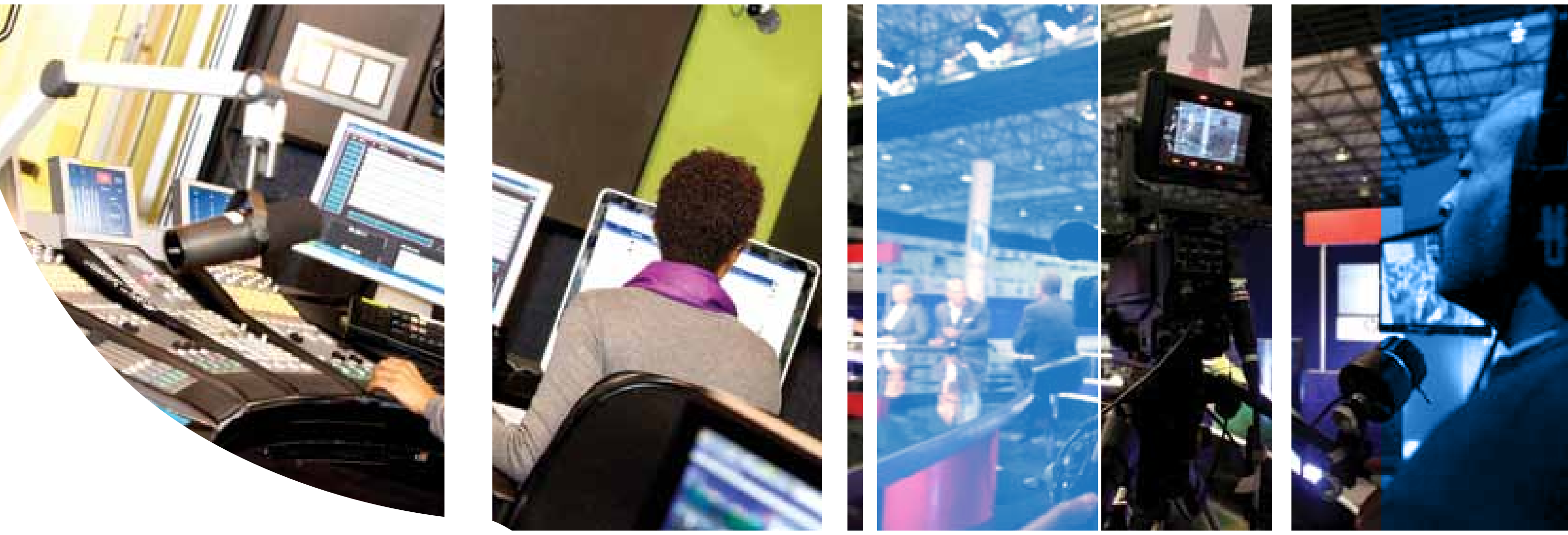
ANNUAL FINANCIAL STATEMENTS OF THE SABC 2012

BALANCE

EQUITY

STRATEGY

AUDIT



BALANCE STATEMENT INCOME

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FINANCIAL REPORT REVENUE ANNUAL

Report of the Audit Committee

to the SABC Executive Authority

Audit Committee Members and Attendance

The Audit Committee, appointed by the Board and approved by the shareholders comprised the following independent non-executive directors:

- Mr D K Golding (Chairman);
- Mr J S Danana;
- Mr C S Gina;
- Prof P M Green;
- Adv. C B Mahlati;

In terms of Section 72 (2) of the Companies Act of South Africa and treasury regulation 27.1.4 the audit committee can have members that are not directors of the company. To this end, the Board has appointed the following independent Advisors to the Audit Committee to provide the Committee with guidance in terms of its roles and functions.

- Mr G Morris (Independent Advisor); and
- Mr M Mazwi (Independent Advisor)

During the year under review six meetings were held and attended as reflected below:

Name of Member	Number of Meetings Attended
Mr D K Golding (Chairman)	5
Mr J S Danana	2
Mr C S Gina	3
Prof P M Green	2
Adv C B Mahlati	5
Mr G Morris	4
Mr M Mazwi	3

The Group Chief Executive, Chief Financial Officer, Acting Chief Operations Officer, the Group Executive Risk & Governance, the Chief Audit Executive and External Auditors attend meetings of the Audit Committee by invitation

Audit Committee Responsibility

The Audit Committee reports that it has complied with the requirements of Section 51 (a) (ii) of the PFMA and Treasury Regulations 27. The Committee has adopted an appropriate formal terms of reference, which was approved by the Board. The terms of reference regulates the Audit Committee's functions. However, the Audit Committee did not conclude on all of its responsibilities.

Consequently, the Audit Committee has effected some improvements in respect of monitoring to assist the Committee to discharge its responsibilities as set out in the terms of reference.

Evaluation of Financial Statements

The Audit Committee has reviewed:

- the Annual Report and Annual Financial Statements for the year under review 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;
- the Auditors' Report and Management Letter, including Management's Responses;
- SABC's compliance with legislation and the relevant regulatory requirements;
- Significant adjustments relating to the year-end audit;

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

Effectiveness of Internal Control

The system of internal control was not entirely effective for the year under review. Several deficiencies were reported by the Internal Auditors and confirmed by the External Auditors.

Internal Audit

The Audit Committee assisted in the appointment of the Chief Audit Executive, which was effected from 1 August 2011. This ensured the proper execution of the approved Internal Audit Plan and reporting to the Audit Committee.

External Audit

The Audit Committee regularly met with the External Auditors and Internal Auditors as required to deal with critical reported matters.

On behalf of the SABC Audit Committee

Mr. D K Golding
(Chairman of the Audit Committee)

30 July 2012

Directors' Responsibility Statement

The Directors are responsible for the preparation and fair presentation of the Group Annual Financial Statements and Annual Financial Statements of the South African Broadcasting Corporation (SOC) Limited comprising the statements of financial position at 31 March 2012, and the statements of income, other comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and the Public Finance Management Act of South Africa. In addition, the Directors are responsible for preparing the Directors' report.

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

The Directors have assessed the ability of the company and its subsidiaries to continue as a going concern and have no reason to believe that the businesses will not be a going concern in the year ahead.

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

Approval of Group Annual Financial Statements and Annual Financial Statements

The Group Annual Financial Statements and Annual Financial Statements of the South African Broadcasting Corporation (SOC) Limited, as identified in the first paragraph, were approved by the Board of Directors on 30 July 2012 and signed on its behalf by:

Dr. B S Ngubane
(Director)

Ms. L P Mokhobo
(Director)

30 July 2012

Certificate by the Company Secretary

In my opinion, as Company Secretary, I hereby confirm that, in terms of the Companies Act of South Africa for the year ended 31 March 2012, the SABC Broadcasting Corporation (SOC) Limited 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. T Geldenhuys
(Company Secretary)

Johannesburg

30 July 2012

Directors' Report

for the year ended 31 March 2012

The Board of Directors hereby presents the 75th Annual Report of the South African Broadcasting Corporation Limited ("the SABC" or "the Company"), for the financial year to 31 March 2012. 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 requirements of the Companies Act of South Africa, the Broadcasting Act, No 4 of 1999, as amended and the Public Finance Management Act, No 1 of 1999, as amended (hereinafter respectively referred to as the Companies Act, the Broadcasting Act and the PFMA), and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Nature of the SABC's Business

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

Turnaround Strategy

During the year under review, the Corporation began to embed the implementation of the Turnaround Strategy, the Vision for the SABC which seeks to improve functional efficiencies and optimal performance.

The Turnaround Strategy is predicated on seven pillars – namely:

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

Review of operations

The operating profit for the year for the SABC Group amounted to R436 million (2011: loss of R35 million). The improvement is mainly due to improved revenues R 5,7 billion (2011: R5,3 billion) (particularly advertising revenues) and a reduction in the amortisation charge R1,4 billion (2011: R1,6 billion) which was partly offset by the increases in broadcast costs R462 million (2011: R338 million) , employee compensation R1,8 billion (2011: R1,7 billion) and other operational expenses R405 million (2011: R300 million).

Austerity measures implemented in 2009 have proven to be sustainable and the implementation of the Turnaround Strategy has resulted in total operating expenses decreasing to R5,2 billion (2011: R5,3 billion). The SABC is not expected to incur a cash outflow for income taxes in the current year as a result of the benefit of the assessed loss from previous years.

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 Directors have reviewed the Group's budget and cash flow forecast for the year ended 31 March 2013. On the basis of this review of the current financial position and existing financial borrowing facilities and government guarantee (GG), the Directors are satisfied that the South African Broadcasting Corporation (SABC); has access to adequate resources to continue in operational existence for the foreseeable future and is a going concern, and accordingly the going concern basis continues to be adopted in preparation of the accounts. The Board has approved the negotiations relating to the restructuring of the Nedbank term loan. By implementing the restructuring of the loan, we will enjoy greater flexibility and more favourable terms in our loan arrangement. The organisation will also have greater freedom in terms of how it conducts its business.

DTT Funding for Digital Migration

In 2002 the SABC developed a multi-year Technology Plan for the modernisation of the company's broadcast and related IT infrastructure. This plan was costed at just over R1bn and the SABC approached government for assistance in funding the implementation of the plan. National Treasury allocated the SABC R700m in funding over the period 2005/6 to 2010/11 for the purpose of modernising its ageing analogue radio and television broadcast and related IT infrastructure. A further R150m was allocated in 2010/11, bringing the total to R850m. The R850m therefore provided funding for part of the overall cost of this DTT Capital requirement and a further R260m is still required to complete the modernisation programme. We are currently in the process of finalising our 2012-2015 MTEF submission to our shareholder to invest in DTT content and infrastructure.

Government Guarantee

The organisation has not accessed the second tranche of the government guarantee (R473 million) due to operations having stabilised and the liquidity position having improved greatly.

The organisation began early repayments in an amount of R111 million of the current portion of the R1 billion long term loan early in the year.

The Board has implemented its turnaround strategy in order to create a sustainable strategy for the SABC. These measures include revenue enhancing measures, cost reduction initiatives, working capital improvements and a reduction in capital expenditures.

The SABC has submitted to the shareholder a 36 month cash flow projection for the period 1 April 2012 to 31 March 2015. The cash flow projection indicates that the SABC will be able to meet its obligations as they fall due and will have sufficient facilities to meet any cash flow shortfalls in this period.

Corporate Governance and Compliance

The Board of Directors oversees compliance by the SABC with the governance requirements as set out in the King III Report on Corporate Governance for South Africa, the Protocol on Corporate Governance for state owned enterprises, the PFMA and the related Treasury Regulations, the Broadcasting Act, Companies Act and other relevant legislation. The PFMA, in particular, imposes a number of obligations on the Board in relation to the prevention, identification and reporting of fruitless, wasteful and irregular expenditure, and the collection of revenue owing to the Company.

In order to assist the SABC to comply with these obligations, a materiality framework which determines levels of materiality for reporting purposes was approved by the Minister during the prior financial year.

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

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

Special Investigations Unit and other investigations

The Special Investigations Unit continued their investigations that arose from the Auditor General's Report of September 2009. Additional investigations were also undertaken at the request of the SABC Board.

The final reports were received in June 2012 and are in the process of being reviewed for further action. The SABC Board will ensure that matters identified by the SIU will be actioned where possible.

Criminal matters identified in the investigative reports have for the most part been completed and handed over to the National Prosecuting Authority (NPA).

Subsidiaries

Details of the Company's investments in subsidiary companies are reflected in Note 9 of the Group Annual Financial Statements.

Directors

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

- Dr B S Ngubane - Chairperson
- Mr T S ka Plaatjie - Vice Chairperson *(since January 2012)*
- Mr J S Danana *(since June 2011)*
- Ms G P Duda *(since March 2012)*
- Mr C S Gina
- Mr D K Golding
- Prof P M Green
- Mr P J Harris *(until July 2011)*
- Adv C B Mahlati *(since June 2011)*
- Dr S P Makhesha *(since June 2011)*
- Mr G H Motsoeneng - Chief Operating Officer *(since November 2011)*
- Ms L P Mokhobo - Chief Executive Officer *(since January 2012)*
- Mr P Molefe - Acting Chief Executive Officer *(until January 2012)*
- Mr N C Motsepe *(until April 2012)*
- Mr L C Mtimde *(since June 2011)*
- Mr L P Nage - Acting Chief Financial Officer *(until March 2012)*
- Ms C F O'Neil
- Mr R A Nicholson - Chief Financial Officer *(until July 2011)*
- Ms S C Vos

Remuneration of directors and members of the group executive

Remuneration of non-executive Directors consisted of a fixed retainer plus a variable fee which is paid to Directors depending on their membership of Board sub-committees and attendance at scheduled Board meetings. A full disclosure of Directors' remuneration paid for the 2011/12 financial year is set out in Note 43. Full disclosure is also made of the Senior Management remuneration and is also set out in note 43.

Events subsequent to Financial Statement date

Non adjusting event- subsequent to 31 March 2012 one of the group's studios was destroyed by fire on the 13 June 2012. Damages will be claimed once the disaster recovery is finalised and all reports submitted to the insurers.

Company Secretary

Ms T Melk was the Company Secretary until November 2011.

Ms T Geldenhuys was the Company Secretary of the Company from May 2012.

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

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

Telephone number: +27 (011) 714-3910

Independent Auditors' Report

to Parliament and the Shareholder: Department of Communications

Report on the Annual Financial Statements

We have audited the group annual financial statements and annual financial statements of the South African Broadcasting Corporation SOC Limited (SABC) as set out on pages 88 to 129, which comprise the statements of financial position as at 31 March 2012, the income statements, the statements of comprehensive income, statements of changes in equity and the statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Board of Directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the requirements of the Public Finance Management Act of South Africa (PFMA) and the Companies Act of South Africa, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Public Audit Act of South Africa, the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditors judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

Disclosed in the statements of financial position are programme, film and sports rights with a carrying amount of R 862 467 000 and related accruals of R 598 799 000, included in trade and other payables. The income statements disclose amortisations and a reversal of impairments of these rights of R 1 370 395 000 and R 3 281 000 respectively. While management maintained lists to support the rights and accruals and schedules to support the amortisation and impairment, we were unable to obtain sufficient appropriate evidence to substantiate the reconciliation of these supporting lists and schedules to the financial statements. Accordingly, we were unable to determine whether the carrying amount of the rights and related accruals and commitments, amortisation and impairment, as well as the cost price of fully amortised rights, are materially misstated, or to quantify the effect on the financial statements.

Note 45 discloses fruitless and wasteful and irregular expenditure incurred during the year. The company does not have a formal process in place to assess the completeness of these disclosures. In addition:

- Impairments of programme, film and sports rights constitute fruitless and wasteful expenditure. We were unable to obtain sufficient appropriate audit evidence to support the impairments of these rights, as described in the preceding paragraph, and consequently we are unable to determine whether this matter has an effect on the fruitless and wasteful expenditure disclosed.
- The Special Investigations Unit has recently issued several reports that reflect instances of irregular expenditure. The company has not yet completed its evaluation of these reports in order to determine whether adjustments, if any, are required to the fruitless and wasteful and irregular expenditure disclosed.

Accordingly, we were unable to determine whether the disclosure of fruitless and wasteful and irregular expenditure is materially misstated.

Qualified opinion

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, these financial statements present fairly, in all material respects, the consolidated and separate financial position of the SABC at 31 March 2012, 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 the requirements of the Public Finance Management Act of South Africa and the Companies Act of South Africa.

Other Reports Required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2012, we have read the Directors' Report, the Report of the Audit Committee and the Certificate by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on Other Legal and Regulatory Requirements

Public Audit Act Requirements (PAA)

In accordance with the Public Audit Act of South Africa, and the General Notice issued in terms thereof, we report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

We performed procedures to obtain evidence about the usefulness and reliability of the information in the Report on the Performance of the SABC as set out on pages 37 to 41 of the annual report, and reported thereon to the accounting authority.

The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

There were no material findings on the Report on the Performance of the SABC concerning the usefulness and reliability of the information.

We drew attention to the following matter in our report to the accounting authority:

Achievement of planned objectives

Of the total number of 66 planned key performance indicators, only 20 were achieved during the year under review. This represents 70% of the planned key performance indicators not being achieved during the year under review. Reasons for not achieving the planned key performance indicator have been disclosed in the Report on the Performance of the SABC.

Compliance with laws and regulations

We performed procedures to obtain evidence that the company has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. Our findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

1. Strategic planning and performance management

1.1. Section 51(1)(a)(i) of the Public Finance Management Act of South Africa (PFMA), read with Treasury Regulation 27.2.1, requires the SABC to maintain an effective, efficient and transparent system of risk management. The risk management strategy, policy framework and risk registers were finalised by the Risk Committee during the last quarter of the previous financial year and approved by the accounting authority in February 2012. While the company has made progress in terms of implementing risk instruments, risk management is yet to be fully embedded throughout the company.

