Corporate information

Share code
KGM

ISIN
ZAE000014007

Registration number
1957/000036/06

Registered office
Kagiso Media Limited
Kagiso House, 1st Floor, 16 Fricker Road,
Illovo Boulevard, Illovo, 2196
(PO Box 724, Northlands, 2116)

Secretary
S Pienaar
Kagiso House, 1st Floor, 16 Fricker Road,
Illovo Boulevard, Illovo, 2196
(PO Box 724, Northlands, 2116)

Transfer secretaries
Link Market Services South Africa
(Pty) Limited
5th Floor, 11 Diagonal Street
Johannesburg, 2001
(P O Box 4844, Johannesburg 2000)

Kagiso Trust
8th Floor, Braamfontein Centre
23 Jorissen Street, Johannesburg, 2001
(PO Box 1878, Johannesburg, 2000)

Kagiso Trust Investments
Ground Floor, Kagiso House
16 Fricker Road
Illovo Boulevard, Illovo, 2196
(PO Box 55276, Northlands 2196)

Group operations

- **East Coast Radio**
  1st Floor, East Coast Radio House
  313-315 Umhlanga Rocks Drive
  Umhlanga Rocks, 4321
  (PO Box 25095, Gateway,
  Umhlanga Rocks, 4321)
  www.ecr.co.za

- **Jacaranda 94.2**
  Samrand Flagship Building,
  1 Samrand Avenue
  Kosmasdal Ext 11, Centurion, 0187
  (PO Box 11961, Centurion, 0046)
  www.jacarandafm.co.za

- **Kagiso Exhibitions and Events**
  1st Floor, Block C,
  Crownwood Office Park
  100 Northern Parkway, Ormonde,
  Johannesburg, 2091
  (Private Bag X383, Cresta, 2118)
  www.kagisoexpo.co.za

- **LexisNexis Butterworths**
  215 North Ridge Road,
  Morningside, 4001
  (PO Box 792, Durban, 4000)
  www.lexisnexis.co.za

- **OFM**
  MTN Building, 1st Floor,
  Cnr 2nd Avenue and
  Nelson Mandela Street,
  Westdene, Bloemfontein, 9301
  (PO Box 7117, Bloemfontein, 9301)
  www.ofm.co.za

- **Heart 104.9**
  3rd Floor, Sable Centre
  2 De Smidt, Cape Town, 8001
  (PO Box 211, Greenpoint, 8051)
  www.1049.fm

- **iGagasi 99.5**
  67 Old Fort Road, Durban, 4000
  (PO Box 4995, Durban, 4000)
  www.gagasi995.co.za

- **Kaya FM 95.9**
  1 Central Place, 30 Jeppe Street, Newtown
  (PO Box 434, Newtown, 2113)
  www.kayafm.co.za

- **RadMark**
  F Block, Mellis Office Park
  1-3 Mellis Road, Rivonia, 2128
  (PO Box 5981, Rivonia, 2128)
  www.radmark.co.za

- **Clear Channel Merafe**
  66 Peter Place, Hurlingham Ext 5,
  Bryanston, 2070
  (Private Bag X91, Bryanston, 2021)
  www.ccirsa.com

Sponsor
Investec Bank Limited
100 Grayston Drive, Sandown, Sandton,
2196
(PO Box 785700, Sandton, 2146)

Auditors
PricewaterhouseCoopers Incorporated
2 Eglin Road, Sunninghill, 2157
(Private Bag X36, Sunninghill, 2157)

Bankers
First National Bank - a division of FirstRand
Bank Limited
Medium Corporate Gauteng North
88 Stella Road
Sandown Mews West
Sandton
(PO Box 7791, Johannesburg, 2000)

Corporate advisors
Nedbank Capital – Corporate Finance
Division
135 Rivonia Road, Sandown, 2196
(PO Box 1144, Johannesburg, 2000)

Legal advisors
Prinsloo, Tindle & Andropolous Inc.
First Floor, 17 Fricker Road, Illovo, 2196
(PO Box 55024, Northlands, 2116)

Barkers Inc.
8 Rydall Vale Crescent
(off Douglas Saunders Drive)
La Lucia Ridge Office Estate
KwaZulu Natal, 4051
(PO Box 25352, Gateway, 4321)

Regulatory advisers
Webber Wentzel Bowens
10 Fricker Road, Illovo, 2196
(PO Box 61771, Marshalltown, 2107)

Public/Investor relations advisors
DynamoAfrica (Pty) Limited
First Floor, Building 4,
Harrowdene Office Park
Western Services Road, Woodmead
(PO Box 294, Sunninghill, 2157)

Website
www.kagisomedia.co.za

dynamoafrica20082 1104

Kagiso Media Limited
1st Floor
Kagiso House
16 Fricker Road
Illovo Boulevard
Illovo, 2196
PO Box 724
Northlands, 2116
www.kagisomedia.co.za

Kagiso Media Annual Report 2007

10 YEARS

Annual Report 2007

KAGISO Media

For the year ended 30 June 2007

10

Kagiso Media

Corporate profile

and group structure

KAGISO Media

Kagiso Media is a black owned and managed investment holding company with interests in substantial media assets

Information services and solutions

LexisNexis Butterworths (50%)

Broadcasting

East Coast Radio (100%)

Jacaranda 94.2 (80%)

OFM (24.9%)

Kaya FM (25.1%)*

iGagasi 99.5 (33.3%)**

Heart 104.9 (33.3%)**

RadMark (49.97%)

RadioMinds (50%)

* Economic interest

Exhibitions and events

Kagiso Exhibitions & Events (100%)

Kagiso Exhibitions & Events Solutions (100%)

Outdoor

Clear Channel Merafe (32.57%)***

* Indirectly an associate through the holding in Thebe Convergent Technologies (Proprietary) Limited

** Indirectly an associate through the holding in Makana Radio Communications (Proprietary) Limited

*** Indirectly held though the holding in Kagiso Outdoor (Proprietary) Limited

The operation of regional radio stations in an adult contemporary music format in the key metropolitan areas of Gauteng, the Western Cape, Free State and KwaZulu-Natal. These radio stations attract advertising spend from advertisers by offering them access to a sizeable, loyal, affluent listener base. The group's interests include controlling investments in East Coast Radio and Jacaranda 94.2 and strategic stakes in OFM (Bloemfontein), Kaya FM (Johannesburg), Heart 104.9 (Cape Town) and iGagasi 99.5 (KwaZulu-Natal).

Joint control of RadMark, a national radio advertising sales house. RadMark represents the group's radio stations to national advertisers and advertising agencies. It is able to capitalise on economies of scale and has the ability to package audiences across the country.

A specialist academic, professional and business information services and solutions operation through LexisNexis Butterworths. It derives revenue from subscriptions to its loose-leaf, CD-ROM and online publications, from the sale of its textbooks, business publications and professional information and from the rendering of risk and practice management services.