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

1.3. In terms of Treasury Regulation 29.2.1, the accounting authority must, in consultation with its executive authority, annually conclude a shareholder's compact before the commencement of the reporting period. The shareholder's compact for 2011/12 financial year was approved by the Minister of Communications on 20 April 2012.

1.4. In terms of Treasury Regulation 29.2.1, the accounting authority must, in consultation with its executive authority, annually conclude a shareholder's compact. In terms of the SABC shareholders compact, the accounting authority was required to undertake numerous activities in addition to the strategic objectives and outcomes set out in the shareholder's compact. Apart from the findings already included in this report, the following additional significant findings in relation to non-compliance with the shareholder compact were identified:

- There is no evidence that quarterly reports on the SABC's compliance with the PFMA were prepared, approved and submitted to the Shareholder; and
- The accounting authority is required to assess, at least on a quarterly basis, the assumption that the SABC is a going concern and to develop procedures and mechanisms to fulfil this responsibility. This requirement enables the accounting authority to identify issues which may cause it to re-examine the going concern assumption. Although cash management and the going concern assumption was continuously assessed by management in their preparation of monthly management accounts, there is no evidence that this was assessed by the accounting authority on a quarterly basis.

2. Annual Financial statements

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

2.2. Section 55(1)(d) of the PFMA requires the accounting authority to submit their Annual Report and Annual Financial Statements to National Treasury within five months after their financial year end. The company submitted its Annual Report and Annual Financial Statements for the year ended 31 March 2011 later than the prescribed dates, on the 16 September 2011.

3. Audit committees

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

- The audit committee terms of reference require that the Company Secretary facilitate the evaluation of the performance of the committee on an annual basis, or such other basis as the committee may determine. Self assessment questionnaires were circulated to the audit committee members but consolidated responses and feedback was not formally tabled to the committee for consideration;
- The effectiveness of internal controls was not adequately monitored by the audit committee for the period from April to August 2011, as the internal audit reports were not consistently tabled at the audit committee meetings to consider the impact of the findings and corrective action. These reports were only tabled formally from September 2011 onwards;
- Evidence could not be presented that the audit committee had reviewed the processes and controls designed to ensure the communication of the codes of conduct and ethics to all SABC personnel, as well as the processes and controls designed to monitor compliance therewith;
- Evidence could not be presented that the controls designed to ensure that assets are safeguarded were monitored and reviewed by the audit committee; and
- Financial and performance information upon which strategic decisions are based was not consistently evaluated by the audit committee throughout the year to assess the adequacy, reliability and accuracy of such information, as quarterly financial and performance reports where not consistently presented for consideration. In addition, the National Treasury Pack was submitted without review by the audit committee.

4. Internal audit

4.1. Contrary to Treasury Regulation 27.2.10, the internal audit plan for the 2012 financial year did not include planned work relating to operations in the form of a review of performance against predetermined objectives. As such, internal audit did not evaluate quarterly reports to management on performance against predetermined objectives in terms of Treasury Regulation 27.2.10(b).

5. Procurement and contract management

5.1. As required by Section 51(1)(a)(iii) of the PFMA, a Group-wide procurement policy exists and a Content Commissioning and Acquisitions Policy has been developed and was approved by the Board. The following non-compliance with the policies was identified:

- Instances of premature procurement (ordering taking place without the appropriate legal contracts with suppliers); and
- Instances where sport acquisitions were broadcast before contracts could be signed.

Note 45 to the Financial Statements indicates instances of irregular expenditure incurred by the SABC as a result of non-compliance with the policies.

6. Human resource management and compensation

6.1. Vacancies at senior management level

Key management positions are vacant and filled by employees in an acting capacity. Several senior management positions were considered vacant (not filled by permanent positions) at 31 March 2012. These positions include: Chief Operating Officer, Company Secretary, Group Executive Content, Group Executive Legal and Chief Technology Officer.

6.2. Declarations of interest

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

6.3. Schedule of outcomes of disciplinary hearings and criminal charges

In terms of section 85 of the PFMA and Treasury Regulation 33.3.1 (a), (b) and (c), the accounting authority must, on an annual basis, submit to the executive authority, the National Treasury and the Auditor-General a schedule of the outcome of any disciplinary hearings and/or criminal charges, the names and ranks of employees involved, and the sanctions and any further actions taken against these employees. The SABC did not submit the schedule to the Auditor-General and National Treasury.

7. Expenditure management

7.1. Section 51(1)(b)(ii) of the PFMA requires the accounting authority to take appropriate steps to prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct and expenditure not complying with the operational policies of the SABC. The SABC currently has policies and procedures in place which would assist with the prevention of these types of expenditures and losses, however, these policies and procedures were not always complied with during the 2011/12 financial year, and as such were not always effective.

Note 45 to the Financial Statements indicates instances of fruitless and wasteful expenditure incurred by the SABC as a result of ineffective operational practices.

7.2. Section 57(b) of the PFMA states that officials within the SABC are responsible for the effective, efficient, economical and transparent use of financial and other resources within their particular area of responsibility. As disclosed in note 45 to the Financial Statements fruitless and wasteful expenditure to the value of R 22 120 000 was incurred during the year, indicating the lack of effective, efficient and economical use of financial resources.

8. Asset management and liability management

8.1. Section 51(1)(c) of the PFMA requires the Board of the SABC to manage and safeguard the assets of the SABC. The following contraventions were identified:

- No full asset stock counts were completed for the year under review; and
- The automated programme, film and sports rights management system was not fully implemented. The programme, film and sports rights lists are currently maintained manually. A reconciliation between the manual listings and the general ledger was only performed at year-end, and was in progress at the date of this report.

8.2. The borrowing programme prepared and included in the corporate plan 2011/2012 in accordance with the requirements of section 52(a) of the PFMA and Treasury Regulation 29.1.3(a) does not include all of the information required by Treasury Regulation 29.1.6(a)–(j). The presented information was deficient in the following areas:

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

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

Internal control

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

- Due to poor Information Technology governance structure, the line managers are allowed to operate at their own discretion and thus compromise the ability to use the Information Technology systems to support accurate and reliable reporting.
- No effective oversight responsibility was exercised during the year regarding reporting of performance against predetermined objectives, compliance with laws and regulations and the related internal controls as this information was not always presented on a timeous basis to oversight bodies. This is evidenced by the number of instances of non-compliance with the PFMA and Treasury Regulations identified in this Report and the findings on the effectiveness of Internal Audit.
- Human resource management to ensure that adequate and sufficiently skilled resources were in place and that performance was monitored was not always effective. Staff in various divisions within the company lacked capacity to perform their assigned roles and responsibilities, as monthly reconciliations were not performed timeously. In addition, delays were experienced in receiving vital audit information and, in certain instances, audit information received was erroneous. A lack of segregation of duties was noted as certain individuals prepare and review the same information or prepare and authorise the same information.
- Regular reconciliations of programme, film and sports rights to safeguard the assets of the SABC were not performed. This is due to the lack of implementation of proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available, and to the lack of implementation and adherence to controls over daily and monthly processing and reconciling of transactions.
- Policies and procedures to enable and support the understanding and execution of internal control objectives, processes, and responsibilities were not always established and communicated or reviewed and revised.
- Although compliance with certain legislation is currently managed in various divisions throughout the organisation, the SABC did not have a centralised compliance control or process in place during the year. Accordingly, the SABC did not have an effective process in place to review and monitor its overall compliance with applicable laws and regulations as required by Section 51(1)(h) of the PFMA.

OTHER REPORTS

- Investigations completed during the financial year as advised to us

  The Special Investigation Unit performed special investigations into interest in contracts, revenue matters, procurement of goods and services and appointment of consultants. The company is still in the process of completing its evaluation of the outcomes and implementing the recommendations.

- Investigations in progress as advised to us

  We have not been informed of any further investigations that are still in progress.

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

KPMG Inc

KPMG Inc

Per A Bulbulia
Chartered Accountant (SA)
Registered Auditor
Director

30 July 2012

KPMG Crescent
85 Empire Road
Parktown

Ngubane and Company Inc

Ngubane & Co. Inc.

Per P Naude
Chartered Accountant (SA)
Registered Auditor
Director

30 July 2012

Midrand Business Park
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Kwinana and Associates

Kwinana & Associates

Per T Mapenda
Chartered Accountant (SA)
Registered Auditor
Director

30 July 2012

Stand 92
Cnr Dale and Pretorius Street
President Park
Midrand

Statements of Financial Position as at 31 March 2012

		GROUP		COMPANY	
		2012	2011	2012	2011
	Note	R'000	R'000	R'000	R'000
ASSETS					
Property, plant and equipment	*5*	**1 291 051**	1 413 515	**1 291 051**	1 413 515
Investment properties	*6*	**32 221**	32 728	**32 221**	32 728
Computer software	*7*	**172 709**	211 151	**172 709**	211 151
Defined benefit asset	*8*	**155 277**	226 633	**155 277**	226 633
Investment in subsidiaries	*9*	**-**	-	**71**	71
Available-for-sale financial assets	*10*	**4 755**	4 847	**4 755**	4 847
Prepayments	*11*	**83 049**	101 771	**83 049**	101 771
Other non-current assets		**513**	527	**-**	11
Total non-current assets		**1 739 575**	1 991 172	**1 739 133**	1 990 727
Programme, film and sports rights	*12*	**862 467**	929 748	**862 467**	929 748
Inventories	*13*	**4 339**	2 735	**4 339**	2 735
Trade and other receivables	*14*	**883 391**	841 089	**883 192**	832 853
Prepayments	*11*	**151 495**	119 961	**151 459**	119 925
Call deposits	*15*	**869 000**	591 000	**869 000**	591 000
Restricted cash	*16*	**142 996**	161 057	**142 996**	161 057
Cash and cash equivalents	*17*	**217 732**	108 753	**208 296**	89 302
Total current assets		**3 131 420**	2 754 343	**3 121 749**	2 726 620
Total assets		**4 870 995**	4 745 515	**4 860 882**	4 717 347
EQUITY					
Share capital	*18*	**1**	1	**1**	1
Fair value adjustment reserve	*19*	**3 141**	2 454	**3 141**	2 454
Retained earnings		**1 115 780**	848 199	**1 106 652**	835 056
Total equity		**1 118 922**	850 654	**1 109 794**	837 511
LIABILITIES					
Perpetual instrument	*20*	**27 390**	27 390	**27 390**	**27 390**
Interest-bearing loans and borrowings	*21*	**788 390**	1 179 145	**800 927**	1 191 682
Deferred government grant	*22*	**364 278**	435 593	**364 278**	435 593
Employee benefits	*24*	**650 417**	564 291	**650 417**	564 291
Other non-current liabilities		**1 137**	1 136	**1 137**	1 136
Total non-current liabilities		**1 831 612**	2 207 555	**1 844 149**	2 220 092
Trade and other payables	*25*	**932 770**	990 297	**919 559**	963 048
Employee benefits	*24*	**147 285**	160 887	**147 154**	160 757
Deferred income	*26*	**122 828**	130 346	**122 828**	130 346
Current portion of interest-bearing loans and borrowings	*21*	**387 894**	166 524	**387 894**	166 524
Taxation payable		**62 988**	57 198	**62 808**	57 015
Current portion of deferred government grant	*22*	**71 432**	71 574	**71 432**	71 574
Provisions	*27*	**195 264**	110 480	**195 264**	110 480
Total current liabilities		**1 920 461**	1 687 306	**1 906 939**	1 659 744
Total liabilities		**3 752 073**	3 894 861	**3 751 088**	3 879 836
Total equity and liabilities		**4 870 995**	4 745 515	**4 860 882**	4 717 347

Income Statements for the year ended 31 March 2012

	Note	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Revenue	28	**5 612 617**	5 230 324	**5 612 617**	5 230 324
Other income	29	**67 291**	63 118	**64 905**	62 140
Amortisation of programme, film and sports rights	12	**(1 370 395)**	(1 597 178)	**(1 370 395)**	(1 597 178)
Net impairment reversed/(raised) of programme, film and sports rights	12	**3 281**	(79 987)	**3 281**	(79 987)
Amortisation of computer software	7	**(46 958)**	(53 441)	**(46 958)**	(53 441)
Impairment of trade and other receivables		**(1 708)**	(88 037)	**(1 708)**	(88 114)
Broadcast costs		**(462 336)**	(338 173)	**(462 336)**	(338 173)
Signal distribution and linking costs		**(458 122)**	(495 070)	**(458 122)**	(495 070)
Employee compensation and benefit expenses	30	**(1 840 171)**	(1 705 338)	**(1 840 171)**	(1 705 338)
Depreciation of property, plant and equipment	5	**(218 171)**	(218 967)	**(218 171)**	(218 957)
Marketing costs		**(123 788)**	(108 709)	**(123 788)**	(108 698)
Direct licence collection costs		**(130 561)**	(126 677)	**(130 561)**	(126 677)
Professional and consulting fees	31	**(139 669)**	(167 121)	**(133 351)**	(163 000)
Other expenses	32				
- personnel costs-other than employee compensation		**(49 832)**	(47 999)	**(49 822)**	(47 984)
- operational		**(404 750)**	(300 338)	**(404 674)**	(300 351)
Other losses	33	**(307)**	(1 280)	**(307)**	(1 280)
Operating profit/(loss) before finance costs and tax		**436 421**	(34 873)	**440 439**	(31 784)
Net financing costs	34	**(63 518)**	(84 537)	**(63 521)**	(85 141)
Finance income	34	**50 638**	42 771	**50 635**	42 934
Finance expenses	34	**(114 156)**	(127 308)	**(114 156)**	(128 075)
Profit/(loss) before income tax		**372 903**	(119 410)	**376 918**	(116 925)
Income tax	35	**(29 410)**	(9 861)	**(29 410)**	(9 485)
Profit/(loss) for the year		**343 493**	(129 271)	**347 508**	(126 410)

Statements of Comprehensive Income for the year ended 31 March 2012

		GROUP		COMPANY	
		2011	2010	2011	2010
	Note	R'000	R'000	R'000	R'000
Profit/(loss) for the year		**343 493**	(129 271)	**347 508**	(126 410)
Other comprehensive loss for the year, before tax		**(104 635)**	(118 380)	**(104 635)**	(118 380)
Actuarial (loss)/gain	*8*	**(173 257)**	267 605	**(173 257)**	267 605
Change in paragraph 58 limit of IAS 19 - employee benefits	*8*	**112 944**	(306 295)	**112 944**	(306 295)
Actuarial loss	*24*	**(45 121)**	(80 081)	**(45 121)**	(80 081)
Gain in changes in fair value of available-for-sale financial assets	*10*	**799**	391	**799**	391
Income tax relating to other components of other comprehensive loss	*35*	**29 410**	33 201	**29 410**	33 201
Other comprehensive loss for the year, net of tax		**(75 225)**	(85 179)	**(75 225)**	(85 179)
Total comprehensive income/(loss) for the year		**268 268**	(214 450)	**272 283**	(211 589)

Statements of Changes in Equity for the year ended 31 March 2012

	Share capital R'000	Fair value adjustment reserve R'000	Retained earnings R'000	Total R'000
	GROUP			
Balance at 31 March 2010	1	2 118	1 062 985	1 065 104
Total comprehensive gain/(loss) for the year	-	336	(214 786)	(214 450)
Balance at 31 March 2011	1	2 454	848 199	850 654
Total comprehensive gain for the year	**-**	**687**	**267 581**	**268 268**
Balance at 31 March 2012	**1**	**3 141**	**1 115 780**	**1 118 922**
	COMPANY			
Balance at 31 March 2010	1	2 118	1 046 981	1 049 100
Total comprehensive gain/(loss) for the year	-	336	(211 925)	(211 589)
Balance at 31 March 2011	1	2 454	835 056	837 511
Total comprehensive gain for the year	**-**	**687**	**271 596**	**272 283**
Balance at 31 March 2012	**1**	**3 141**	**1 106 652**	**1 109 794**

Statements of Cash Flows for the year ended 31 March 2012

	Note	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Cash flows from operating activities					
Cash receipts from customers		**5 562 797**	5 205 532	**5 554 760**	5 222 768
Cash paid to suppliers and employees		**(4 860 583)**	(4 682 350)	**(4 842 528)**	(4 699 973)
Cash generated from operations	*36*	**702 214**	523 182	**712 232**	522 795
Interest received	*34*	**42 526**	28 493	**42 523**	28 177
Dividends received	*34*	**-**	149	**-**	149
Interest paid	*34*	**(101 907)**	(117 942)	**(101 907)**	(118 375)
Income taxes refunded	*37*	**-**	56 678	**-**	57 014
Net cash inflows from operating activities		**642 833**	490 560	**652 848**	489 760
Cash flows from investing activities					
Acquisition of property, plant and equipment	*5*	**(102 137)**	(112 801)	**(102 137)**	(112 801)
Acquisition of computer software	*7*	**(2 393)**	(2 363)	**(2 393)**	(2 363)
Movement in call deposits	*15*	**(278 000)**	(401 000)	**(278 000)**	(401 000)
Decrease/(increase) in restricted cash	*16*	**18 061**	(107 934)	**18 061**	(107 934)
Net cash outflows from investing activities		**(364 469)**	(624 098)	**(364 469)**	(624 098)
Cash flows from financing activities					
Repayment of loan from subsidiary	*21*	**-**	-	**-**	(69)
Repayment of interest bearing loan	*21*	**(111 111)**	-	**(111 111)**	-
Instalment sale and finance lease paid during the year	*21*	**(58 274)**	(24 081)	**(58 274)**	(24 081)
Finance raised with instalment sales	*21*	**-**	20 515	**-**	20 515
Proceeds from government grant	*22*	**-**	131 579	**-**	131 579
Net cash (outflows)/inflows from financing activities		**(169 385)**	128 013	**(169 385)**	127 944
Net increase/(decrease) in cash and cash equivalents		**108 979**	(5 525)	**118 994**	(6 394)
Cash and cash equivalents at beginning of the year		**108 753**	114 529	**89 302**	95 696
Effects of the exchange rate changes on the balance cash held in foreign currencies		**-**	(251)	**-**	-
Cash and cash equivalents at end of the year	*17*	**217 732**	108 753	**208 296**	89 302

Notes to the annual financial statements for the year ended 31 March 2012

1 SIGNIFICANT ACCOUNTING POLICIES

The South African Broadcasting Corporation Limited is a company domiciled in South Africa. The consolidated financial statements of the Company as at and for the year ended 31 March 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is South Africa's national public service broadcaster. The consolidated financial statements of the Group were authorised for issue by the board of directors on 30 July 2012.