Kagiso Outdoor acquired 50.1% of Clear Channel Merafe and is one of the biggest operators in the airport and rail advertising markets with emphasis on out-of-home advertising.

The staging of a range of consumer and niche trade exhibitions, such as the Rand Show, SAITEX and Auto Africa, and the management of exhibitions and events owned by third parties, through Kagiso Exhibitions and Events.

Revenue up

22%

Operating profit up

14%

Headline earnings up

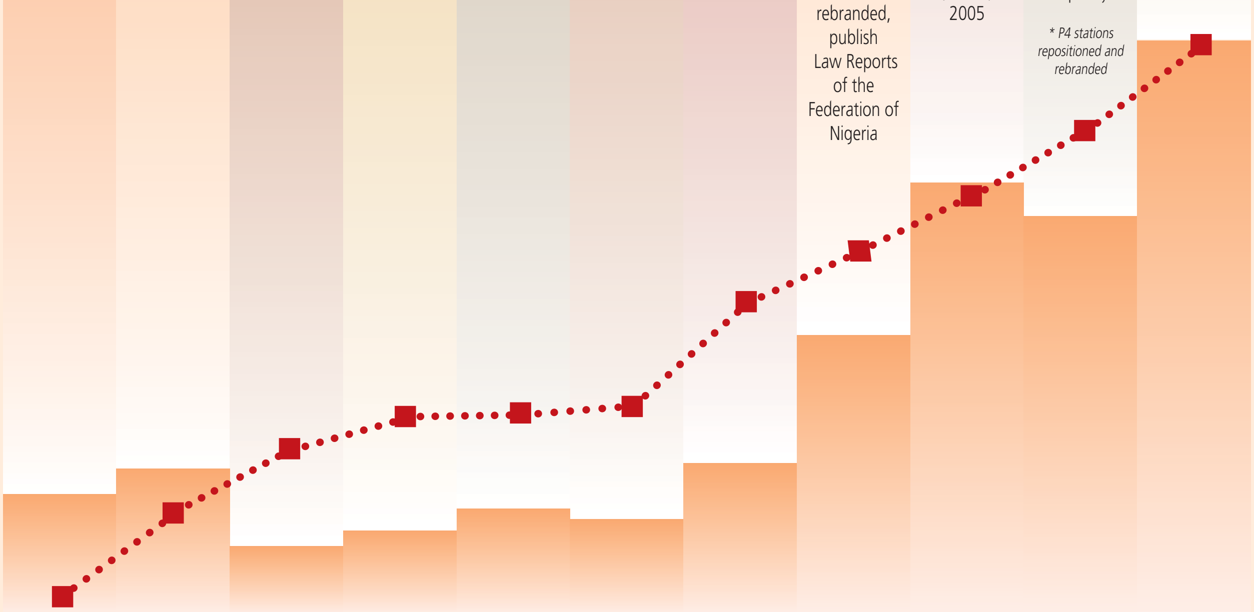
18%

Cash flows from operating activities up

9%

Kagiso Media's 10 years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Share price	406 cents	517 cents	185 cents	224 cents	290 cents	262 cents	410 cents	750 cents	1148 cents	1050 cents	1505 cents
Market cap	R406.4m	R511.09m	R241.56m	R293.69m	R370.30m	R334.24m	R529.90m	R976.82m	1507.56m	R1391.66m	R2003.70m
Headline earnings	R1.828m	R21.284m	R36.230m	R43.705m	R44.554m	R46.053m	R70.408m	R82.192m	R95.019m	R110.189m	R130.164m
	East Coast Radio **Radio Oranje** **RadMark** **Butterworth Publishers** **System Publishers**	**Jacaranda 94.2**	**Kagiso Exhibitions**			**Divested from System Publishers**	**East Coast Radio** increase in shareholding to 100% **Kagiso Branding & Marketing** **Kagiso Exhibitions** World Summit on Sustainable Development – once off	**ICASA** renew licences **East Coast Radio; Jacaranda 94.2** **Jacaranda 94.2** increase in shareholding to 60% **RadMark** increase in shareholding to 47.5% **LexisNexis Butterworths** rebranded, publish Law Reports of the Federation of Nigeria	**Jacaranda 94.2** repositioning "Life's greatest hits" **P4 Radio** Cape Town and Durban **Kaya FM** economic interest 25,1% **Kagiso Exhibitions** South African Pavilion at Japan Expo 2005	**iGagasi 99.5*** economic interest 33,3% **Heart 104.9*** economic interest 33,3% **Kagiso Exhibitions and Events** repositioned and investment in standbuilding capacity ** P4 stations repositioned and rebranded*	**Jacaranda 94.2** increase in shareholding to 80% **Kagiso Outdoor** 65% shareholding **Kagiso Media** rebranded



Kagiso Media continues to grow from strength to strength.

10

Chairman's review

Over the past 10 years Kagiso Media has cemented its reputation as a company associated with consistent growth and performance. Its past year performance confirms that its foundations remain solid.

I am very pleased that as we commemorate Kagiso Media's 10th anniversary this year, we celebrate yet another winning set of results with double-digit increases in both revenue and headline earnings. Kagiso Media's performance in the year under review continues the company's record of sustained growth since its inception in 1997.

With a compounded annual growth rate in revenue of 29,6%, EBIDTA of 31,4% and headline earnings of 15,5% over the past five year period, the strong operational focus across the group continues to drive performance.

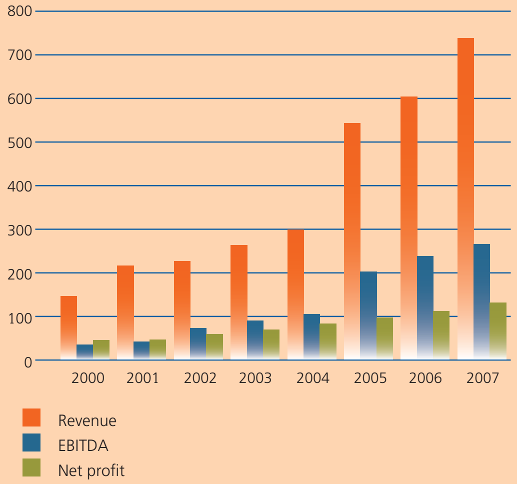
Kagiso Media's excellent results confirm the quality and robustness of its suite of media assets. The building blocks of Kagiso Media's consistently solid performance – strong markets, strong assets, strong people – remain intact.

The acquisition of Clear Channel Merafe ("CCM"), a leading outdoor advertising company adds additional value and diversity to the Kagiso Media offering. Undoubtedly, Kagiso Media has transformed fundamentally from its humble beginnings into a leading player in the South African media marketplace with its national suite of highly desirable radio assets, a radio saleshouse, information services and solutions offerings with reach into Africa, a highly innovative exhibitions and events company and now an out-of-home advertising platform.

Kagiso Media's companies remain well-positioned in their respective markets and the outlook for the next financial year is positive. The talented people of Kagiso Media have the will, ability and agility to increase profits on a sustained basis. They also continue to demonstrate insight and innovation in increasingly competitive markets.

I am confident that all operations have the necessary strategy, structure and practices in place to fuel sustained growth. Our operations remain highly cash generative with a cash flow of R257m being generated for the year. We expect our strengthened media offering to continue to thrive in a strong, vibrant economy abundant with opportunity.

Seven year review
(R'000)



I would like to sincerely thank the board of directors, management and staff for their commendable stewardship of the company. A special thank you and word of congratulations must be paid to Murphy Morobe who took over as CEO of Kagiso Media last year. I feel confident that Murphy and his team, through their dedication and commitment will ensure that the signature of Kagiso Media remains sustained growth and exemplary performance.

WR Jardine
Chairman

Kagiso Media celebrates its 10th anniversary year with another impressive set of results. Once again, the company has proved its mettle as a solid investment choice.

CEO's report

I am pleased to report that Kagiso Media has delivered excellent financial results for the year under review. Financial highlights include a 22% increase in revenue (up from R605m in 2006 to R738m in 2007), an operating profit of R236m (14% up from 2006) and a double-digit increase (18%) in headline earnings (R130m). The high quality of the group's earnings and superb cash generation of our operations contributed to a healthy cash balance of R118 million as at 30 June 2007. These sterling financial results continue a track record of superior performance and growth enjoyed by Kagiso Media, since its inception ten years ago.

Excellent EBITDA and operating profit margins were again achieved in the past year.

Revenue from our broadcasting division increased by 16%. This strong increase is particularly pleasing given that total radio revenue (total market) only grew in single digits over this period – once again. Again we have managed to outperform the market. East Coast Radio and Jacaranda 94.2 remain in the top three radio stations in terms of revenue share (AdEx). The operating profit margin for the broadcasting division posted a highly competitive 51% (up from 49% in 2006). With over seven million listeners a week, Kagiso Media stations continue to provide advertisers with the largest reach of any of the private radio groups in South Africa.

At LexisNexis Butterworth's revenue was up by 14% (yet another year delivering double digit growth) to R307m and operating profit by 22% to R95m. Revenue from the online information solutions continued to deliver excellent growth and grew by 34%. Another pleasing trend was that the Africa division reported a 25% increase in revenue.

Kagiso Exhibitions and Events ("KEE") increased its revenue by 38%. Its recent acquisition, Eyethu Exhibitions (Proprietary) Limited (purchased on 1 July 2006) contributed R18,6m to revenue. Unfortunately KEE struggled to manage costs, with the result that the outstanding performance in the revenue was not evident in the "bottom line" results. However going forward, a strategy of growing sustainable revenues, containing risks and acquiring strategic assets is expected to enable the company to have a more stable and sustainable income base. To achieve this, KEE will also be focusing on weaning itself off over-reliance on its bottom line on biennial shows such as Auto-Africa.

We nonetheless are proud that KEE has earned itself an outstanding business reputation both locally and internationally, and are certain that with its premier assets, dedicated professionals and increased service offering, KEE is well poised for growth.

Our new venture, Kagiso Outdoor, acquired 50,1% of Clear Channel Merafe ("CCM"), an out-of-home advertising company. Consolidated in our group results for only three months, CCM contributed R593 000 to the operating profit. This investment, which relates to our revenue diversification strategy, increases the group's advertising platform offerings and reaffirms our leadership standing in the South African media market.

My first year as chief executive officer of Kagiso Media coincides with Kagiso Media's 10th anniversary. One cannot help but note that in 1997 Kagiso Media had a net asset value of just over R20m. Today, its net asset value stands at R320m. In 1997, operating profit was at R1,3m. The company has just posted an operating profit of R236m for the year ending 30 June 2007. These phenomenal growth figures are testament to the tremendous business acumen, insight and vision of the Kagiso Media team, which through the 10 years of the company's existence fully committed themselves to the vision of growing Kagiso Media into one of the leading media brands in South Africa and on the continent.

As I settle down to taking the company forward, I remain confident that through skillfull deployment of our prized suite of media assets, proven resilience, skilled management and entrepreneurial drive, Kagiso Media will continue to deliver healthy and sustainable growth. Our capability to digitise, distribute and monetise audiences across our range of platforms should set us apart from our competitors.

I would like to extend my thanks to the board, management and staff across all of our operations for their support. In particular I wish to thank Roger Jardine, my predecessor, for the great institution he's left behind. With such sterling support, we will continue to build on our track record of sustained performance over the coming year.

Murphy Morobe
Chief executive officer

Directorate

WR (Roger) Jardine
(42), BSc, MSc [2,3,4]
Chairman

Director of several Kagiso group companies. Non-executive director of FirstRand Bank, Natal Sharks (Pty) Limited, Macsteel Service Centres SA 2005 (Pty) Limited and Mr Price Limited. Appointed 1 June 1999, re-elected on 25 November 2002 and on 25 November 2005. Resigned as chief executive officer on 31 October 2006, appointed non-executive chairman with effect from 1 November 2006.

MJN (Johnson) Njeke
(49), CA (SA) [2,3,4]
Deputy chairman

Managing director of Kagiso Trust Investments (Pty) Limited and director of several Kagiso group companies. Board member of Mittal Steel Limited, Metropolitan Holdings Limited, NM Rothschild (SA), Pareto Limited, Resilient Property Income Fund and MTN Group Limited. Past chairman of SAICA and present chairman of its Education Committee. Appointed 24 October 1997, re-elected on 7 December 2001 and 15 November 2004, retires by rotation and is available for re-election at the annual general meeting on 23 November 2007.

M (Murphy) Morobe
(51), Dip. Project. Management, MCEF [1]
Chief executive officer

Director of the Johannesburg Housing Company, South African National Parks Board, Remgro Limited, Cricket South Africa and chairman of My Acre of Africa Trust. Past chairman of Ernst & Young and chairman of the Financial and Fiscal Commission. Appointed 1 November 2006.

OC (Omar) Essack
(40), BA, H Dip Ed [1]
Executive director: Broadcasting

Member of the University of the Witwatersrand Radio Journalism Advisory Board. Panel member: European Radio Awards Judging Committee (2007). Appointed 1 January 2004, retires by rotation and is available for re-election at the annual general meeting on 23 November 2007.

WC (Willy) Ross
(62), CA (SA) [2,3,4,#]

Chairman of Capital Property Fund, Director of Hospitality Property Fund and several other large non-listed companies which are active in the private equity and logistics industries. Appointed 12 February 2007.