(A) Statement of Compliance

The Consolidated and Separate Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies act of South Africa, 2008, the Public Finance Management Act, No 1 of 1998, as amended, and the Broadcasting Act, No 4 of 1998, as amended.

(B) Basis of Preparation

The Consolidated and Separate Annual Financial Statements are presented in South African Rands, rounded to the nearest thousand, and have been prepared on the historical cost basis, except for certain financial instruments and defined benefit asset and liability which are measured at fair value.

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

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

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

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

(C) Basis of Consolidation

(i) *Subsidiaries*

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

(ii) *Transactions eliminated on consolidation*

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

(D) Foreign Currency

(i) *Functional and presentation currency*

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

(ii) *Foreign currency transactions*

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

(E) Property, Plant and Equipment

(i) *Owned assets*

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

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

(ii) *Leased assets*

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(E) Property, Plant and Equipment (continued)

(iii) *Subsequent costs*

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

(iv) *Depreciation*

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

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

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

(v) *Derecognition*

The gain or loss on the disposal or scrapping of property, plant and equipment is recognised in profit or loss, (refer to note 33). Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment.

(F) Investment Properties

(i) *Cost method*

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

(ii) *Depreciation*

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

• Investment properties	50 years

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

(iii) *Fair values*

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

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

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

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

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

(G) Intangible Assets

(i) *Originated programme, film and sports rights*

Originated programme, film and sports rights, including work commissioned from independent producers, are stated at cost less accumulated amortisation and accumulated impairment losses. Cost comprises direct costs, including cost of materials, artist fees, production overheads as well as a proportion of other attributable overheads. Subsequent expenditure is capitalised only if costs can be measured reliably, the programme, film and sport right is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete and/or use or sell the asset.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(G) Intangible Assets (continued)

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

(iv) *Other intangible assets*
Other intangible assets, including computer software not considered an integral part of property, plant and equipment, are stated at cost less accumulated amortisation (below) and impairment losses. Expenditure on internally generated brands is recognised in profit or loss 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.

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

(H) Investments

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

Financial Assets

Classification

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

(ii) *Call Deposits*
Call deposits 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.

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

(iv) *Non-Financial Assets: Investment in Subsidiaries*
Investment in subsidiaries are carried at cost less accumulated impairment losses in the separate financial statements of the Company.

Recognition and measurement

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.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(H) Investments *(continued)*

(iv) *Non-Financial Assets: Investment in Subsidiaries (continued)*

Recognition and measurement (continued)

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

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

(I) Impairment of Assets

(i) *Financial assets (including receivables)*

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rates. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisaton, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provision attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occuring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when the group has a legal right to offset the amount and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Calculation of impairment

The Group's investments at amortised cost is calculated at the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest computed at initial recognition of these financial assets). Receivables with a short duration are not discounted where the effect is not material.

Impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment is the difference between the asset's carrying amount and its fair values, 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 financial assets 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.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Impairment of Assests *(continued)*

(ii) *Non-financial assets*

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

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

Calculation of impairment

The recoverable amount of non-financial assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or goups of assets. Impairment losses in respect of cash generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

Reversals of impairment

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

(J) Inventories

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

(K) Trade Receivables

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

(L) Share Capital

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

(M) Interest-bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest rate method.

(N) Employee Benefits

(i) *Defined benefit pension plans*

The net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service cost and the fair value of any plan assets are deducted. The discount rates used were the following:- yield on Government Stock, the zero-coupon yield curve provided by the South African Bond Exchange (member of the Johannesburg Stock of Exchange) that have maturity dates approximating the terms of the Company's obligations.

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

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in full in other comprehensive income. These defined benefit pension plan's liabilities or assets are valued annually by independent qualified actuaries using the projected unit credit method.

In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of plan liabilities.

(ii) *Other post-employment benefit obligations*

The Group provides a subsidy for medical aid contributions payable by those employees who elect to remain on the medical aid scheme after retirement. The entitlement to these benefits is usually conditional on the employee remaining in service up to normal retirement age or the completion of a minimum service period in the event of early retirement. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for the defined benefit pension plan. This liability relating to post-employment medical benefits is valued annually by independent qualified actuaries.This practise of post-retirement medical aid contributions was discontinued for all new employees after 1 July 2004. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in other comprehensive income.

(iii) *Short-term benefits*

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(N) Employee Benefits (continued)

(iv) *Long-term benefits*
The Group's net obligation in respect of long-term employee benefits other than pension plans is 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.

(O) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(P) Trade and other Payables

Trade and other payables are initially recognised at fair value less any directly attributable transaction costs.
Trade and other payables are subsequently measured 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 re-measurement to fair value is recognised immediately in profit or loss.

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

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequently it is measured at amortised cost using the effective interest method, less any impairment losses (in case of a financial asset).

(iii) *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 and 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.

(iv) *Restricted cash*
Cash which is subject to restrictions on its use is stated separately at carrying value in the statement of financial position. The restricted cash is restricted to separate capital projects relating to the migration of Digital Terrestrial Television. Given that the cash has specific conditions of use it has been separately disclosed from cash and cash equivalents.

(R) Revenue

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(R) Revenue (continued)

(v) *Government grants*

Government grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in profit or loss as revenue on a systematic basis over the useful life of the asset.

(vi) *Other revenue/income (Business enterprises and Facilities revenue)*

Other revenue associated with the sale of goods such as programme rights exploitation revenue and mobile revenue 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/income also includes rental income, which is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(S) Lease Payments

(i) *Operating lease payments*

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

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is also allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The capital portion of future obligations under the leases is included as a liability in the statement of financial position.

Initial direct costs incurred in negotiating and securing lease arrangements are added to the amount recognised as an asset

(T) Net Financing Income

Financing income includes interest receivable on funds invested, dividend income and foreign exchange gains and losses.

Interest payable on borrowings is calculated using the effective interest method. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is usually the ex-dividend date.

The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method.

(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 equity or other comprehensive income, in which case it is recognised there.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on the net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits or reversing temporary differences will be available against which the asset can be utilised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(V) Related Parties

The Group operates in an environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the constitutional independence of all the three spheres of government in South Africa, only parties within the national sphere of government will be considered to be related parties.

Key management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the Company. All individuals from the level of Executive Management up to the Board of Directors are regarded as key management per the definition of IFRS.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the Group.

Other related party transactions are also disclosed in terms of the requirements of IFRS. The objective of IFRS and the annual financial statements is to provide relevant and reliable information and therefore materiality is considered in the disclosure of these transactions.

2 ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

(A) Critical Accounting Estimates and Assumptions

The preparation of the annual financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in significant adjustments as accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Useful lives of property, plant and equipment*

The Group calculates depreciation of property, plant and equipment on a straight-line basis so as to write off the cost of the assets over their expected useful lives. The useful life of an asset is determined on existing physical wear and tear, economic and technical ageing, legal or other limits on the use of the asset and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flows, the Group may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

(ii) *Amortisation and impairment of computer software*

The Group believes that the accounting estimates relating to the amortisation and impairment of computer software are significant accounting estimates because they require management to make assumptions about the useful life of an asset. The useful life of an asset is determined on existing economic and technical ageing, legal or other limitations on the use of the asset and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flows, the Group may accelerate the amortisation charge to reflect the remaining useful life of the asset or record an impairment loss. See accounting policy 1(g) and note 7.

(iii) *Amortisation and impairment of programme, film and sports rights*

The Group believes that the accounting estimates relating to the amortisation and impairment of programme, film and sports rights are significant accounting estimates because they require management to make assumptions about future audiences and revenues, and a change in the pattern of amortisation or potential impairment in programme, film and sports rights may have a material impact on the value of these assets reported in the Company's statement of financial position. See accounting policies 1(g) and note 12. The recoverable amount of the rights is considered zero once the licence period is expired.

(iv) *Pension assumptions*

The Group's pension fund is a funded defined benefit pension fund that provides pension fund benefits for all of the Group's permanent employees. The latest statutory valuation of the fund was performed at 31 December 2008, in which the valuator reported that the fund was in a sound financial position subject to the continuation of the current contribution rates, and its assets exceed its liabilities. The statutory valuation for the fund as at 31 December 2011 is currently being performed.

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 of return of assets, future salary increases, mortality rates of in-service members and pension mortality rates and future pension increases, withdrawal of member in the service and family statistics. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of quality corporate bonds in the respective country, (i.e. yield on South African Government Bonds). The mortality rate is based on public available mortality tables for the specific country (i.e. PA (90) mortality table). Future salary increase and pension increases are based on expected future inflation rates. Further details about the assumptions used are given in note 8.

(v) *Post-employment medical aid assumptions*

The Group provides a subsidy of medical aid contributions payable by those employees who elect to remain on the medical aid scheme after retirement. The Group provides for these post-employment medical aid benefits using the Projected Unit Credit method prescribed by IAS 19 - Employee Benefits. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over their expected working lifetime. The liability is calculated by considering some key actuarial assumptions such as (1) the rate of healthcare cost inflation, (2) discount rate, (3) percentage members continuing after retirement and (4) average retirement age of members. The key actuarial assumptions made are disclosed in note 24.

Any change in these assumptions could result in a material adjustment to the post-employment medical liability stated on the Group's statement of financial position as well as a material impact on the Group's profit. A one percentage point change in the rate of health care cost inflation would have the following effects.

	1% point increase	1% point decrease
Effect on the post-employment medical aid liability	R98m	R80m
Effect on the current service and interest cost	R79m	R98m

The employers liability will also be affected by the take-up rate assumption related to the past service, a change from the current 80% in the take-up rate would have the following effects.

	10% point increase	10% point decrease
Effect on the past service costs	R35m	R35m

2 ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)
(A) Critical Accounting Estimates and Assumptions (continued)

(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 27 and 42.

(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 R245 million (2011: R270 million) as of 31 March 2012.

(ix) *Accrual for needle time*
The "needle time" royalty is the amount provided for music performers, for music broadcasted on SABC radio stations. The provision takes into consideration the revenue of each radio station, the total music broadcasted as a percentage of total broadcast time, for the period of the provision in terms of the judgement awarded by the commissioner.

(B) Critical judgements in applying the Company's accounting policies

Channel Africa (Radio)

"The Group has been delegated with the responsibility by the Department of Communications to administer Channel Africa, which is a sub-division of the Department of Communications.

Channel Africa (Radio) has therefore been excluded from the annual financial statements because the Board of Directors do not believe that it is controlled by the Company, nor is it a Joint Venture or an Associate Company."

3 NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of the financial statements of the Group for the year ended 31 March 2012, the following standards and interpretations were in issue but not yet effective.

Standards

(i) IAS 1 - amendment - Presentation of financial statements: Presentation of Other Comprehensive Income - effective 01 July 2012
(ii) IAS 12 - amendment - Deferred tax: Recovery of Underlying Assets - effective 01 January 2012
(iii) IAS 19 - amendment - Employee benefits: Defined benefit plans - effective 01 January 2013
(iv) IAS 27 - Separate Financial Statements - effective 01 January 2013
(v) IAS 32 - Offsetting Financial Assets and Financial Liabilities - effective 01 January 2014
(vi) IFRS 1 - Government Loans - effective 01 January 2013
(vii) IFRS 7 - amendment - Disclosures – Transfers of Financial Assets - effective 01 January 2013
(viii) IFRS 9 - Financial Instruments - effective 01 January 2013
(ix) IFRS 10 - Consolidated Financial Statements - effective 01 January 2013
(x) IFRS 12 - Disclosure of interests in other entities - effective 01 January 2013
(xi) IFRS 13 - Fair value measurement - effective 01 January 2013

Management has not yet considered the effect of these on the Company.

4 RECLASSIFICATION OF COMPARATIVES

During the period management has reclassified provision for legal claims previously reported as accruals to provisions.

The comparatives of the statement of financial position and the respective notes have been reclassified in terms of IAS 1 presentation of financial statements, the reclassification of provision.

The impact on the statement of financial position is as follows:

	GROUP AND COMPANY
	R'000
Decrease in accruals	(58 148)
Increase in provisions	58 148
	-

5 PROPERTY, PLANT AND EQUIPMENT

	GROUP					
	Land and buildings R'000	Broadcasting equipment R'000	*Other equipment R'000	Vehicles R'000	**Capital work-in-progress R'000	Total R'000
At 31 March 2012						
Cost	**848 601**	**1 627 166**	**358 538**	**81 045**	**50 865**	**2 966 215**
Accumulated depreciation and impairment losses	**(375 318)**	**(970 914)**	**(286 632)**	**(42 300)**	**-**	**(1 675 164)**
Carrying amount	**473 283**	**656 252**	**71 906**	**38 745**	**50 865**	**1 291 051**
At 31 March 2011						
Cost	866 971	1 516 813	368 525	80 703	54 278	2 887 290
Accumulated depreciation and impairment losses	(333 832)	(830 708)	(271 638)	(37 597)	-	(1 473 775)
Carrying amount	533 139	686 105	96 887	43 106	54 278	1 413 515
For the year ended 31 March 2012						
Carrying amount at 1 April 2011	**533 139**	**686 105**	**96 887**	**43 106**	**54 278**	**1 413 515**
Additions	**6 005**	**56 866**	**9 667**	**202**	**29 397**	**102 137**
Disposals	**-**	**(213)**	**(94)**	**-**	**-**	**(307)**
Cost	**-**	**(9 788)**	**(6 995)**	**-**	**-**	**(16 783)**
Accumulated depreciation and impairment losses	**-**	**9 575**	**6 901**	**-**	**-**	**16 476**
Transfers (to)/from computer software and other categories	**(22 330)**	**53 668**	**(4 791)**	**140**	**(32 810)**	**(6 123)**
Cost	**(24 375)**	**63 275**	**(12 353)**	**140**	**(32 810)**	**(6 123)**
Accumulated depreciation and impairment losses	**2 045**	**(9 607)**	**7 562**	**-**	**-**	**-**
Depreciation charge for the year	**(43 531)**	**(140 174)**	**(29 763)**	**(4 703)**	**-**	**(218 171)**
Carrying amount at 31 March 2012	**473 283**	**656 252**	**71 906**	**38 745**	**50 865**	**1 291 051**
Cost price of fully depreciated assets still in use	**42 914**	**494 471**	**217 738**	**23 837**	**-**	**778 960**
For the year ended 31 March 2011						
Carrying amount at 1 April 2010	562 491	740 886	79 646	32 662	106 644	1 522 329
Additions	581	46 838	8 686	15 455	41 241	112 801
Scrapped assets	-	(1 209)	(71)	-	-	(1 280)
Cost	-	(20 123)	(4 833)	(198)	-	(25 154)
Accumulated depreciation and impairment losses	-	18 914	4 762	198	-	23 874
Transfers (to)/from investment property, computer software and other categories	15 850	32 063	44 326	-	(93 607)	(1 368)
Cost	15 850	32 063	44 326	-	(93 607)	(1 368)
Depreciation charge for the year	(45 783)	(132 473)	(35 700)	(5 011)	-	(218 967)
Carrying amount at 31 March 2011	533 139	686 105	96 887	43 106	54 278	1 413 515
Cost price of fully depreciated assets still in use	36 923	432 754	212 526	23 216	-	705 419