YI (Yunus) Mahomed
(57), BProc, MBA [2]

Chairman of Kagiso Trust, Deputy Chairman of Kagiso Trust Investments (Pty) Limited. Chairman of CBF Holdings Limited, Director of FirstRand Limited, the Johannesburg Housing Company and several private companies. Appointed 24 October 1997, re-elected on 25 November 2003 and on 24 November 2006.





S (Sandra) Pienaar
(42), CA (SA), MComm (Tax) [1]
Finance director and company secretary

Appointed 1 October 2005.

HI (Hylton) Appelbaum
(53), LLB

Non-executive director of Liberty Group Limited, Kagiso Trust Investments (Pty) Limited, The Synergos Institute Incorporated and Education Interactive Incorporated. Appointed 24 October 1997, re-elected on 25 November 2003 and on 24 November 2006.

RM (Maud) Motanyane
(56), Diploma, Library Science [2,3,4,#]

Director of Revue Liaison, Revue Partners, Urban Brew (Pty) Limited, Thuthuka Productions, Travkor EPA and G4S Security Service (SA) (Pty) Limited. Appointed 1 September 2005.

1 – Executive; 2 – Member of remuneration committee; 3 – Member of board audit committee;
4 – Member of nomination committee; # – Independent non-executive

10

BEE and CSI

"We have a purpose and that is that Kagiso has to outgrow us as individuals. Years from now when I am a qualified ancestor it must still be here. It must still be serving people."

Eric Molobi

BEE ownership and transformation

Overall empowerment shareholding

In 1996 Kagiso Trust Investments (Proprietary) Limited ("KTI") and VideoVision Investments (Proprietary) Limited ("VideoVision"), a producer and distributor of films (also controlled by previously disadvantaged individuals), bid together for two of the regional radio broadcasting licences that were privatised by the SABC. In the latter part of 1997, they listed these radio assets and their interest in specialist publishing as Kagiso Media Limited. Subsequently, VideoVision sold all of its shares in the company. KTI acquired 4,99% in Kagiso Media at the same time. This transaction resulted in KTI being the major shareholder owning a total of 48,1% in the company.

The company's shares are quoted on the JSE Limited ("JSE"). These shares are often owned through nominee companies, life funds and unit trusts.

The Kagiso empowerment model

The Kagiso Trust owns 50,3% of the shares in KTI; Industrial Partnership Investment Limited ("Remgro") owns 37,2% and the staff share trust and others own 12,5%. Kagiso Media has been returning a substantial proportion of its profits to its shareholders through dividends. Of the total dividends paid since listing, almost R295m was paid to KTI. This cash, together with dividends from other KTI investee companies, is used to fund the development activities of the Trust and further growth in KTI's investment activities.

In contrast to many existing empowerment funding models, the activities of Kagiso Trust do not benefit only a small number of individuals, but various communities throughout South Africa. This model aims to assist in the reconstruction and development of the country to overcome the legacies of apartheid.

The Kagiso Trust

Kagiso Trust is one of South Africa's most respected, leading-edge non-governmental development finance organisations. It is non-partisan in character and promotes non-racism, reconstruction and development in South Africa. Kagiso Trust seeks to improve the quality of life of the poor and marginalised, and regards development as an integral part of transformation and social change, especially in the context of the history of deprivation and poverty faced by millions of South Africans.

History

Kagiso Trust was established in May 1985 with funds from the European Union's Special Programme for the Support of Victims of Apartheid. It grew from a small unit managed by two people to a national operation of close to 100 people by the early 1990s, while its annual budget grew from R15m to R250m over this period.

During this time, Kagiso Trust accountably and transparently managed more than 700 funding contracts in various European community prioritised development sectors. In addition, it managed a bursary fund which supported more than 20 000 students at universities, technikons and teacher-training institutions. The Trust is governed by a board of trustees that serves as custodian of the policies and direction of the Trust. The current trustees are Mr Yunus Mahomed (chairperson), Ms Nthobakae Angel, Rev Mazwi Tisani, Dean Zwo Nevhutalu, Ms Bongi Njobe, Prof Wiseman Nkuhlu and Mr Hylton Appelbaum – all personalities with strong community links and personal commitment to social upliftment.

The Trust is also supported by a number of patrons that include Archbishop Desmond Tutu, Rev Dr Frank Chikane, Fr Smangaliso Mkhatshwa, Dr Abe Nkomo, Prof Jakes Gerwel, Mr Goolam Aboobaker, Ms Zanele Mbeki and Dr Max Coleman. Rev Dr Beyers Naude, a founding patron of the Trust, passed away during 2004.

Development objectives

Over the last two decades of its existence, the Trust's development objectives have adapted to the changing circumstances. Currently, these are to:

- Promote and facilitate innovative and alternative development models;
- Build integrated development programmes at grassroots level that can be sustained and repeated elsewhere;
- Help create and maintain a vibrant non-governmental sector, working constructively with government and the private sector;
- Provide those disadvantaged by Apartheid with access to skills and resources;
- Articulate the needs of the poor and marginalised;
- Contribute to the planning and successful implementation of national development objectives; and
- Fight poverty through education.

Funding of the trust

From 1985 to 1994 the Trust had a readily accessible source of donor funding, predominantly from the European Union. After the normalisation of the political environment in 1994, these sources became increasingly difficult to access as this funding was being channelled directly through the democratic government of South Africa.

In order to secure a sustainable source of funding and to leverage existing investments, Kagiso Trust formed KTI as an investment arm, which it capitalised with the modest reserves it had built up at the time and with a $5m loan from JP Morgan. KTI used these funds to acquire the radio and publishing assets which gave rise to Kagiso Media. KTI is in the process of transforming from being a pre-eminent investment banking services and media group to a diversified financial and industrial group. Currently, it is involved in a diverse range of industrial and financial activities.

Apart from its 47,9% investment in Kagiso Media, it currently has interests in corporate finance, advisory and other financial services, securities trading, foreign exchange and derivatives trading, property investments and facilities management, fleet management services, a private equity fund, asset management, mining, banking, insurance and treasury services.

Investment philosophy

The Trust and KTI observe the philosophy not to invest in any asset or industry that is harmful to man or nature, such as the armaments industry, gambling industry, tobacco or alcohol industry. The investment philosophy of the Kagiso group is simple: to invest in those assets that it can grow through its own interventions by taking an active part in the management and control of these companies. It also seeks to transfer skills and economic means to previously disadvantaged individuals through these investments and build businesses that can perform in a sustainable manner.

Major activities

In the year under review, the Trust's disbursements to identified projects totalled R10,8m.

The Trust continues to focus its attention on education, especially in the rural areas where schools are plagued by poverty and a shortage of facilities and resources.

Summary

Kagiso Media is proud of its empowerment pedigree. Kagiso Trust, through KTI, represents a credible, broad-based empowerment shareholding structure that is built on trust and integrity. It is both equitable and sustainable.

Transformation

In prior years, Kagiso Media had used the narrow-based black economic empowerment scorecard and the Information, Communication and Technology Charter ("ICT Charter") to measure its transformation progress.

Following the release of the revised broad-based black empowerment (B-BBEE) Codes of Good Practice, the company has embarked on a new strategy that clearly indicates targets and timelines aimed at complying with, and exceeding the Codes' requirements in the long term.

Kagiso Trust development focus

The Kagiso Trust – a leading development organisation

The Kagiso Trust, Kagiso Media's ultimate controlling shareholder, has earned its reputation as one of South Africa's leading development NGOs through its dedication to development over the past two decades. Kagiso Trust finances and manages education-based projects aimed at assisting schools in the rural areas of Limpopo, Free State, Eastern Cape and now Mpumulanga. The Trust works closely with community-based organisations to provide sustainable, educational and developmental services to the poorest and most under-resourced sectors of South African society.

The Beyers Naude Schools Development Programme

The Beyers Naude Schools Development Programme is specifically targeted at rural schools with the aim of developing vibrant, healthy, accountable and sustainable school communities.

The objectives of the programme include building leadership capacity and value-adding relationships as well as instituting training interventions.

The Eric Molobi Scholarship Programme

The Eric Molobi Scholarship Programme, launched in the first half of 2007, is the Trust's second flagship educational programme. Its objective is to complement the work of the Beyers Naude Schools Development Programme by funding the tertiary education of its selected graduates who show a particular aptitude for maths and science.

In addition to the funding, the programme aims to develop such graduates into tomorrow's business and science leaders by providing them with academic, social and professional support.

Corporate social investment ("CSI")

Mindful of its social obligations as a corporate citizen and the importance of living up to the Kagiso group's values and ethos, Kagiso Media encourages its prominent and influential media assets to engage in projects that assist in furthering South Africa's social development agenda. In the year under review, individual Kagiso Media operations were actively engaged in activities and programmes for the benefit of the communities that they serve. A list of flagship projects for each operation is illustrated alongside.

Some CSI highlights

East Coast Radio ran its annual Toy Story campaign to coincide with the December festive season. The campaign, costing R3 738 680, provided food parcels and toys to the needy in KwaZulu-Natal.

Another of the radio station's yearly projects, Winter Warmer, was run to alleviate suffering during the winter months by the collection and distribution of blankets to old age homes, orphanages and needy households. The project's rand value equated to R3 302 958.

Jacaranda 94.2 donated more than R2,9m worth of airtime in support of its various charity campaigns, notably its Winter Warmer and Priceless Moments drives. Winter Warmer, run simultaneously with East Coast Radio, was aimed at supporting the indigent in winter, while Priceless Moments raised funds for charities supporting children who are abused and those who suffer from life-threatening illnesses.

As per last year, LexisNexis Butterworths again provided much needed support to the TREE Early Childhood Development programme, donating R165 000 for the running of nine sites in KwaZulu-Natal. This is the fourth year the company has supported the project.

The company also repeated its annual donation of R100 000 to the Thuthuka Bursary Fund, managed by the South African Institute of Chartered Accountants.

In addition, LexisNexis Butterworths donated a range of electronic publications to major universities and technikons, as well as the Law Society of South Africa's Legal Education and Development Law Schools.

RadMark, the group's radio airtime sales house, made a total CSI contribution to the value of R56 852. About 8 000 elderly people and children benefited through RadMark's Christmas and winter charity drives.

Flagship projects per operation (values are reflected as contribution in cash or airtime)
Significant contributions from the group include:

East Coast Radio — R7 million

- Toy Story – toys and food parcels at Christmas
- Winter Warmer – blankets for those in need

Jacaranda — R5 million

- Blood Diamond movie screening – support of World Food Programme
- Priceless Moments – charities assisting children with life threatening illnesses
- Sisters with Blisters – campaign against women and child abuse
- Winter Warmer – blankets for those in need
- Carols by Candlelight – charities that care for underprivileged children

LexisNexis Butterworth — R3,3 million

- TREE project – promoting early childhood development in rural areas
- De Rebus bursary fund – to fund transformation in the legal profession
- Thuthuka bursary fund – to support undergraduate studies in the accounting field
- Electronic publications donation – providing facilities for electronic research
- Legal Eagle Race – raising funds for the Red Cross Children's Hospital

OFM — R1,4 million

- Let's Play – sports development programme
- Chip for Charity – supporting Child Welfare
- Carols by Candlelight – Christmas gifts for children's homes
- Great Run – sports development programme
- Sing Jou Taal – Phetoho Community Centre
- Various others

Heart 104.9 — R200 000

- Heartwarming campaign – feeding underprivileged children in Cape Town

Kagiso Media — R100 000

- Kagiso Trust Golf Day – raising funds for, and awareness of, Eric Molobi Scholarship Programme

RadMark — R56 852

- World Aids Day – supporting various initiatives
- Phuthaditjhaba Library Project – stocking of library in underprivileged community
- Sisters with Blisters – campaign against women and child abuse
- Christmas Drive – providing toys and food parcels to the needy
- Let's play a million – sports development programme

Financial and divisional review

Five-year financial review

as at 30 June 2007

(R'000)	**2007**	2006	2005	2004	2003
Results of operations					
Revenue	**738 307**	604 795	527 081	297 503	261 878
EBITDA[(1)]	**265 187**	237 111	201 669	103 251	88 904
See-through EBITDA	**304 921**	244 767	207 731	143 410	121 865
Depreciation and amortisation	**(29 116)**	(30 827)	(28 014)	(16 817)	(15 833)
Operating profit	**236 071**	206 284	173 655	86 434	73 071
Finance income and costs (net)	**4 512**	5 075	6 777	5 723	10 851
Preference dividend	**(14 329)**	(6 370)	(4 399)	–	–
Share of results of associates	**9 992**	6 865	5 920	37 399	27 400
Income tax expense	**(93 587)**	(82 058)	(71 520)	(48 237)	(43 833)
Minority interest	**(12 849)**	(19 769)	(15 219)	18	38
Attributable earnings	**129 810**	110 027	95 214	81 337	67 527
Headline earnings	**130 164**	110 189	95 019	82 192	70 408
Financial position					
Property plant and equipment	**29 284**	19 948	16 121	13 509	12 940
Intangible assets[(2)]	**476 569**	361 662	382 977	73 376	73 307
Investments in associates	**48 893**	44 708	39 248	24 640	28 641
Deferred income tax assets	**26 479**	17 993	11 615	18 925	16 775
Loans and receivables	**16 240**	19 115	8 403	–	–
Current income tax asset	**–**	–	2 103	–	–
Inventories	**17 094**	21 140	16 236	17 865	12 279
Trade and other receivables	**168 182**	129 885	105 998	100 973	64 231
Cash and cash equivalents	**117 574**	85 336	81 422	88 312	73 644
Total assets	**900 315**	699 787	664 123	337 600	281 817
Ordinary shareholders' interest	**320 089**	271 646	270 273	191 908	189 651
Minority interest	**45 074**	94 089	96 320	37	144
Borrowings – other	**16 402**	1 749	–	–	–
Borrowings – preference shares	**234 046**	99 542	82 500	4 096	–
Deferred income tax liabilities	**104 457**	97 371	96 585	15 673	18 991
Trade and other payables	**164 985**	124 654	95 780	110 199	65 550
Current income tax liabilities	**15 262**	10 736	22 665	15 687	7 481
Total equity and liabilities	**900 315**	699 787	664 123	337 600	281 817