** 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.

5 PROPERTY, PLANT AND EQUIPMENT (continued)

	COMPANY					
	Land and buildings R'000	Broadcasting equipment R'000	*Other equipment R'000	Vehicles R'000	**Capital work-in-progress R'000	Total R'000
At 31 March 2012						
Cost	**848 601**	**1 627 166**	**358 538**	**81 045**	**50 865**	**2 966 215**
Accumulated depreciation and impairment losses	**(375 318)**	**(970 914)**	**(286 632)**	**(42 300)**	**-**	**(1 675 164)**
Carrying amount	**473 283**	**656 252**	**71 906**	**38 745**	**50 865**	**1 291 051**
At 31 March 2011						
Cost	866 971	1 516 813	368 219	80 703	54 278	2 886 984
Accumulated depreciation and impairment losses	(333 832)	(830 708)	(271 332)	(37 597)	-	(1 473 469)
Carrying amount	533 139	686 105	96 887	43 106	54 278	1 413 515
For the year ended 31 March 2012						
Carrying amount at 1 April 2011	**533 139**	**686 105**	**96 887**	**43 106**	**54 278**	**1 413 515**
Additions	**6 005**	**56 866**	**9 667**	**202**	**29 397**	**102 137**
Disposals	**-**	**(213)**	**(94)**	**-**	**-**	**(307)**
Cost	**-**	**(9 788)**	**(6 995)**	**-**	**-**	**(16 783)**
Accumulated depreciation and impairment losses	**-**	**9 575**	**6 901**	**-**	**-**	**16 476**
Transfers (to)/from computer software and other categories	**(22 330)**	**53 668**	**(4 791)**	**140**	**(32 810)**	**(6 123)**
Cost	**(24 375)**	**63 275**	**(12 353)**	**140**	**(32 810)**	**(6 123)**
Accumulated depreciation and impairment losses	**2 045**	**(9 607)**	**7 562**	**-**	**-**	**-**
Depreciation charge for the year	**(43 531)**	**(140 174)**	**(29 763)**	**(4 703)**	**-**	**(218 171)**
Carrying amount at 31 March 2012	**473 283**	**656 252**	**71 906**	**38 745**	**50 865**	**1 291 051**
Cost price of fully depreciated assets still in use	**42 914**	**494 471**	**217 738**	**23 837**	**-**	**778 960**
For the year ended 31 March 2011						
Carrying amount at 1 April 2010	562 491	740 886	79 636	32 662	106 644	1 522 319
Additions	581	46 838	8 686	15 455	41 241	112 801
Disposals	-	(1 209)	(71)	-	-	(1 280)
Cost	-	(20 123)	(4 833)	(198)	-	(25 154)
Accumulated depreciation and impairment losses	-	18 914	4 762	198	-	23 874
Transfers (to)/from investment property, computer software and other categories	15 850	32 063	44 326	-	(93 607)	(1 368)
Cost	15 850	32 063	44 326	-	(93 607)	(1 368)
Depreciation charge for the year	(45 783)	(132 473)	(35 690)	(5 011)	-	(218 957)
Carrying amount at 31 March 2011	533 139	686 105	96 887	43 106	54 278	1 413 515
Cost price of fully depreciated assets still in use	36 923	432 754	212 281	23 216	-	705 174

** 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.

5 PROPERTY, PLANT AND EQUIPMENT (continued)

	GROUP AND COMPANY	
	2012	2011
Carrying amount of property, plant and equipment ceded as security (see also note 21)	R'000	R'000
Computer Equipment		
Copy centre equipment to secure Nedbank lease facility	-	943
Desktop computer equipment pledged to secure the Nedbank instalment sale	-	2 673
Broadcasting Equipment		
High Definition TV outside broadcast units to secure FirstRand Lease facility	**252 706**	286 411
Motor Vehicle		
Motor vehicles to secure Nedbank instalment sale	**3 636**	4 357
	256 342	294 384
Included in capital work-in-progress are the following major projects:		
Henley final control centres 1 to 4 equipment replacement	**4 183**	1 518
Polokwane studio and news booths upgrade	**2 269**	-
Radiopark studios S3 and S4 upgrade	**1 920**	-
Western Cape chiller replacement	**1 428**	-
Mafikeng access control system	**1 071**	-
News craft and playout server system	**1 037**	-
Henley line record facility upgrade	**606**	3 072
Port Elizabeth chiller replacement	**1 734**	-
Radio minor capital	**1 301**	-
Richards Bay News bureau	**1 283**	-
Polokwane temporary News facilities	**1 202**	-
News minor capital	**783**	-
Group Sales office refurbishment	**417**	-
Group Services minor capital	**589**	-
UPS system for Henley TV facility	-	4 873
Radiopark studios S20 and S21 upgrade	-	1 287
News studio 9 digitisation	**3 368**	10 384
TV Outside Broadcasting unit parking modification	-	2 165
SAP GRC implementation	-	2 509
Election results system	-	4 484
News production and computer systems	**14 372**	2 329
Refurbishment of Bisho infrastructure	-	5 855
Nelspruit broadcasting centre	-	5 583
Total	**37 563**	**44 059**

6 INVESTMENT PROPERTIES

	2012	2011
Deemed Cost	**34 567**	34 567
Accumulated depreciation and impairment losses	**(2 346)**	(1 839)
Carrying amount	**32 221**	32 728
Carrying amount at 1 April	**32 728**	33 233
Depreciation charge for the year	**(507)**	(505)
Carrying amount at 31 March	**32 221**	32 728
Fair value of investment properties	**108 763**	103 626

Fair value of investment properties

The fair values of investment properties is determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties.

The fair values were determined by JHI Property Services for the South African properties and for the London property they were determined by NB Real Estate, on 31 March 2012 and 1 May 2012 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.

Rental income earned on investment property and direct operating expenses such as maintenance and repairs relating to investment property are disclosed under operating leases (note 40).

7 COMPUTER SOFTWARE

	GROUP AND COMPANY	
	Computer software R'000	Total R'000
At 31 March 2012		
Cost	**385 859**	**385 859**
Accumulated amortisation and impairment losses	**(213 150)**	**(213 150)**
Carrying amount	**172 709**	**172 709**
At 31 March 2011		
Cost	377 343	377 343
Accumulated amortisation and impairment losses	(166 192)	(166 192)
Carrying amount	211 151	211 151
For the year ended 31 March 2012		
Carrying amount at 1 April 2011	**211 151**	**211 151**
Additions	**2 393**	**2 393**
Transfers from property, plant and equipment	**6 123**	**6 123**
Cost	**6 123**	**6 123**
Amortisation charge for the year	**(46 958)**	**(46 958)**
Carrying amount at 31 March 2012	**172 709**	**172 709**
Cost price of fully amortised assets still in use	**30 580**	**30 580**
For the year ended 31 March 2011		
Carrying amount at 1 April 2010	260 861	260 861
Additions	2 363	2 363
Transfers from property, plant and equipment	1 368	1 368
Cost	1 368	1 368
Amortisation charge for the year	(53 441)	(53 441)
Carrying amount at 31 March 2011	211 151	211 151
Cost price of fully amortised assets still in use	15 346	15 346

8 DEFINED BENEFIT ASSET

The Group's Pension Fund is a funded defined benefit pension fund, that is registered and governed in terms of the Pension Funds Act, No. 24 of 1956 and Pension Funds Second Amendment Act, No. 39 of 2001. It provides pension fund benefits for all it's members. The financial position of the fund is examined and reported upon by the Fund's valuator at intervals not exceeding three years. The last statutory valuation of the Fund was performed at 31 December 2008, in which the valuator reported that the Fund was in a sound financial position subject to the continuation of the current contribution rates, and that its assets exceeded its liabilities. The next statutory valuation is currently in progress for the 31 December 2011. The results of the valuation undertaken in 31 December 2003 and approved in 2007 have been used to determine the extent of the surplus for the purpose of a surplus apportionment in terms of the Pension Fund Second Amendment Act, No. 39 of 2001.

The defined benefit pension plan is valued annually on the 31 March, using the Projected Unit Credit Method for the financial statements. These valuations are performed by Actuaries and the results are as follows:

	GROUP AND COMPANY	
	2012 R'000	2011 R'000
Opening balance	**226 633**	285 819
Actuarial loss recognised in other comprehensive income	**(60 313)**	(38 690)
Amounts recognised in profit or loss	**(78 001)**	(83 162)
Employer Contributions	**66 958**	62 666
Closing balance	**155 277**	226 633
The amounts recognised in the statement of financial position are determined as follows:		
Present value of funded obligations	**(6 592 079)**	(5 932 902)
Fair value of plan assets	**7 412 203**	6 937 326
Funded status of the plan	**820 124**	1 004 424
Unrecognised due to paragraph 58 limit of IAS 19 - Employee benefits	**(664 847)**	(777 791)
Asset recognised in the statement of financial position	**155 277**	226 633
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**5 932 902**	5 718 895
Current service cost	**183 778**	171 998
Interest cost	**530 209**	509 987
Actuarial loss/(gain)	**214 181**	(188 950)
Benefits paid	**(327 776)**	(332 733)
Employee contributions	**58 785**	53 705
Closing defined benefit obligation	**6 592 079**	5 932 902

8 DEFINED BENEFIT ASSET (continued)

	GROUP AND COMPANY	
	2012 R'000	2011 R'000
Changes in the fair value of plan assets are as follows:		
Fair value of plan assets at the beginning of the year	**6 937 326**	6 476 210
Employee contributions	**58 785**	53 705
Employer contributions	**66 958**	62 666
Benefit payments	**(327 776)**	(332 733)
Expected return on plan assets	**635 986**	598 823
Actuarial gain	**40 924**	78 655
Fair value of plan assets at the end of the year	**7 412 203**	6 937 326
The amounts recognised in profit or loss are determined as follows:	**(78 001)**	(83 162)
Current service cost	**(183 778)**	(171 998)
Interest cost	**(530 209)**	(509 987)
Expected return on plan assets	**635 986**	598 823
Items recognised in a statement of other comprehensive income are determined as follows:	**(60 313)**	(38 690)
Actuarial (loss)/gain	**(173 257)**	267 605
Change in paragraph 58 limitation	**112 944**	(306 295)
Net periodic pension charge	**(138 314)**	(121 852)
The principal actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:	%	%
Discount rate at 31 March	**9.0**	9.0
Expected return on plan assets at 31 March	**8.9**	9.3
Inflation	**5.8**	5.8
Future salary increases	**7.3**	7.3
Future pension increases	**4.8**	4.8

	GROUP AND COMPANY			
	2012		2011	
Plan assets comprise:	R'000	%	R'000	%
Domestic Equity	**4 409 525**	**59.5**	4 362 228	62.9
Bonds	**1 079 663**	**14.6**	889 009	12.8
Cash	**715 087**	**9.6**	370 997	5.3
Foreign Assets	**1 157 994**	**15.6**	1 152 995	16.6
Hedged Assets	**49 934**	**0.7**	162 097	2.4
	7 412 203	**100.0**	6 937 326	100.0

The overall expected long-term rate of return on assets is 9.3% (2011: 10.2%). 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.

	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
Defined benefit obligation	**(6 592 079)**	(5 932 902)	(5 718 895)	(5 066 772)	(5 344 393)
Plan assets	**7 412 203**	6 937 326	6 476 210	5 406 796	6 557 089
Surplus	**820 124**	1 004 424	757 315	340 024	1 212 696

During the financial year under review, management estimated that an amount of R80 million will be incurred towards the contribution into the defined benefit pension plan. The utilisation of this will be through a "pension fund holiday". The group contribution rate was 7% (2011: 7%) instead of the recommended 16.3% (2011: 16.3%).

9 INVESTMENT IN SUBSIDIARIES

COMPANY	Nature of business	Issued share capital (number)	% Held	Shares at cost 2012 R'000	Shares at cost 2011 R'000
SABC Airwave Travel Proprietary Limited	Travel agency	2	100	**- ***	- *
Astrasat Proprietary Limited	Dormant	1	100	**- ***	- *
Auckland Programme Trade B.V. (incorporated in the Netherlands)	Trading in TV programmes	40	100	**71**	71
Rugby Broadcasting Proprietary Limited	Dormant	1	100	**- ***	- *
Skenia Telematics Proprietary Limited	Dormant	1	100	**- ***	- *
Shares at cost				**71**	71
Directors' valuation				**9 128**	13 143

**Shares at cost of R1.*

10 AVAILABLE-FOR-SALE FINANCIAL ASSET

	GROUP AND COMPANY 2012 R'000	GROUP AND COMPANY 2011 R'000

Fair value Hierarchy

The available for sale assets listed below are analysed by hierarchy levels defined as follows:

Level 1: Quoted prices in active markets for identical assets
Level 3: Inputs for the asset that are not based on observable market data

Level 1

		2012 R'000	2011 R'000
Sanlam shares			
Listed - 143 257 (2011: 143 257) Sanlam Limited*			
Balance on 1 April		**3 956**	3 565
Fair value adjustment recognised in the statement of other comprehensive income		**799**	391
		4 755	3 956
Level 3			
Equity instruments:- Programme, film and sports rights**	**Percentage holding in deals**	**-**	891
People of the Eland	**15%**	**-**	6
Mr Bones 2	**15%**	**-**	173
Bang Bang Club	**7.50%**	**-**	712
Balance 31 March		**4 755**	4 847

*The available-for-sale financial assets were revalued at year end. There were no disposals or impairment on available-for-sale financial assets during the year under review.

**The equity instrument was assessed for impairment at year end and the carrying amount has been adjusted for the impairment. Refer to note 32. There were no disposals or additions during the year under review and the carrying amount of the available-for-sale financial assets closely approximates the fair value at year end.

11 PREPAYMENTS

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Programme, film and sports rights	**205 928**	198 146	**205 928**	198 146
Other	**28 616**	23 586	**28 580**	23 550
	234 544	221 732	**234 508**	221 696
Less: Current portion	**(151 495)**	(119 961)	**(151 459)**	(119 925)
Non-current portion	**83 049**	101 771	**83 049**	101 771

12 PROGRAMME, FILM AND SPORTS RIGHTS

	GROUP AND COMPANY			
	Acquired programme, film and sports rights R'000	Originated programme, film and sports rights R'000	Work-in-progress R'000	Total R'000
At 31 March 2012				
Cost	**2 346 012**	**5 180 205**	**370 343**	**7 896 560**
Accumulated amortisation and impairment losses	**(2 094 763)**	**(4 906 704)**	**-**	**(7 001 467)**
Provision for programme, film and sports rights impairment losses*	**(21 917)**	**(10 709)**	**-**	**(32 626)**
Carrying amount	**229 332**	**262 792**	**370 343**	**862 467**
At 31 March 2011				
Cost	2 169 686	4 460 632	332 954	6 963 272
Accumulated amortisation and impairment losses	(1 836 170)	(4 139 327)	-	(5 975 497)
Provision for programme, film and sports rights impairment losses*	(47 318)	(10 709)	-	(58 027)
Carrying amount	286 198	310 596	332 954	929 748
For the year ended 31 March 2012				
Carrying amount at 1 April 2011	**286 198**	**310 596**	**332 954**	**929 748**
Additions	**542 871**	**-**	**756 962**	**1 299 833**
Transfers	**-**	**719 573**	**(719 573)**	**-**
Amortisation charge for the year	**(603 018)**	**(767 377)**	**-**	**(1 370 395)**
Impairment charge for the year	**(22 120)**	**-**	**-**	**(22 120)**
Reversal provision for write- off	**25 401**	**-**	**-**	**25 401**
Derecognition	**-**	**-**	**-**	**-**
Cost	**(366 545)**	**-**	**-**	**(366 545)**
Accumulated amortisation	**366 545**	**-**	**-**	**366 545**
Carrying amount at 31 March 2012	**229 332**	**262 792**	**370 343**	**862 467**
Cost price of fully amortised rights	**-**	**2 097 716**	**-**	**2 097 716**
For the year ended 31 March 2011				
Carrying amount at 1 April 2010	441 449	35 658	422 427	899 534
Additions	643 098	-	1 064 281	1 707 379
Transfers	-	1 153 754	(1 153 754)	-
Amortisation charge for the year	(727 656)	(869 522)	-	(1 597 178)
Impairment charge for the year	(74 905)	-	-	(74 905)
Reversal/(raising) provision for write- off *	4 212	(9 294)	-	(5 082)
Derecognition	-	-	-	-
Cost	(260 083)	-	-	(260 083)
Accumulated amortisation	260 083	-	-	260 083
Carrying amount at 31 March 2011	286 198	310 596	332 954	929 748
Cost price of fully amortised rights	-	1 593 509	-	1 593 509

**Excess capacity film rights for which the licence period has not yet expired.*

13 INVENTORIES

	GROUP AND COMPANY	
	2012 R'000	2011 R'000
Merchandise and consumables	**5 071**	3 326
Provision for obsolescence	**(732)**	(591)
	4 339	2 735

14 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Trade receivables - gross	**1 117 892**	1 096 606	**1 117 892**	1 096 606
Less: Impairment of trade receivables	**(245 495)**	(270 087)	**(245 495)**	(270 087)
Impairment of trade receivables	**(181 418)**	(179 710)	**(181 418)**	(179 710)
Impairment of trade receivables- credit notes	**(64 077)**	(90 377)	**(64 077)**	(90 377)
Trade receivables - net	**872 397**	826 519	**872 397**	826 519
Other receivables	**10 994**	14 570	**10 795**	6 334
	883 391	841 089	**883 192**	832 853

15 CALL DEPOSITS

	GROUP AND COMPANY	
	2012	**2011**
	R'000	**R'000**
Term Deposits	**869 000**	591 000

During the financial year under review, cash investments were made with approved financial institutions. The periods of investing range from 90 to 219 days. The average interest rate is 5.76% (2011: 5.47%).

16 RESTRICTED CASH

Government Grant	**141 636**	159 768
SABC Foundation Bursary Scheme	**1 360**	1 289
	142 996	161 057

The Government Grant is related to the technology plan for the migration of the SABC from analogue to digital technology (refer to note 22). The SABC Foundation Bursary Scheme is used for bursaries only.

17 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
Cash and cash equivalents	**R'000**	**R'000**	**R'000**	**R'000**
Bank balances	**45 934**	68 155	**40 296**	52 502
Short term deposits	**168 000**	36 800	**168 000**	36 800
Cash held in foreign bank accounts	**3 798**	3 798	**-**	-
	217 732	108 753	**208 296**	89 302

18 SHARE CAPITAL

	GROUP AND COMPANY	
	2012	**2011**
Share capital - Authorised and issued	**R'000**	**R'000**
1 000 ordinary shares of R 1 each	**1**	1

19 FAIR VALUE ADJUSTMENT RESERVE

Fair value adjustment reserves	**3 141**	2 454

The fair value adjustment reserve relates to fair value adjustments of available-for-sale financial assets.

20 PERPETUAL INSTRUMENT

Permanent capital	**27 390**	27 390

On 1 February 1972, the Company's shareholder converted a long-term loan into permanent capital. The permanent capital is not repayable, In terms of the Exchequer Act, No. 66 of 1975, as amended, interest will be payable, in perpetuity, at a rate of 6.5% per annum on the capital amount. The instrument represents a financial liability (in the form of perpetual debt) under IAS 32 - *Financial Instruments:* Presentation, because of the underlying obligation to deliver cash in the form of future payments to the Company's shareholder.

21 INTEREST-BEARING LOANS AND BORROWINGS

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Unsecured				
Loan from Auckland Programme Trade B.V. used to buy sports rights bearing interest at 5% per annum. The loan has no fixed terms of repayment.	**-**	-	**12 537**	12 537
Long term loan obtained from Nedbank repayable in five years with a moratorium on the capital repayment for the first two years from December 2009 to December 2011. Interest is charged at the Johannesburg Interbank rate (JIBAR) currently 7.30% (2011: 7.30%) per annum at 31 March 2012.	**888 889**	888 889	**1 000 000**	1 000 000
Secured*				
Wesbank finance lease facility for a high definition outside broadcast vehicle (OB Vans) payable over five years at a rate of 5.65% (2011: 5.65%) per annum. The lease is repayable in monthly payments of R0,97 million with a final balloon payment of R28,1 million due in September 2014.	**49 981**	58 558	**49 981**	58 558
Rand Merchant Bank finance lease facility for a high definition television outside broadcast vehicle payable over five years at a rate of 10.73% (2011: 10.73%) per annum. The lease is repayable in monthly payments of R1,2 million with a final balloon payment of R27,2 million due in August 2014.	**50 645**	60 339	**50 645**	60 339
Nedbank instalment sale facilities for desktop computer equipment payable over four years at a rate between 6.25% and 7% (2011:6.25% - 7%) per annum. The lease is repayable in monthly payments of R0,8 million with the last payment due in May 2013.	**4 268**	13 017	**4 268**	13 017
Nedbank instalment sale facility for PABX equipment payable over five years at a rate of 6.25% (2011:6.25%) per annum. The lease is repayable in monthly payments of R0,003 million with the last payment due in December 2013.	**60**	91	**60**	91
Nedbank lease for copier equipment under finance lease lease repayable over 29 months at a rate of (2011:6.25%) per annum. The lease was repayable in monthly payments of R0,07 million with a final balloon payment was made in 2012 of R0,195 million.	**-**	195	**-**	195
Wesbank finance lease facility for a high definition television outside broadcast vehicle payable over five years at a rate of 5.65% (2011: 5.65%) per annum. The lease is repayable in monthly payments of R1,6 million with a final balloon payment of R44,1 million due in February 2015.	**89 857**	103 397	**89 857**	103 397
Rand Merchant Bank finance lease facility for a high definition television outside broadcast vehicle payable over five years at a rate of 9.81% (2011: 9.81%) per annum. The lease is repayable in monthly payments of R2,0 million with a final balloon payment of R32,3 million due in January 2015.	**88 682**	105 120	**88 682**	105 120
Nedbank instalment sale facility for vehicles payable over five years at a rate of 7.5% per annum. The lease is repayable in monthly payments of R0,12 million with the last payment due in May 2015.	**3 902**	4 952	**3 902**	4 952
Total	**1 176 284**	1 345 669	**1 188 821**	1 358 206
Current portion transferred to current liabilities	**(387 894)**	(166 524)	**(387 894)**	(166 524)
Non-current portion	**788 390**	1 179 145	**800 927**	1 191 682

** secured assets are reflected on note 5*

21 INTEREST-BEARING LOANS AND BORROWINGS (continued)

	2012			2011		
	Minimum lease payments R'000	Interest R'000	Principal R'000	Minimum lease payments R'000	Interest R'000	Principal R'000
	GROUP					
Finance lease liabilities:						
Less than one year	**69 312**	**(20 106)**	**49 206**	69 508	(23 926)	45 582
Later than one year but not later than five years	**254 568**	**(24 609)**	**229 959**	326 742	(44 715)	282 027
	323 880	**(44 715)**	**279 165**	396 250	(68 641)	327 609
Instalment sale liabilities:						
Less than one year	**5 741**	**(386)**	**5 355**	10 719	(888)	9 831
Later than one year but not later than five years	**3 116**	**(241)**	**2 875**	8 857	(628)	8 229
	8 857	**(627)**	**8 230**	19 576	(1 516)	18 060
Total	**332 737**	**(45 342)**	**287 395**	415 826	(70 157)	345 669
	COMPANY					
Finance lease liabilities:						
Less than one year	**69 312**	**(20 106)**	**49 206**	69 508	(23 926)	45 582
Later than one year but not later than five years	**254 568**	**(24 609)**	**229 959**	326 742	(44 715)	282 027
	323 880	**(44 715)**	**279 165**	396 250	(68 641)	327 609
Instalment sale liabilities:						
Less than one year	**5 741**	**(386)**	**5 355**	10 719	(888)	9 831
Later than one year but not later than five years	**3 116**	**(241)**	**2 875**	8 857	(628)	8 229
	8 857	**(627)**	**8 230**	19 576	(1 516)	18 060
Loan from subsidiary:	**12 537**	**-**	**12 537**	12 537	-	12 537
Total	**345 274**	**(45 342)**	**299 932**	428 363	(70 157)	358 206

22 DEFERRED GOVERNMENT GRANT

	GROUP AND COMPANY	
	2012 R'000	2011 R'000
Balance on 1 April	**507 167**	450 959
Amounts received during the year	**-**	131 579
Amount recognised in profit or loss in line with amortisation and depreciation of assets acquired with the grant (see note 28).	**(71 457)**	(75 371)
Balance on 31 March	**435 710**	507 167
Less: Current portion	**(71 432)**	(71 574)
Non-current portion	**364 278**	435 593

In February 2005, the Department of Communications and National Treasury committed an amount of R700 million including VAT to the Group over a period of five years, in order to facilitate key improvements to infrastructure within the Group. The money is intended to fund the Group's detailed modernisation and information technology plan, which includes the migration from analogue to digital technology. During the year 2010/2011 an additional amount of R150 million including VAT was contributed by the Department of Communication, with the total received amounting to R850 million.

23 DEFERRED TAX

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Deferred tax is attributable to the following:				
Deferred Tax Liabilities				
Property, plant and equipment	**122 679**	140 016	**122 748**	140 085
Investment properties	**9 021**	9 163	**9 021**	9 163
Finance lease asset	**78 153**	87 824	**78 153**	87 824
Defined benefit asset	**43 478**	63 457	**43 478**	63 457
Programme, film and sports rights	**137 795**	167 102	**137 795**	167 102
Computer Software	**48 358**	59 122	**48 358**	59 122
Available-for-sale financial assets	**524**	412	**524**	412
Prepayments	**389**	539	**389**	539
Total liabilities	**440 397**	527 635	**440 465**	527 704
Deferred Tax Assets				
Finance leases	**(78 971)**	(91 730)	**(78 971)**	(91 730)
Straight-lining of operating leases	**(314)**	(309)	**(314)**	(309)
Employee benefits	**(226 608)**	(201 015)	**(226 608)**	(201 015)
Deferred income	**(34 392)**	(36 497)	**(34 392)**	(36 497)
Other payables and provisions	**(100 112)**	(101 555)	**(100 180)**	(101 185)
Estimated tax loss utilised	**-**	(96 529)	**-**	(96 968)
Total assets	**(440 397)**	(527 635)	**(440 465)**	(527 704)
Total deferred tax	**-**	-	**-**	-

All movements in the temporary differences described above, have been recognised in profit or loss and other comprehensive income, as follows:

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Deferred tax recognised in the income statement	**(29 410)**	(33 201)	**(29 410)**	(33 201)
Deferred tax recognised in the statement of other comprehensive income	**29 410**	33 201	**29 410**	33 201
Deferred tax on 31 March	**-**	-	**-**	-
Estimated tax loss	**223 618**	392 056	**223 019**	391 456
Utilised against deferred tax	**-**	(96 529)	**-**	(96 968)
Available for utilisation in future years	**223 618**	295 527	**223 019**	294 488

24 EMPLOYEE BENEFITS

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Non-current statement of financial position obligations for:				
Post-employment medical benefits	**638 893**	552 969	**638 893**	552 969
Leave pay	**11 524**	11 322	**11 524**	11 322
	650 417	564 291	**650 417**	564 291
Current statement of financial position obligations for:				
Employee incentive	**2 921**	23 717	**2 921**	23 717
Leave pay	**144 364**	137 170	**144 233**	137 040
	147 285	160 887	**147 154**	160 757
Total statement of financial position obligations for employee benefits	**797 702**	725 178	**797 571**	725 048
Income Statement (See also note 30):				
Post-employment medical benefits	**67 957**	55 103	**67 957**	55 103
Employee incentive	**59 954**	39 548	**59 954**	39 548
Leave pay	**31 186**	29 563	**31 186**	29 563
	159 097	124 214	**159 097**	124 214

Post-employment medical benefits

The Group provides a varying subsidy towards medical aid contributions payable by employees who elect to remain on the medical aid scheme after retirement. This subsidy is unfunded and is provided for based on actuarial valuations performed annually. The valuation assumes a varying subsidy of 60%; 75% and 100% consistent with the 2011 valuation scenario.

	GROUP AND COMPANY 2012 R'000	GROUP AND COMPANY 2011 R'000
The amount recognised in the statement of financial position is determined as follows:		
Present value of unfunded obligations		
Post-employment medical benefits	**638 893**	552 969
Changes in the present value of the defined benefit obligation are as follows:	**552 969**	478 942
Current service cost	**12 829**	12 243
Interest cost	**55 128**	42 860
Subsidy payments	**(27 154)**	(19 299)
*Post-employment medical benefit - past service cost paid	**-**	(41 858)
Actuarial loss	**45 121**	80 081
Closing defined benefit obligation	**638 893**	552 969

24 *EMPLOYEE BENEFITS (continued)*

Post-employment medical benefits (continued)

	GROUP AND COMPANY	
	2012 R'000	**2011 R'000**
The amount recognised in profit or loss is determined as follows:	**67 957**	55 103
Current service cost	**12 829**	12 243
Interest cost	**55 128**	42 860
The amount recognised in other comprehensive income is determined as follows:		
Actuarial loss	**45 121**	80 081
Total, included in employee compensation and benefit expenses*, including items recognised in other comprehensive income*	**113 078**	135 184
The principal actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:	**%**	**%**
Discount rate at 31 March	**9.0%**	9.2%
Medical inflation rate per annum	**8.1%**	7.9%
Take-up rate by retired employees	**80.0%**	80.0%

	GROUP AND COMPANY				
	2012 R'000	**2011 R'000**	**2010 R'000**	**2009 R'000**	**2008 R'000**
Post employment medical benefits obligation	**(638 893)**	(552 969)	(478 942)	(394 432)	(368 908)

Employee incentive and long-term leave pay

Certain of the Group's employee incentive programmes and employee leave arrangements provide for benefits not payable wholly within twelve months after the reporting date. These arrangements are therefore classified as "other long-term employee benefits" and the liabilities in respect thereof are measured on the same basis as the Group's obligations in respect of its post-employment benefit plans, with certain simplified assumptions. The liability in respect of employee incentives also requires certain assumptions regarding the Group's future performance.

	GROUP AND COMPANY	
The principal actuarial assumptions in respect of long-term leave pay at the reporting date (expressed as weighted averages) are as follows:	**2012 %**	**2011 %**
Discount rate at 31 March	**7.4%**	8.6%
Rate of salary increase	**8.2%**	8.2%
Employee turnover rate	**8.3%**	8.6%

Analysis of Unexpected Gains and Losses

At 31 March 2011, the accrued liability was R552.9m. The projection of the liability at March 2012 (assuming all actuarial assumptions are experienced) is R594m. The liability as determined in this valuation is R638.8m, approximately 7% higher than the projected amount. The difference in the estimated value of the liability and what the liability was projected to be is reconciled as follows:

Analysis of change in liability - Experience adjustment vs Assumptions

Factor	**Change (2012)**	GROUP AND COMPANY				
		2012 R'000	**2011 R'000**	**2010 R'000**	**2009 R'000**	**2008 R'000**
Projected Liability (from prior years)	as per March 2011 valuation report	**594 298**	469 745	421 570	400 767	214 065
Membership and benefit structure	16 unexpected reinstatements (R6 million) 17 fewer retirees than expected (R4 million) 9 less pensioner deaths than expected (R1.4 million)	**3 958**	(1 070)	(5 079)	(20 323)	137 700
Medical scheme contribution inflation	10.70% vs assumed 7.91%	**10 598**	8 383	12 356	4 084	9 391
Change in real discount rate	09.90% vs 1.24%	**30 906**	59 817	5 490	8 546	8 676
Other		**(867)**	16 094	44 605	1 358	(924)
Year-end liability		**638 893**	552 969	478 942	394 432	368 908

25 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Trade payables				
- local	**18 428**	21 328	**16 739**	21 097
- foreign	**1 138**	1 224	**1 138**	1 224
Other payables*	**99 975**	113 303	**89 990**	87 821
Accrued expenses	**214 430**	217 032	**212 893**	215 496
Programme, film and sports rights related trade and other payables	**598 799**	637 410	**598 799**	637 410
	932 770	990 297	**919 559**	963 048

**included in other payables is VAT amounts owing to SARS and payroll related payables.*

26 DEFERRED INCOME

	GROUP AND COMPANY	
	2012 R'000	2011 R'000
TV Licence fees received in advance	**25 406**	45 139
Income and sponsorships received in advance	**97 422**	85 207
	122 828	130 346

27 PROVISIONS

	2012	2011
*Legal claims**		
Balance at 1 April	**110 480**	88 070
Provisions paid during the year	**(72 060)**	-
Provisions raised during the year	**156 844**	62 410
Provisions released during the year	**-**	(40 000)
Balance at 31 March	**195 264**	110 480

*Legal claims against the SABC were instituted by various individual(s)/instituions and a provision has been raised in that regard. Certain of these matters are before the courts and others the Group is attempting to settle out of court. Management estimates the potential outcome of these legal claims based on the most objective evidence on hand from internal and external legal advisors until such time that ultimate legal resolution has been finalised. Refer to note 2(A) for basis of estimates and assumptions in determining any provision raised.