Five-year financial review

as at 30 June 2007

(R'000)	**2007**	2006	2005	2004	2003
Cash flow					
Cash generated from operations	**257 310**	236 843	190 340	103 002	88 452
Net cash generated from operating activities	**45 302**	1 402	47	25 911	4 258
Cash flows from investing activities	**(169 074)**	(8 402)	(83 313)	(13 317)	(2 583)
Capital expenditure	**(187 747)**	(13 501)	(6 115)	(4 749)	(2 832)
Cash flows from/(used in) financing activities	**156 010**	10 914	76 375	2 074	(1 096)
Dividends paid to ordinary shareholders	**(85 137)**	(111 299)	(110 277)	(75 341)	(77 547)
Cash and cash equivalents	**117 574**	85 336	81 422	88 312	73 644
Performance per share					
Weighted average number of shares ('000)	**132 954**	132 297	131 000	129 600	128 800
Weighted average share price (cents)	**1 409**	1 232	861	662	294
Headline earnings (cents)	**97,9**	83,3	72,5	63,4	54,7
Increase in headline earnings(%)	**17,5**	14,8	14,4	16,0	51,9
Earnings (cents)	**97,6**	83,2	72,7	62,8	52,4
Cash flow (cents) (3)	**88,3**	87,1	78,9	54,0	45,1
Dividends (cents)	**64**	84	84	58	60
Net asset value (cents) (4)	**240**	205	206	147	147
Returns and profitability ratios					
EBITDA margin (%)	**36**	39	38	35	34
Operating profit margin	**32**	34	33	29	28
Effective tax rate (%)	**39,6**	38,7	39,3	37,2	39,4
Return on assets (%) (5)	**16**	16	19	26	23
Return on equity (%) (6)	**44**	41	41	43	36
Price earnings ratio (times)	**14,4**	14,8	11,8	10,5	5,6
Dividend yield at closing price (%)	**4,3**	7,4	7,3	7,7	14,6
Solvency and liquidity ratios					
Gearing (%) (7)	**78**	37	31	2	–
Current ratio (%) (8)	**168**	175	172	165	206
Nominal cash conversion ratio (%) (9)	**90**	105	109	85	83

Notes

1 Earnings before interest, tax, depreciation, amortisation and share of earnings from associates
2 Intangibles assets and goodwill
3 Cash generated during the year being the net increase/(decrease) in cash and cash equivalents, plus dividends paid divided by the weighted average number of shares in issue during the year
4 Ordinary shareholders' interest divided by the number of shares in issue at year-end
5 Attributable earnings divided by the average of the opening and closing balances of total assets
6 Profit for the year as a percentage of the average of the opening and closing balances of ordinary shareholders' interest
7 Long-term borrowings as a percentage of ordinary shareholders' equity
8 Current assets divided by current liabilities
9 Cash flow per share (as defined in 3 above) divided by headline earnings per share
10 Comparative figures for 2005 were restated to reflect the effect of the transaction to International Financial Reporting Standards ("IFRS") and audited. The years previous to 2005 have been restated but not audited to reflect the effect of the transaction to IFRS

Segmental reporting
for the year ended 30 June 2007

	2007 R'm	%	2006 R'm	%
Revenue				
Central services	**2,2**	**–**	2,2	–
Broadcasting	**411,8**	**56**	353,9	59
Information services and solutions	**153,9**	**21**	135,5	22
Outdoor	**14,3**	**2**	–	–
Exhibitions and events	**156,1**	**21**	113,2	19
Total	**738,3**	**100**	604,8	100
Operating profit				
Central services	**(22,5)**	**(10)**	(12,8)	(6)
Broadcasting	**211,7**	**90**	173,9	84
Information services and solutions	**47,8**	**20**	39,0	19
Outdoor	**0,6**	**–**	–	–
Exhibitions and events	**(1,5)**	**(1)**	6,2	3
Total	**236,1**	**100**	206,3	100
Profit/(loss) for the year				
Central services*	**(58,1)**	**(45)**	(34,5)	(32)
Broadcasting	**152,8**	**118**	110,7	101
Information services and solutions	**35,4**	**27**	28,5	26
Outdoor	**0,4**	**–**	–	–
Exhibitions and events	**(0,5)**	**–**	5,3	5
Total	**130,0**	**100**	110,0	100

* All Secondary Tax on Companies ("STC") incurred by Kagiso Media Limited and its subsidiaries, its share of STC in the results of the joint ventures and associates and all preference dividends paid are allocated to central services.

	2007 R'm	%	2006 R'm	%
Net assets				
Central services	**105,1**	**29**	63,1	17
Broadcasting	**183,2**	**50**	226,0	62
Information services and solutions	**52,5**	**14**	50,3	14
Outdoor	**0,4**	**–**	–	–
Exhibitions and events	**23,9**	**7**	26,3	7
Total	**365,1**	**100**	365,7	100
Source of revenue				
Conventional advertising spend	**428,3**	**58**	356,9	59
Subscription revenues	**97,1**	**13**	79,3	13
Sale of publications, services and solutions	**56,8**	**8**	55,3	9
Exhibitions stand rental	**105,5**	**14**	58,6	10
Entrance fees, commission, other	**50,6**	**7**	54,7	9
Total	**738,3**	**100**	604,8	100

This analysis should be read in conjunction with the segment information, note 18 to the annual financial statements.

10

Financial review

Introduction

The segmental analysis on page 17 and the annual financial statements set out on pages 50 to 114 should be read in conjunction with this review.