28 REVENUE

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Total Advertising revenue	**4 104 448**	3 569 692	**4 104 448**	3 569 692
Advertising	**4 035 744**	3 504 715	**4 035 744**	3 504 715
Trade exchanges *(non-monetary exchanges)*	**68 704**	64 977	**68 704**	64 977
Business enterprise and facilities revenue	**32 883**	40 224	**32 883**	40 224
Sponsorships	**361 351**	483 937	**361 351**	483 937
License fees	**892 649**	872 050	**892 649**	872 050
Government grants				
- for educational and local programmes	**58 134**	69 886	**58 134**	69 886
- for technology assets	**71 457**	75 371	**71 457**	75 371
* Other revenue	**91 695**	119 164	**91 695**	119 164
	5 612 617	5 230 324	**5 612 617**	5 230 324

*Included in other revenue is facilities revenue, programme rights exploitation revenue and mobile revenue.

29 OTHER INCOME

	GROUP 2012	GROUP 2011	COMPANY 2012	COMPANY 2011
Rental income	**7 006**	6 820	**7 006**	6 820
Management fees	**39 318**	39 727	**39 318**	39 727
Travel commission	**3 133**	1 507	**747**	529
Other sundry income	**17 834**	15 064	**17 834**	15 064
	67 291	63 118	**64 905**	62 140

30 EMPLOYEE COMPENSATION AND BENEFIT EXPENSE

	Note	GROUP AND COMPANY 2012 R'000	GROUP AND COMPANY 2011 R'000
Cost of employment		**1 759 075**	1 664 286
Defined benefit pension fund recognised in the income statement	8	**(78 001)**	(83 162)
Post-employment medical benefits	24	**67 957**	55 103
Employee incentive	24	**59 954**	39 548
Leave pay	24	**31 186**	29 563
The amounts recognised in profit or loss		**1 840 171**	1 705 338
Items recognised in other comprehensive income:		**105 434**	118 771
Actuarial loss- Post-retirement medical aid liability	24	**45 121**	80 081
Actuarial loss/(gain) - Pension fund defined benefit	8	**173 257**	(267 605)
Change in paragraph 58 limitation of IAS 19-Employee benefits	8	**(112 944)**	306 295
		1 945 605	1 824 109

Included in these amounts are directors' emoluments which are disclosed in more detail in note 43.

31 PROFESSIONAL AND CONSULTING FEES

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Audit fees	**12 758**	15 489	**12 758**	15 489
- current year	**11 473**	9 235	**11 473**	9 235
- prior years	**1 285**	6 254	**1 285**	6 254
Consulting fees	**126 911**	151 632	**120 593**	147 511
	139 669	167 121	**133 351**	163 000

32 OTHER EXPENSES

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Other expenses include the following charges:				
Operating lease charges	**67 714**	54 960	**67 714**	54 960
Buildings	**9 514**	9 287	**9 514**	9 287
Equipment	**19 610**	11 779	**19 610**	11 779
Vehicles	**9 086**	9 656	**9 086**	9 656
Software	**29 504**	24 238	**29 504**	24 238
Impairment of available-for-sale financial assets	**891**	8 569	**891**	8 569
Depreciation of investment properties	**507**	505	**507**	505
Reversal of legal claims	**-**	(40 000)	**-**	(40 000)
Legal claim provision raised	**156 844**	62 410	**156 844**	62 410
Consumables - write down to net realisable value	**141**	43	**141**	43

33 OTHER LOSSES

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Loss on sale of property, plant and equipment	**(307)**	(1 280)	**(307)**	(1 280)

34 NET FINANCING LOSS

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Interest received	**42 526**	28 493	**42 523**	28 177
Dividend received	**-**	149	**-**	149
Net foreign exchange gain on monetary items	**4 398**	7 348	**4 398**	7 348
Foreign exchange gain	**3 714**	6 781	**3 714**	7 260
Finance income	**50 638**	42 771	**50 635**	42 934
Interest paid	**(101 907)**	(117 942)	**(101 907)**	(118 375)
Independent third parties	**(75 436)**	(91 490)	**(75 436)**	(91 923)
Shareholder - permanent capital	**(1 780)**	(1 780)	**(1 780)**	(1 780)
Finance leases	**(24 691)**	(24 672)	**(24 691)**	(24 672)
Foreign exchange loss	**(12 249)**	(9 366)	**(12 249)**	(9 700)
Finance expenses	**(114 156)**	(127 308)	**(114 156)**	(128 075)
Net financing costs	**(63 518)**	(84 537)	**(63 521)**	(85 141)

35 INCOME TAX EXPENSE

	Note	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Income tax recognised in profit or loss					
Current tax expense - prior year adjustment		**-**	23 340	**-**	23 716
Deferred tax expense relating to temporary differences		**(29 410)**	(33 201)	**(29 410)**	(33 201)
		(29 410)	(9 861)	**(29 410)**	(9 485)
Reconciliation of effective tax expense:					
Profit/(loss) before income tax		**372 903**	(119 410)	**376 918**	(116 925)
Income tax using the company tax rate		**(104 413)**	33 435	**(105 537)**	32 739
Non-taxable income		**26 976**	30 852	**26 976**	30 852
Non-deductible expenses		**(23 014)**	(1 549)	**(23 014)**	(1 919)
Prior year adjustment		**-**	(23 340)	**-**	(23 716)
Prior year deferred tax adjustment		**(15 244)**	246 268	**(15 244)**	247 047
Timing differences not recognised		**(10 095)**	-	**(8 971)**	-
Effects of tax offsets/(unused tax losses) not recognised		**96 380**	(295 527)	**96 380**	(294 488)
Effective tax expense		**(29 410)**	(9 861)	**(29 410)**	(9 485)
Income tax recognised in other comprehensive income:					
Pension fund		**16 888**	10 833	**16 888**	10 833
Post-employment medical benefits		**12 634**	22 423	**12 634**	22 423
Available-for-sale financial assets		**(112)**	(55)	**(112)**	(55)
		29 410	33 201	**29 410**	33 201
Reconciliation of effective tax expense:					
Comprehensive loss before income tax		**(104 635)**	(118 380)	**(104 635)**	(118 380)
Income tax using the company tax rate		**29 298**	33 146	**29 298**	33 146
Rate differences on available for sale assets		**112**	55	**112**	55
Effective tax expense		**29 410**	33 201	**29 410**	33 201

36 CASH GENERATED FROM OPERATIONS

	Note	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Reconciliation of profit/(loss) the year to cash generated from operations:					
Profit/(loss) for the year		**343 493**	(129 271)	**347 508**	(126 410)
Adjustments for:					
Amortisation of programme, film and sports rights	*12*	**1 370 395**	1 597 178	**1 370 395**	1 597 178
(Reversal)/impairment of programme, film and sports rights	*12*	**(3 281)**	79 987	**(3 281)**	79 987
Amortisation of computer software	*7*	**46 958**	53 441	**46 958**	53 441
Amount recognised in profit or loss in line with amortisation and depreciation of assets acquired with the grant.	*22*	**(71 457)**	(75 371)	**(71 457)**	(75 371)
Depreciation of property, plant and equipment	*5*	**218 171**	218 967	**218 171**	218 957
Depreciation of investment properties	*6*	**507**	505	**507**	505
Provision for consumables obsolescence	*32*	**141**	43	**141**	43
Impairment of trade receivables	*14*	**(24 592)**	39 722	**(24 592)**	39 799
Impairment of available for sale financial assets	*32*	**891**	8 569	**891**	8 569
Loss on disposal of property, plant and equipment	*33*	**307**	1 280	**307**	1 280
Interest received	*34*	**(42 526)**	(28 493)	**(42 523)**	(28 177)
Dividends received	*34*	**-**	(149)	**-**	(149)
Interest paid	*34*	**101 907**	117 942	**101 907**	118 375
Foreign exchange loss		**-**	251	**-**	-
Legal claims reversed	*32*	**-**	(40 000)	**-**	(40 000)
Provisions raised	*32*	**156 844**	4 262	**156 844**	4 262
Income tax expense	*35*	**29 410**	9 861	**29 410**	9 485
Withholding taxes accrued		**5 790**	-	**5 793**	-
Operating profit before payment for acquisition of programme, film and sports rights		**2 132 958**	1 858 724	**2 136 979**	1 861 774
Payments for acquisition of programme, film and sports rights	*12*	**(1 299 833)**	(1 707 379)	**(1 299 833)**	(1 707 379)

36 *CASH GENERATED FROM OPERATIONS (continued)*

	Note	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Operating profit before changes in working capital, employee benefits		**833 125**	151 345	**837 146**	154 395
Provisions paid	*32*	**(72 060)**	-	**(72 060)**	-
Decrease/(increase) in prepayments	*11*	**(12 812)**	114 645	**(12 812)**	114 644
(Increase)/decrease in inventories	*13*	**(1 745)**	(47)	**(1 745)**	(47)
Decrease/(increase) in trade and other receivables	*14*	**(17 710)**	24 946	**(25 747)**	42 105
Increase/(decrease) in employee benefits and defined benefit asset		**38 446**	14 146	**38 445**	14 146
(Decrease)/increase in trade and other payables	*25*	**(57 527)**	307 839	**(43 489)**	287 012
(Decrease)/increase in deferred income	*26*	**(7 518)**	(89 460)	**(7 518)**	(89 460)
(Increase)/decrease in other non-current assets and liabilities		**15**	(232)	**12**	-
Cash generated from operations		**702 214**	523 182	**712 232**	522 795

37 INCOME TAXES REFUNDED

	Note	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Balance at 1 April		**57 198**	23 860	**57 015**	23 717
Current taxation	*35*	**-**	(23 340)	**-**	(23 716)
Withholding taxes		**5 790**	-	**5 793**	-
Balance at 31 March		**(62 988)**	(57 198)	**(62 808)**	(57 015)
Taxation refunded		**-**	(56 678)	**-**	(57 014)

38 PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	Note	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Disposals	*5*	**307**	1 280	**307**	1 280
Loss on sale of property, plant and equipment	*33*	**(307)**	(1 280)	**(307)**	(1 280)
		-	-	**-**	-

39 FINANCIAL INSTRUMENTS

Overview

The Group has exposure to credit risk, liquidity risk and market risk, that consists of interest rate and currency risk that arise out of the normal course of business.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group Audit Committee is tasked with overseeing how management monitors compliance with the Group's policies and procedures and the reviews of the adequacy of the internal audit monitoring of these risks. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

The Group has established a credit policy under which each new significant customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Credit risk is measured individually within each division and reviewed regularly.

Allowance for impairment

Trade receivables that are less than three months past due are not considered to be impaired.

Trade receivables that are past due but relate to Government clients or of which the Group hold security, insurance or any other types of collateral is held are also not considered to be impaired.

The majority of the Group's trade receivables are due for maturity within 45 days and largely comprise amounts receivable from advertising agencies.

Cash and cash equivalents

Investments are acquired only in liquid securities and only with counterparties that have credit ratings equal to or better than the Group. Transactions involving derivative financial instruments are with counterparties with sound credit ratings.

39 FINANCIAL INSTRUMENTS (continued)

The Group considers its maximum exposure to credit risk to be as follows:	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Available-for-sale financial assets	**4 755**	4 847	**4 755**	4 847
Trade and other receivables	**883 391**	841 089	**883 192**	832 853
Call deposits	**869 000**	591 000	**869 000**	591 000
Restricted cash	**142 996**	161 057	**142 996**	161 057
Cash and cash equivalents	**217 732**	108 753	**208 296**	89 302
	2 117 874	1 706 746	**2 108 239**	1 679 059

Trade receivables:	2012 R'000 Fully Performing	2012 R'000 Past due but not impaired	2012 R'000 Impaired	2011 R'000 Fully Performing	2011 R'000 Past due but not impaired	2011 R'000 Impaired
GROUP						
Government	**5 462**	**17 965**	**49 397**	26 757	13 156	43 983
Agencies	**772 669**	**12 218**	**123 605**	685 649	41 652	139 252
Direct clients	**34 686**	**29 397**	**72 495**	33 327	25 978	86 852
	812 817	**59 580**	**245 495**	745 733	80 786	270 087
COMPANY						
Government	**5 462**	**17 965**	**49 397**	26 757	13 156	43 983
Agencies	**772 669**	**12 218**	**123 605**	685 649	41 652	139 252
Direct clients	**34 686**	**29 397**	**72 495**	33 327	25 978	86 852
	812 817	**59 580**	**245 495**	745 733	80 786	270 087

Age analysis of past due but not impaired is the following:	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Past due 0 to 30 days	**6 808**	33 368	**6 808**	33 368
Past due 31 to 90 days	**1 333**	10 834	**1 333**	10 834
91 to 120 days	**303**	4 089	**303**	4 089
121 days to 1 year	**51 136**	32 495	**51 136**	32 495
	59 580	80 786	**59 580**	80 786
Age analysis of the impaired trade receivables is the following:				
Past due 0 to 30 days	**12 583**	-	**12 583**	-
Past due 31 to 90 days	**8 283**	12 059	**8 283**	12 059
91 to 120 days	**6 561**	36 664	**6 561**	36 664
121 days and older	**218 068**	221 364	**218 068**	221 364
	245 495	270 087	**245 495**	270 087
Movements on the impairment of trade receivables are as follows:				
Opening balance - 1 April	**270 087**	230 365	**270 087**	230 288
Written off as uncollectible (impaired)	**(41 782)**	(407)	**(41 782)**	(407)
Impairment raised	**17 190**	40 129	**17 190**	40 206
	245 495	270 087	**245 495**	270 087
The Group does hold collateral as security. The nature and fair value of the collateral are as follows:				
Official Government Orders	**77 755**	43 069	**77 755**	43 069
Insurance Cover	**291 060**	789 917	**291 060**	789 917
MCC Security	**776 877**	189 702	**776 877**	189 702
	1 145 692	1 022 688	**1 145 692**	1 022 688

39 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.

The Group manages its cash flow requirements with a three month forecast. The Group has borrowing facilities amounting to R822 million (2011: R829 million) which include short-term banking facilities as well as asset-based finance facilities.

	Carrying amount R'000	Contractual cash flow R'000	Up to 6 months R'000	6 months to 1 year R'000	1 year to 3 years R'000	Thereafter R'000
	GROUP					
	2012					
Non-derivative financial liabilities						
Trade payables - Local	**18 428**	**18 428**	**18 428**	**-**	**-**	**-**
Trade payables - Foreign	**1 138**	**1 138**	**1 138**	**-**	**-**	**-**
Other payables*	**48 903**	**48 903**	**48 903**	**-**	**-**	**-**
Accruals	**214 430**	**214 430**	**214 430**	**-**	**-**	**-**
Programme, film and sports rights related trade and other payables	**598 799**	**598 799**	**598 799**	**-**	**-**	**-**
Loan obtained with government guarantee	**888 889**	**978 105**	**196 466**	**190 451**	**591 188**	**-**
Loans and borrowings	**287 395**	**332 737**	**37 527**	**37 526**	**128 842**	**128 842**
Perpetual debt instrument	**27 390**	**27 390**	**890**	**890**	**3 560**	**22 050**
	2 085 372	**2 219 930**	**1 116 581**	**228 867**	**723 590**	**150 892**
	2011					
Non-derivative financial liabilities						
Trade payables - Local	21 328	21 328	21 328	-	-	-
Trade payables - Foreign	1 244	1 244	1 244	-	-	-
Other payables*	81 719	81 719	81 719	-	-	-
Accruals	217 032	217 032	217 032	-	-	-
Programme, film and sports rights related trade and other payables	637 410	637 410	637 410	-	-	-
Loan obtained with government guarantee	1 000 000	1 155 289	144 644	32 356	978 289	-
Loans and borrowings	345 669	415 828	40 114	40 114	167 800	167 800
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
	2 331 772	2 557 220	1 144 361	73 360	1 149 649	189 850

** excludes statutory accruals and payables*

Maturity analysis, due in:	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
	COMPANY					
	2012					
Non-derivative financial liabilities						
Trade payables - Local	**16 739**	**16 739**	**16 739**	**-**	**-**	**-**
Trade payables - Foreign	**1 138**	**1 138**	**1 138**	**-**	**-**	**-**
Other payables	**35 502**	**35 502**	**35 502**	**-**	**-**	**-**
Accruals	**212 893**	**212 893**	**212 893**	**-**	**-**	**-**
Programme, film and sports rights related trade and other payables	**598 799**	**598 799**	**598 799**	**-**	**-**	**-**
Loan obtained with government guarantee	**888 889**	**978 105**	**196 466**	**190 451**	**591 188**	**-**
Loans and borrowings	**287 395**	**332 737**	**37 527**	**37 526**	**128 842**	**128 842**
Perpetual debt instrument	**27 390**	**27 390**	**890**	**890**	**3 560**	**22 050**
Loans from subsidiaries	**12 537**	**12 537**	**-**	**12 537**	**-**	**-**
	2 081 282	**2 215 840**	**1 099 954**	**241 404**	**723 590**	**150 892**
	2011					
Non-derivative financial liabilities						
Trade payables - Local	21 097	21 097	21 097	-	-	-
Trade payables - Foreign	1 224	1 224	1 224	-	-	-
Other payables	54 340	54 340	54 340	-	-	-
Accruals	215 496	215 496	215 496	-	-	-
Programme, film and sports rights related trade and other payables	637 410	637 410	637 410	-	-	-
Loan obtained with government guarantee	1 000 000	1 155 289	144 644	32 356	978 289	-
Loans and borrowings	345 669	415 826	40 114	40 114	167 800	167 800
Perpetual debt instrument	27 390	27 390	890	890	3 560	22 050
Loans from subsidiaries	12 537	12 537	-	12 537	-	-
	2 315 163	2 540 609	1 115 215	85 897	1 149 649	189 850

** excludes statutory accruals and payables*

39 FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Foreign currency risk arises primarily from international programming rights that are procured in foreign currency and the procurement, implementation and maintenance of the broadcasting infrastructure. Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group uses forward contracts to manage foreign currency risk arising from future commercial transactions and recognised assets and liabilities and is responsible for managing the net position in each foreign currency.

The Group's risk management policy is to economically hedge between 0% to 50% of firm commitments for the subsequent 12 months. The Group has not applied hedge accounting for these forward currency contracts. The Group only covers known commitments and does not speculate in foreign currency. The percentage cover for less than one year is 74%.

The Group's exposure to foreign currency risk was as follows based on notional amounts:	US Dollar '000	Euro '000	CHF '000	GBP '000	Rand '000
			GROUP		
			2012		
Foreign cash and cash equivalents	**33**	**(3)**	**413**	**60**	**3 798**
Trade payables	**(170)**	**-**	**-**	**-**	**(1 138)**
Gross financial position exposure	**(137)**	**(3)**	**413**	**60**	**2 660**
Net financial position exposure	**(137)**	**(3)**	**413**	**60**	**2 660**
			2011		
Foreign cash and cash equivalents	33	(3)	413	60	3 798
Trade payables	(183)	-	-	-	(1 224)
Gross financial position exposure	(150)	(3)	413	60	2 574
Net financial position exposure	(150)	(3)	413	60	2 574
			COMPANY		
			2012		
Interest-bearing borrowings	**-**	**(1 224)**	**-**	**-**	**(12 537)**
Trade payables	**(170)**	**-**	**-**	**-**	**(1 138)**
Gross financial position exposure	**(170)**	**(1 224)**	**-**	**-**	**(13 675)**
Net financial position exposure	**(170)**	**(1 224)**	**-**	**-**	**(13 675)**
			2011		
Interest-bearing borrowings	-	(1 306)	-	-	(12 537)
Trade payables	(183)	-	-	-	(665)
Gross financial position exposure	(183)	(1 306)	-	-	(13 202)
Net financial position exposure	(183)	(1 306)	-	-	(13 202)

The following significant exchange rates applied during the year:	GROUP AND COMPANY			
	Average rate		**Reporting date spot rate**	
	2012	**2011**	**2012**	**2011**
USD 1	**7.42**	7.21	**7.68**	6.70
Euro 1	**10.21**	9.48	**10.24**	9.60
CHF 1	**0.12**	0.14	**0.12**	0.14
GBP 1	**11.83**	11.17	**12.27**	10.88

Sensitivity analysis

A 10% strengthening of the Rand against the following currencies at 31 March would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2011. Due to the nature of the transactions, there is no effect on equity.

	GROUP		COMPANY	
	2012 R'000	**2011 R'000**	**2012 R'000**	**2011 R'000**
	Profit or (loss)			
USD	**266**	257	**1 368**	1 376

A 10% weakening of the Rand against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

39 *FINANCIAL INSTRUMENTS (continued)*

Market risk (continued)

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.

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
At reporting date the interest rate profile of the Group's interest bearing financial instruments was:	Carrying amount			
Fixed rate instruments				
Loans from subsidiaries	**-**	-	**(12 537)**	(12 537)
Finance lease liabilities	**(139 327)**	(165 459)	**(139 327)**	(165 459)
Perpetual debt instrument	**(27 390)**	(27 390)	**(27 390)**	(27 390)
	(166 717)	(192 849)	**(179 254)**	(205 386)
Variable rate instruments				
Long term loan obtained with government guarantee	**(888 889)**	(1 000 000)	**(888 889)**	(1 000 000)
Call deposits	**869 000**	591 000	**869 000**	591 000
Finance lease liabilities	**(139 838)**	(162 150)	**(139 838)**	(162 150)
Instalment sale liabilities	**(8 230)**	(18 060)	**(8 230)**	(18 060)
Cash and cash equivalents	**217 732**	108 753	**208 296**	89 302
	49 775	(480 457)	**40 339**	(499 908)

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 2011. Due to the nature of the transactions, there is no effect on equity.

	Profit/loss 100 bp increase			
Variable rate instruments	**5 302**	6 803	**5 402**	6 994

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 an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction, other than a forced or liquidation sale. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(i) *Loans and receivables, call deposits, perpetual debt instrument and interest-bearing loans and borrowings*
The fair value of these financial instruments is determined by reference to market-related interest rates for financial instruments with similar maturities, and without deducting any transaction costs.

(ii) *Trade and other receivables, cash and cash equivalents and trade and other payables*
The carrying amount of these financial assets and liabilities approximates fair value due to the relatively short term maturity of these financial instruments.

(iii) *Derivative financial instruments*
The fair value of derivative financial instruments is based upon market valuations, being the present value of quoted forward rates.

39 FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments (continued)	2012 Carrying amount R'000	2012 Fair value R'000	2011 Carrying amount R'000	2011 Fair value R'000
	GROUP			
Financial assets				
Available-for-sale				
Available-for-sale financial assets	**4 755**	**4 755**	4 847	4 847
Loans and receivables				
Trade and other receivables	**883 391**	**883 391**	841 089	841 089
Held-to-maturity investments	**869 000**	**869 000**	591 000	591 000
Restricted cash	**142 996**	**142 996**	161 057	161 057
Cash and cash equivalents	**217 732**	**217 732**	108 753	108 753
Total financial assets	**2 117 874**	**2 117 874**	1 706 746	1 706 746
Financial liabilities				
Available-for-sale				
Perpetual instrument	**(27 390)**	**(19 782)**	(27 390)	(19 782)
Interest-bearing loans and borrowings	**(1 176 284)**	**(1 176 284)**	(1 345 669)	(1 341 838)
Trade and other payables*	**(881 698)**	**(881 698)**	(958 713)	(958 713)
Total financial liabilities	**(2 085 372)**	**(2 077 764)**	(2 331 772)	(2 320 333)
Net financial liabilities	**32 502**	**40 110**	(625 026)	(613 587)
	COMPANY			
Financial assets				
Available-for-sale				
Available-for-sale financial assets	**4 755**	**4 755**	4 847	4 847
Loans and receivables				
Trade and other receivables	**883 192**	**883 192**	832 853	832 853
Held-to-maturity investments	**869 000**	**869 000**	591 000	591 000
Restricted cash	**142 996**	**142 996**	161 057	161 057
Cash and cash equivalents	**208 296**	**208 296**	89 302	89 302
Total financial assets	**2 108 239**	**2 108 239**	1 679 059	1 679 059
Financial liabilities				
Available-for-sale				
Perpetual instrument	**(27 390)**	**(19 782)**	(27 390)	(19 782)
Interest-bearing loans and borrowings	**(1 188 821)**	**(1 188 821)**	(1 358 206)	(1 354 375)
Trade and other payables*	**(865 071)**	**(865 071)**	(996 529)	(996 529)
Total financial liabilities	**(2 081 282)**	**(2 073 674)**	(2 382 125)	(2 370 686)
Net financial liabilities	**26 957**	**34 565**	(703 066)	(691 627)

The fair value of trade and other payables equals their carrying amount as the impact of discounting is not significant.

** excludes statutory accruals and payables*

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 R0.5 million, a guarantee for the Airwave Travels IATA travel agency licence to the value of R0.34 million and a guarantee for Pietersburg Municipality to the value of R0.07 million.

39 FINANCIAL INSTRUMENTS (continued)

	GROUP AND COMPANY 2012 R'000	2011 R'000
General short-term banking facilities		
Rand Merchant Bank	**90 000**	90 000
Nedbank	**80 000**	100 000
Absa Corporate and Merchant Bank	**183 600**	183 600
Total	**353 600**	373 600
Unutilised	**353 600**	373 600
Asset finance		
Provided	**468 000**	455 000
Utilised	**(287 444)**	(316 592)
Unutilised	**180 556**	138 408
Guarantees		
Provided	**89 995**	84 360
Utilised	**(410)**	(745)
Unutilised	**89 585**	83 615

40 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

Less than one year	**1 752**	1 782
Between one and five years	**2 439**	2 090
	4 191	3 872

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 2012, R65 million was recognised as an expense in the income statement in respect of operating leases (2011: R55 million).

Leases as lessor

The Group leases out certain of its investment properties under operating leases, (refer note 6). The future minimum lease receipts under non-cancellable leases are as follows:

Less than one year	**4 116**	3 419
Between one and five years	**7 488**	7 239
	11 604	10 658

During the year ended 31 March 2012, R5 million was recognised as rental income in the income statement (2011: R7 million) and R1.2 million in respect of repairs and maintenance was recognised as an expense in the income statement relating to investment property (2011: R2.5 million).

41 COMMITMENTS

Capital commitments		
Contracted for	**47 044**	99 975
Approved but not contracted for	**853 980**	772 694
	901 024	872 669
Programme, film and sports rights	**682 290**	1 103 198
Total purchase commitments	**1 583 314**	1 975 867
The capital commitment is to be financed as follows:		
Internally generated funds	**740 456**	693 264
Existing credit facilities	**18 932**	19 637
Government funding	**141 636**	159 768
	901 024	872 669

41 COMMITMENTS (continued)

Commitments for programme, film and sports rights will be funded internally. The local commitments and the currency exposure on foreign programme, film and sports rights at 31 March 2011 is as follows:

	Local Commitments	Foreign commitments		Total
	R'000	'000	R'000	R'000
Year ending 31 March 2013	**340 451**	**18 646**	**151 847**	**492 298**
Local	**340 451**	**-**	**37**	**340 488**
Foreign - US Dollar	**-**	**15 061**	**115 216**	**115 216**
Foreign - Euro	**-**	**3 585**	**36 594**	**36 594**
Year ending 31 March 2014	**69 421**	**6 655**	**53 097**	**122 518**
Local	**69 421**	**-**	**-**	**69 421**
Foreign - US Dollar	**-**	**5 800**	**44 370**	**44 370**
Foreign - Euro	**-**	**855**	**8 727**	**8 727**
Year ending 31 March 2015	**7 255**	**6 385**	**58 014**	**65 269**
Local	**7 255**	**-**	**-**	**7 255**
Foreign - US Dollar	**-**	**2 800**	**21 420**	**21 420**
Foreign - Euro	**-**	**3 585**	**36 594**	**36 594**
Year ending 31 March 2016	**2 205**	**-**	**-**	**2 205**
Foreign - US Dollar	**2 205**	**-**	**-**	**2 205**
Foreign - Euro	**-**	**-**	**-**	**-**
Total commitments	**419 332**	**31 686**	**262 958**	**682 290**

The Group has committed R10 million to the SABC Foundation for educating future generations.

42 CONTINGENCIES

Contingent liabilities comprise claims lodged by third parties against the Group and Company which, in some cases, may be reduced by a counter-claim for insurance. The claims details are as follows:

(i) The Government Employee Pension Fund ('GEPF') represented by the Public Investment Corporation ('PIC') instituted a claim of approximately R337 million plus interest against the SABC. The claim arose from the cancellation of a purported lease agreement for certain assets previously leased by Bophuthatswana Broadcasting Corporation. There have been various interlocutory applications and rulings, none of which has been lost by the SABC. The SABC has, in the course of proceedings, joined certain third parties as respondents. Although the matter is awaiting a trial date, and while maintaining that it is not liable to GEPF, the SABC is engaging PIC in efforts to resolve the matter amicably following previous unsuccessful settlement offers that the SABC made.

(ii) Digital Horizon had sued the SABC for awarding a tender to a party allegedly in breach of its tender processes. The value of the tender was in excess of R400 million. After several interlocutory applications, the matter was postponed sine die at the instance of Digital Horizon. Digital Horizon have abandoned the initial application and have instead issued a new claim for damages against the SABC for an amount R148 million.

43 RELATED PARTIES

The Group is 100% controlled by its Shareholder, the Government, represented by the Department of Communications.

The Group is a Schedule 2 public entity in terms of the Public Finance Management Act, no 1 of 1999 as amended.

The related parties of the Group consist mainly of government departments, State-Owned Companies (SOC), other public entities in the national sphere of government and key management personnel of the Company or its shareholder and close family members of these related parties. The related parties of the Company also include its subsidiaries (see note 9). The list of public entities in the national sphere of government was provided by National Treasury on their website www.treasury.gov.za.

The Group with regards to government related entities is required to disclose the nature and amount of each individually significant transaction and for other transactions that are collectively but not individually significant, a quantitative or qualitative indication of their extent.

(i) Transactions with subsidiaries

	COMPANY			
	2012		2011	
	Amount of transactions R'000	Amounts owed to subsidiary R'000	Amount of transactions R'000	Amounts owed (to)/by subsidiary R'000
SABC Airwave Proprietary Limited trading as Airwave Travel	**6 270**	**(2 131)**	9 734	(941)
Auckland Programme Trade B.V. (incorporated in the Netherlands)	**-**	**(12 537)**	69	(12 537)
	6 270	**(14 668)**	9 803	(13 478)

Related party relationships exists between the Company and its wholly-owned subsidiaries, Airwave Travel and Auckland Programme Trade B.V. The Company has entered into a number of transactions with Airwave Travel for bookings and accommodation for business trips. Transactions entered into are in the normal course of business and on an arm's length basis. Amounts due and owing are settled accordingly. Auckland Programme Trade B.V. is managed by Orange Field Trust, Netherlands 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).

43 RELATED PARTIES (continued)

(ii) Significant Transactions with government related entities

	GROUP AND COMPANY	
	2012	**2011**
Included in Revenue are the following:	**R'000**	**R'000**
Aggregate of all transactions that are collectively significant		
Independent Electoral Commission	**4 695**	13 993
Aggregate Sales to other government related entities not listed above	**75 682**	100 435
	80 377	114 428

	GROUP		COMPANY	
	2012	**2011**	**2012**	**2011**
Purchases of goods and services	**R'000**	**R'000**	**R'000**	**R'000**
Aggregate of all transactions that are collectively significant				
South African Post Office Limited	**28 032**	38 225	**28 032**	38 225
Telkom South Africa Limited	**31 256**	38 317	**31 256**	38 317
Sentech Limited	**535 837**	520 752	**535 837**	520 752
South African Revenue Service	**803 808**	758 983	**803 808**	759 621
- Value-Added-Taxes	**407 130**	381 368	**407 130**	382 006
- Employee taxes (Pay-As-You-Earn ("PAYE"))	**396 678**	377 615	**396 678**	377 615
Aggregate Purchases from other government related entities	**55**	4 981	**55**	4 981
	1 398 988	1 361 258	**1 398 988**	1 361 896

(iii) Grants and sponsorships

	GROUP AND COMPANY			
	2012		**2011**	
	Amount of transactions R'000	**Outstanding balance R'000**	**Amount of transactions R'000**	**Outstanding balance R'000**
Government grants recognised in revenue	**71 457**	**-**	145 257	-
Deferred government grant	**-**	**435 710**	-	507 167
	71 457	**435 710**	145 257	507 167
(iv) Interest payments				
Shareholder - permanent capital	**1 780**	**27 390**	1 780	27 390
(v) Employee benefit payments				
SABC Pension fund	**(138 314)**	**155 277**	(121 852)	226 633
SABC Medical aid scheme	**(146 821)**	**-**	(135 395)	-
	(285 135)	**155 277**	(257 247)	226 633

(vi) Administered projects

The Group has been delegated with the responsibility by the Department of Communications to administer Channel Africa and the Community Radio Project, which are sub-divisions of the Department of Communications. The net amount of administered projects of R1 million (2011: R 1million) is included in trade and other payables and or trade and other receivables.