Revenue

Revenue increased by 22,1% to R738,3m for the year to 30 June 2007. The operations contributed as follows to the group revenue:

Revenue	2007 R'000	2006 R'000	% change
Central services	**2 174**	2 216	(1,9)
East Coast Radio	**195 426**	167 272	16,8
Jacaranda 94.2	**211 232**	182 422	15,8
RadMark	**5 172**	4 165	24,2
LexisNexis Butterworths	**153 868**	135 527	13,5
Clear Channel Merafe	**14 314**	–	–
Kagiso Exhibitions and Events	**156 121**	113 193	37,9
Total	**738 307**	604 795	22,1

Revenue at OFM, an associate of the group, increased by 22,2% to R59,1m in the year under review. The revenue at iGagasi improved by 214,9% to R32,0m. Heart 104.9 was not far behind with an increase of 126,8%. The revenue and change year-on-year for the associates were as follows:

Revenue	2007 R'000	2006 R'000	% change
OFM	**59 089**	48 364	22,2
Kaya FM	**58 218**	52 092	11,8
Heart 104.9	**45 892**	20 238	126,8
iGagasi 99.5	**32 041**	10 176	214,9

Results

The results for the year can be summarised as follows:

Summarised income statement

	2007 R'000	2006 R'000	% change
Revenue	**738 307**	604 795	22,1
Operating profit	**236 071**	206 284	14,4
Profit for the year	**129 810**	110 027	18,0

Operating profit and operating profit margins

In the year under review, the group recorded operating profit of R236,1m, which represents an increase of 14,4% over R206,3m of 2006 at an operating profit margin of 32,0% (2006 – 34,1%). The consolidated operations contributed as follows to the group operating profit:

Operating profit/(loss)	2007 R'000	2006 R'000	% change
Central services	**(22 514)**	(12 868)	75,0
East Coast Radio	**116 623**	92 145	26,6
Jacaranda 94,2	**105 628**	89 582	17,9
Primetime Kagiso*	**(288)**	–	–
RadMark	**(10 225)**	(7 786)	31,3
LexisNexis Butterworths	**47 761**	39 030	22,4
Clear Channel Merafe**	**593**	–	–
Kagiso Exhibitions and Events	**(1 507)**	6 181	(124,4)
Total	**236 071**	206 284	14,4

* Proportionately consolidated since 1 July 2006, which was also the effective date

** Proportionately consolidated since 1 April 2007. The effective date was 11 April 2007.

Operating profit margins

The operating profit margins of the stand-alone subsidiaries, joint ventures and associated companies, as well as the consolidated operating margins were as follows:

Operating profit margins	2007 %	2006 %
Central services	**–**	–
East Coast Radio	**55,6**	50,8
Jacaranda 94.2	**44,2**	43,4
OFM	**28,8**	23,8
Kaya FM	**18,2**	23,6
Heart 104.9	**11,6**	11,0
iGagasi 99.5	**9,9**	4,4
Primetime Kagiso	**–**	–
RadMark	**38,4**	44,8
LexisNexis Butterworths	**31,0**	28,8
Clear Channel Merafe	**10,8**	–
Kagiso Exhibitions and Events	**(0,9)**	5,5
Total	**32,0**	34,1

The operating profit at East Coast Radio (Proprietary) Limited increased from 50,8% to 55,6% on the back of a 16,8% increase in revenue. Jacaranda 94.2's margins improved from 43,4% to 44,2%, also as a result of an increase in revenue of 15,8%. The margins at Jacaranda 94.2 are suppressed as a result of the amortisation charge on the intangible assets, accounted for in terms of the purchase price allocation made as per IFRS 3 "Business Combinations". The operating profit margin at Jacaranda 94.2, excluding this charge, is 49,1% for 2007. The operating profit margins are considered optimal for these stations. At LexisNexis Butterworths (Proprietary) Limited, revenue grew by 13,5%. The operating profit margin improved from 28,8% to 31,0%, largely as a result of the product mix changes in favour of the electronic products which contribute higher margins.

See-through operating profit

The see-through operating profit being the group's effective share of the operating profit of its subsidiaries, joint ventures and associates increased by 15,3% to R245,8m in the year to 30 June 2007.

Finance income and expenses

In the year under review the group earned R10,3m (2006 – R5,6m) in interest on its surplus cash. A dividend of R14,3m (2006 – R6,4m) was paid on the preference shares in issue during the year, an increase of R7,9m. Interest of R5,8m was paid on bridging finance. This, together with the preference dividend, reflected an increase of 193,5% in average borrowings costs throughout the year.

Taxation

The consolidated effective tax rate during the year under review was 39,6% (2006 – 38,7%), reflecting the high rate of return of earnings to both ordinary and preference shareholders. The tax charge for the year included a charge for Secondary Tax on Companies ("STC") of R20,1m (2006 – R17,5m). Excluding the impact of the STC charge, the effective tax rate for the year is 31,1% versus the 30,5% in 2006.

Profit for the year

For the year under review the individual operations contributed as follows to the profit:

Net profit	2007 R'000	2006 R'000	% change
Central services	**(58 090)**	(34 555)	68,1
– Operating cost net of interest received after tax	**(17 913)**	(10 727)	67,0
– Preference dividend and bridging finance	**(20 106)**	(6 370)	215,6
– STC	**(20 071)**	(17 458)	15,0
Broadcasting division	**152 566**	110 745	37,8
– East Coast Radio	**86 282**	68 442	26,1
– Jacaranda 94.2	**66 716**	47 157	41,5
– OFM	**3 141**	2 162	45,3
– Kaya FM	**1 834**	2 338	(21,6)
– Heart 104.9	**6 374**	732	770,8
– iGagasi 99.5	**1 043**	(115)	–
– Primetime Kagiso	**(288)**	–	–
– RadMark	**(12 536)**	(9 971)	25,7
LexisNexis Butterworths	**35 438**	28 565	24,1
Clear Channel Merafe	**433**	–	–
Kagiso Exhibitions and Events	**(537)**	5 272	(110,2)
Total	**129 810**	110 027	18,0

All STC in Kagiso Media Limited and its subsidiaries, as well as the group's share of the STC in joint ventures and associates is allocated to the central service segment.

Balance sheet

Cash reserves and debt position

At 30 June 2007, the group had cash reserves of R117,5m (2006 – R85,3m) and net debt of R234,4m (2006 – R81,3m). The net debt is the preference shares less the amounts accumulated in the sinking fund and the enterprise loan to the 35% shareholder in Kagiso Outdoor (Proprietary) Limited. The preference shareholders have a put option against Kagiso Media Limited, Kagiso Broadcasting (Proprietary) Limited and Kagiso Exhibitions and Events (Proprietary) Limited should the wholly owned subsidiary, in which the preference shares were issued, default on any of the terms and conditions of the shares. These conditions include *inter alia* the timeous payment of the dividends and regular deposits into the sinking fund. The group has the right to redeem preferences shares instead of placing funds in a sinking fund. During the year under review the group did exercise the latter option. The group still guarantees the debts of System Publishers (Proprietary) Limited, previously a subsidiary of the company, to a maximum of R1,9m (2006 – R3,0m).

Cash flow

Operating cash flow

Cash flow from operating activities increased by R20,5m from R236,8m in 2006 to R257,3m in the year under review. This was in line with the growth in revenue and operating profit. The net working capital position (current assets, excluding cash less current liabilities) decreased by R10,0m in the year under review, mainly due to 50,1% of the working capital of Clear Channel Merafe included in the balance sheet of the group as at 30 June 2007, as well as the decreased activities in Kagiso Exhibitions and Events at year-end.