	GROUP AND COMPANY					
	Opening balance R'000	**Funds received R'000**	**Applied to expenditure R'000**	**Applied to net assets R'000**	**Interest accrued R'000**	**Closing balance R'000**
For the year ended 31 March 2012						
Channel Africa	**(3 726)**	**41 230**	**(38 388)**	**-**	**-**	**(884)**
Community Radio Project	**6 229**	**22 663**	**-**	**(4)**	**911**	**29 799**
	2 503	**63 893**	**(38 388)**	**(4)**	**911**	**28 915**
For the year ended 31 March 2011						
Channel Africa	(2 004)	38 896	(40 618)	-	-	(3 726)
Community Radio Project	(8 552)	15 333	(1 135)	(3)	586	6 229
	(10 556)	54 229	(41 753)	(3)	586	2 503

	2012	**2010**
	R'000	**R'000**
(vii) Administered funds		
Bank balances of Community Radio Project	**49 641**	26 702

43 RELATED PARTIES (continued)

(viii) *Service contracts for permanent executive directors*

	G.P. Duda	L.P. Mokhobo	R.A. Nicholson
Service contract			
- start date	01 March 2012	01 February 2012	01 July 2001
- end date	28 February 2017	31 January 2017	30 June 2011
Service period	5 years	5 years	10 years
Remaining	4 years 11 months	4 years 10 months	-

(ix) *Directors' and key management personnel compensation*

Remuneration paid to the person in any capacity

Year ended 31 March 2012	Service as	Service period in months	Basic salary R'000	Bonuses commissions R'000	Expenses and other allowances R'000	Employer's contribution to pension fund, medical aid and other ~ R'000	Total R'000
Members of the Accounting Authority							
Non-executive Directors							
Dr. B.S. Ngubane	Board Chairperson	12	-	-	639	-	639
Mr T.S. ka Plaatjie	Deputy Board Chairperson	3	-	-	125	-	125
Mr. C.S. Gina	Board Member	12	-	-	411	-	411
Ms. C.F. O'Neil	Board Member	12	-	-	363	-	363
Prof. P.M. Green	Board Member	12	-	-	373	-	373
Mr. P.J. Harris	Board Member	4	-	-	77	-	77
Mr. N.C. Motsepe	Board Member	12	-	-	249	-	249
Mr. D.K. Golding	Board Member	12	-	-	389	-	389
Ms. S.C. Vos	Board Member	12	-	-	443	-	443
Mr. J.S. Danana	Board Member	10	-	-	469	-	469
Adv. C.B. Mahlati	Board Member	10	-	-	473	-	473
Dr. S.P. Makhesha	Board Member	10	-	-	407		407
Mr. L.C. Mtimde	Board Member	10	-	-	293	-	293
Executive Directors							
Ms. L.P. Mokhobo	Group Chief Executive Officer	3	518	-	201	55	774
Mr. R.A. Nicholson	Acting Group Chief Executive	3	436	-	567	44	1 047
Ms. G.P. Duda	Chief Financial Officer	1	146	-	54	19	219
Mr. G.H. Motsoeneng	Acting Chief Operating Officer	12	1 002	58	443	109	1 612
Mr. L.P. Nage	Acting Chief Financial Officer	12	897	72	460	94	1 523
Mr. P. Molefe	Acting Group Chief Executive Officer	12	1 537	121	402	166	2 226
Senior Management							
T. Melk *	Company Secretary	8	3 748	-	563	74	4 385
J.N. Mbatia	Acting Company Secretary	3	123	10	34	20	187
T.C.C. Mampane	Group Executive	12	1 694	137	363	171	2 365
G. Kausiyo	Acting Group Executive	2	121	56	49	17	243
R. Waghorn	Group Executive	8	1 896	-	662	10	2 568
S.M. Masinga	Acting Group Executive	3	123	10	41	16	190
S.M. Motsweni	Acting Group Executive	3	156	38	71	80	1 044
M. Siluma	Acting Group Executive	9	630	-	265	31	296
N. M. Mofokeng	Group Executive	5	467	-	296	95	990
K. Kganyago	General Manager: Group Communications	12	776	62	356	62	1 256
L.Z. Francois	Group Executive	8	628	-	217	80	925
B.L. Tugwana	Acting Group Executive	12	925	72	450	74	1 521
L. Ntloko	Acting Group Executive	12	995	78	419	42	1 534
S.E. Nzimande	Acting Group Executive	12	1 812	-	31	-	1 843
M.J. Ndaba	Acting Group Executive	9	1 350	-	287	-	1 637
P.D. Mwelase	Acting Group Executive	3	181	-	84	19	284
Y. Johnston	Group Executive	12	2 000	-	64	-	2 064
S. Molaudzi	Acting Group Executive	3	164	-	72	10	246
P.T. Lesala	Acting Group Executive	4	338	62	132	41	573
A. Heunis	Group Executive	12	1 310	1 557	449	144	3 460
I. Tseisi	Group Executive	12	1 776	140	371	181	2 468
T.S. Mathibe	Acting Group Executive	7	526	72	170	42	810
S. Sithole	Acting Group Executive	5	800	-	1	-	801
M.M. Chokoe	Acting Group Executive	3	181	56	69	22	328
Total remuneration			27 256	2 601	12 354	1 685	43 896

** - Included in basic salary is compensation paid in respect of loss of office and retirement from office*
~ - Excluding contributions obtained from pension fund holiday.

43 RELATED PARTIES (continued)

(ix) *Directors' and key management personnel compensation (continued)*

						Remuneration paid to the person in any capacity	
Year ended 31 March 2011	**Service as**	**Service period in months**	**Basic salary R'000**	**Bonuses** commissions R'000**	**Expenses and other allowances R'000**	**Employer's contribution to pension fund, medical aid and other ~ R'000**	**Total R'000**
Members of the Accounting Authority							
Non-executive Directors							
Dr. B.S. Ngubane	Board Chairperson	12	-	-	444	-	444
Mr. D. Niddrie	Board Member	7	-	-	178	-	178
Mr. CS. Gina	Board Member	12	-	-	340	-	340
Ms. C.F O'Neil	Board Member	12	-	-	253	-	253
Prof. P.M. Green	Board Member	12	-	-	192	-	192
Ms. B. Masekela	Board Member	7	-	-	98	-	98
Mr. P.J. Harris	Board Member	12	-	-	248	-	248
Ms. F. Sekha	Board Member	6	-	-	210	-	210
Ms. M. Mello	Board Member	7	-	-	143	-	143
Mr. N.C. Motsepe	Board Member	12	-	-	203	-	203
Mr. D.K. Golding	Board Member	12			282		282
Ms. S. C.Vos	Board Member	12	-	-	221	-	221
Executive Directors							
Mr. S.M. Mokoetle	Group Chief Executive Officer*	10	5 244	2	242	327	5 815
Mr. R.A. Nicholson	Acting Group Chief Executive Office and Chief Financial Officer	12	1 647	1 392	765	326	4 130
Senior Management							
L.P. Nage	Acting Chief Financial Officer	5	358		112	62	533
T. Melk	Company Secretary	12	1 092	2	478	181	1 753
G. L. Mampone	Group Executive and Acting Group Chief Excecutive Officer	12	1 173	2	669	212	2 056
R. Waghorn	Group Executive	12	2 442	2	1 285	17	3 746
T.C.C. Mampane	Acting Chief Operating Officer	7	880	450	162	151	1 643
N. M. Mofokeng	Group Executive	12	1 056	2	248	186	1 492
L.P. Mokhobo	Group Executive	3	388	516	507	64	1 474
P. Ntombela-Nzimande	Group Executive*	12	3 756	460	310	178	4 703
K. Kganyago	General Manager: Group Communications	12	726	73	268	109	1 176
M. B. Sathekge	Group Executive	7	382	60	233	73	748
S.J. Mathebula	Acting Group Executive	9	459	41	244	97	842
B.L. Tugwana	Acting Group Executive	5	398	-	117	60	575
L Ntloko	Acting Group Executive	12	930	125	339	39	1 433
M.J. Ndaba	Acting Group Executive	3	450	-	-	-	450
N Sibisi	Acting Group Executive	10	728	2	303	142	1 174
R Morobe	Acting Group Executive	9	618	116	171	110	1 014
C. K. Seokane	Acting Group Executive	12	480	112	282	90	964
T. Ntenteni	Group Executive	12	1 194	375	414	196	2 179
A. Heunis	Group Executive	12	1 180	1 141	278	213	2 812
I Tseisi	Group Executive	12	1 736	72	311	297	2 415
P. Molefe	Group Executive	12	1 341	110	303	241	1 996
W. Mkhize	Acting Group Executive	3	177	-	68	31	276
Total remuneration			28 832	5 054	10 922	3 403	48 211

** - Included in basic salary is compensation paid in respect of loss of office and retirement from office*

*** - Bonuses paid out in 2011 were previously accrued for. See note 24*

~ - Excluding contributions obtained from pension fund holiday

44 LICENCE AGREEMENTS

The Group was granted the following Public Television Broadcasting Licences by the Public Service Division of the Independent Communications Authority of South Africa ("ICASA") for the period 23 March 2004 to 22 March 2019: SABC 1 and SABC 2.

The Group was granted the following Commercial Television Broadcasting Licences by the Public Service Division of the Independent Communications Authority of South Africa ("ICASA") for the period 23 March 2004 to 22 March 2019: SABC 3.

The Group was granted the following Public Sound Broadcasting Licences by the Public Service Division of ICASA for the period 23 March 2004 to 22 March 2014: SA FM, RSG, UMHLOBO WENENE FM, UKHOZI FM, LESEDI FM, MOTSWEDING FM, THOBELA FM, LIGWALAGWALA FM, IKWEKWEZI FM, MUNGHANA LONENE FM, PHALAPHALA FM, LOTUS FM, RADIO 2000, X-K FM and TRU FM.

The Group was granted the following Commercial Sound Broadcasting Licences by the Public Service Division of ICASA for the period 23 March 2004 to 22 March 2014: 5 FM, METRO FM and GOOD HOPE FM.

The licence area for all of the licences above is the Republic of South Africa. The Licences were granted at no consideration and the Group is required to comply with the applicable regulations as amended from time to time. No subsequent expenditure has been incurred on these licences.

45 EXPENDITURE AND LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURES

(i) All losses through criminal conduct and any irregular expenditure

Section 1 of the Public Finance Management Act, No. 1 of 1999, as amended, defines irregular expenditure as expenditure, other than unauthorised expenditure, incurred in contravention of or that is not incurred in accordance with a requirement of any applicable legislation.

The following amounts have been determined as being irregular expenditure, in terms of section 55(2)(b)(i) of the Public Finance Management Act, No. 1 of 1999, as amended:

Case number	Action taken	Amount identified R'000
Year ended 31 March 2012		
Case 1	No action required*	**3 942**
Case 2	No action required*	**2 576**
Case 3	No action required*	**2 500**
Case 4	No action required*	**4 995**
Case 5	No action required*	**5 200**
Case 6	No action required*	**2 150**
Case 7	No action required*	**28 000**
Case 8	No action required*	**6 335**
Case 9	No action required*	**6 164**
Case 10	No action required*	**5 438**
Case 11	No action required*	**5 010**
Case 12	No action required*	**3 188**
Case 13	No action required*	**5 169**
Case 14	No action required*	**23 228**
Case 15	No action required*	**10 627**
Aggregate of all other losses not material	Various	**22 437**
Total		**136 960**
Year ended 31 March 2011		
Case 1	No action required*	2 080
Case 2	No action required*	1 665
Case 3	No action required*	2 084
Case 4	No action required*	2 057
Case 5	No action required*	9 835
Case 6	No action required*	4 840
Case 7	No action required*	2 188
Case 8	No action required*	3 667
Case 9	Recovery	2 342
Case 10	Disciplinary Action	9 250
Case 12	No action required	2 280
Case 13	Disciplinary Action	7 900
Case 14	Disciplinary Action	2 057
Aggregate of all other losses not material	Various	22 851
Total		75 096

* These amounts relate to expediture incurred whereby there was no contracts in place and the payments were ratified according to the delegated authority (GCEO/CFO).

45 EXPENDITURE AND LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURES (continued)

(ii) Material losses through fruitless and wasteful expenditures

Section 1 of the Public Finance Management Act, No. 1 of 1999, as amended, defines fruitless and wasteful expenditure as expenditure which was made in vain and would have been avoided had reasonable care been exercised.

The following material losses, through fruitless and wasteful expenditure have been identified as being reportable in terms of the materiality framework approved by the Minister of Communications for the year under review:

Case number	Action taken	Losses identified R'000	Losses recovered year to date R'000	Losses written off R'000	Recovery outstanding R'000
Year ended 31 March 2012					
Case 1	Foreign stock impairment	**22 120**	**-**	**(22 120)**	**-**
Case 2	Trustco legal claim settlement	**72 060**	**-**	**(72 060)**	**-**
Aggregate of all other losses not material	Various	**10 435**	**-**	**(10 435)**	**-**
Total		**104 615**	**-**	**(104 615)**	**-**
Year ended 31 March 2011					
Case 1	No action required	2 918	(1 200)	(1 718)	-
Case 2	Losses written off	4 000	-	(4 000)	-
Case 3	Additional stock impairment	74 905	-	(74 905)	
Case 4	Investigation in progress	2 785	-	(2 785)	-
Aggregate of all other losses not material	Various	3 701	-	(3 701)	-
Total		88 309	(1 200)	(87 109)	-

46 SUBSEQUENT EVENT

Non-adjusting event

Subsequent to 31 March 2012 one of the Group's studios was destroyed by fire on the 13 June 2012. Damages will be claimed once the disaster recovery is finalised and all reports submitted to the insurers.

Glossary of Terms
used in the Report

ABMP – African Broadcasters' Media Partnership

ASA – Advertising Standards Authority

AUB – African Union of Broadcasters

BBBEE – Broad-Based Black Economic Empowerment

BCCSA – Broadcasting Complaints Commission of South Africa

BIT – Broadcast Information Technology

CCC – Customer Competency Centre

CCMA – Commission for Conciliation, Mediation and Arbitration

DoC – Department of Communications

DTT – Digital Terrestrial Television

EAP – Employee Assistance Programme

EE – Employment Equity

ER – Employee Relations

ERM – Enterprise Risk Management

EVS – Enumeration Verification System

FIFA – Federation of International Football Associations

FM – Frequency Modulation

GE – Group Executive

HCS – Human Capital Services

HD – High Definition

HDTV – High Definition Television

IAS – International Accounting Standards

ICASA – Independent Communications Authority of South Africa

ICDL – International Committee on Communication

IEC – Independent Electoral Commission

IFRIC – International Financial Reporting Interpretations Committee

IFRS – International Financial Reporting Standards

IMF – Information Management Framework

IPF – Independent Professional's Forum

IT – Information Technology

LOC – Local Organising Committee

LSM – Living Standards Measure

MAPPP-SETA – Media, Advertising, Publishing, Printing, Packaging – Sector Education Training Authority

MHEG – Multimedia and Hypermedia information coding Expert Group

MMF – Middle Managers' Forum

MTEF – Medium Term Expenditure Framework

NCA – National Credit Act

NSF – National Skills Fund

OB – Outside Broadcast

PAYE – Pay As You Earn

PBI – Public Broadcasters International

PBS – Public Broadcast Service

PCC – Portfolio Committee on Communication

PCS – Public Commercial Service

PFMA – Public Finance Management Act

PIC – Public Investment Corporation

PPE – Property, Plant and Equipment

PSBF – Public Service Broadcasting Fund

RBF – Radio Broadcast Facilities

SAARF – South African Advertising Research Foundation

SABA – Southern African Broadcasting Association

SABC – South African Broadcasting Corporation Limited

SABE – Southern African Bond Exchange

SAFTA – South African Film and Television Awards

SAP – System Application and Products in Data Processing

SAP CCC – SAP Customer Competency Centre

SATMA – South African Traditional Music Awards

SETA – Sector Education and Training Authority

STB – Set-top box

TV – Television

TVBMS – TV Broadcast Management System

TVIEC – Television Industry Emergency Coalition

A note on terminology

- *References in this Annual Report to the Broadcasting Act are to the Broadcasting Act, No 4 of 1999, as amended.*
- *References to the Public Finance Management Act (PFMA) are to the Public Finance Management Act, No 1 of 1999, as amended.*
- *References to the Companies Act are to the Companies Act, No 61 of 1973, as amended.*

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