Dividend

It is the company's official policy to distribute at least 50% of profits to shareholders by way of dividend. This formed the basis for the dividend declared on 19 September 2007. The board decided to revert back to this policy, where previously all surplus cash was distributed to shareholders, to enable the company to take full advantage of possible organic and acquisitive growth opportunities.

During October 2006, the company paid a final dividend of R43,9m (33 cents per share) in respect of the year to June 2006 and in March 2007 it paid an interim dividend of R41,3m (31 cents per share). A final dividend in respect of the year to 30 June 2007 of 18 cents per share, totalling some R24,0m, has been declared by the board, payable on 22 October 2007.

Quality of earnings

The group measures the quality of its earnings by comparing the earnings per share to cash flow per share ("the nominal cash conversion ratio"). The nominal cash conversion ratio decreased from 105% in 2006 to 90% in 2007. The basis of the calculation of the nominal cash conversion ratio is set out in the "Five year financial review" on pages 15 and 16.

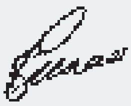
Capital expenditure

In the year under review the group incurred capital expenditure of R10,8m (2006 – R13,5m), mainly in respect of normal replacements, upgrades of its information technology facilities across the group and on equipment for the stand building division of Kagiso Exhibitions and Events (Proprietary) Limited.

No major capital expenditure, other than normal maintenance expenditure, is anticipated for the ensuing financial year.

Going concern

The company presents its and the group's accounts on the basis that it and the group will continue as going concerns for the foreseeable future. In arriving at this conclusion, it considered the financial position of the company and the group and the sustainability of the group's business model, available cash and debt resources at 30 June 2007, as well as the current regulatory environment and potential changes thereto.

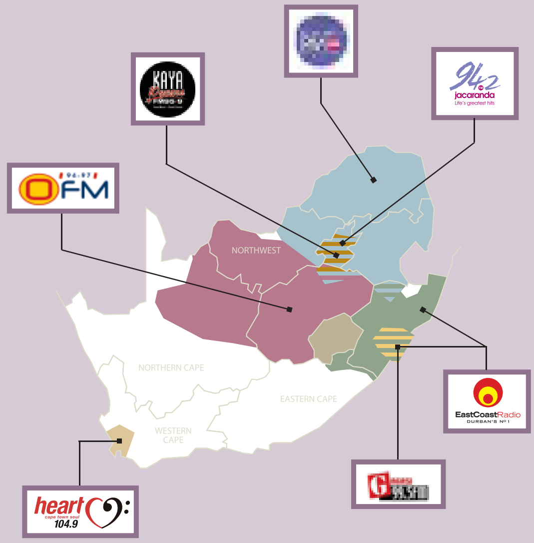


Sandra Pienaar
Finance director

The divisions continued to perform beyond expectations

10

Divisional review



Broadcasting

Broadcasting			
Contribution (R'000)	**2007**	2006	% Change
Revenue	**411 830**	353 859	16,4
Operating profit	**211 738**	173 941	21,7
Profit for the year	**152 566**	110 745	37,8

Overview

The advertising industry as a whole experienced a year of healthy revenue growth measured at 17% (AdDynamix, March 2007). Television garnered the lion's share of the growth at 26%, while radio grew in single digits. Radio's overall share of advertising, however, dropped from 14% to 13%.

It is pleasing then that Kagiso Media's broadcasting assets enjoyed an excellent year, delivering strong revenue growth over the period. Primary assets, East Coast Radio and Jacaranda 94.2 grew revenue by 17% and 16% respectively, beating the industry trend. The solid increases in revenue took place in a period characterised by a steady rise in inflation where the Reserve Bank raised interest rates to curb credit based consumer spending.

The Radio Audience Measurement Survey ("RAMS") available in June 2007 shows that Kagiso Media's portfolio of radio stations, including associates, provide advertisers with access to 7,1 million listeners a week across the country. This is the largest reach of private radio groups in the country and is topped only by the SABC's African language service network and public service radio stations.

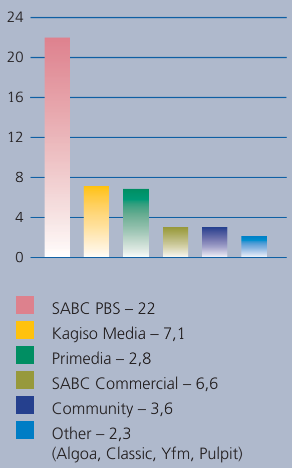
Although cumulative audience share has come down by 0,5% points at East Coast Radio over a seven day period, the station's core audience continues to grow, and average weekday audiences were stable overall.

Jacaranda 94.2 audience numbers have remained stable on a week cumulative basis and has registered growth in its core audience across major dayparts.

Globally, the media industry is recognising the necessity of developing new business models based on content across different platforms, aimed at connecting communities of consumers with advertisers.

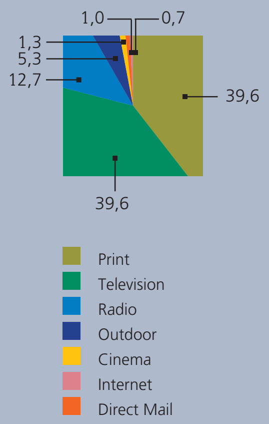
Kagiso Media's broadcasting business focus remains: reaching audience segments that are 'in demand', wherever they are and via as many platforms as appropriate, and in this way offers its advertisers unrivalled access to these audiences through continuous innovation.

Radio groups reach (m)



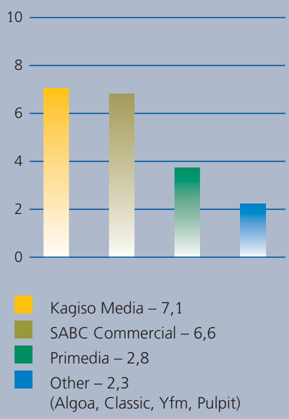
Source: RAMS 2007 (Feb – May 2007)

Radio share of advertising revenue vs other media (%)



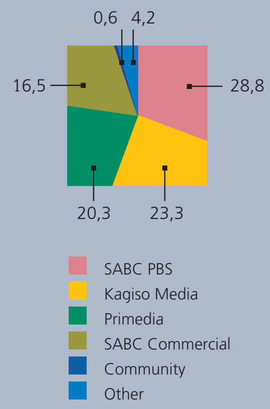
Source: AdDynamix

Commercial radio groups reach (m)



Source: RAMS 2007 (Feb – May 2007)

Share of revenue (%)



Source: AdDynamix

According to AC Nielsen's Advertising revenue measurement tool, AdEx, East Coast Radio and Jacaranda 94.2 remain in the top three radio stations in South Africa in terms of revenue share.

Strategy

With its core broadcast business continuing to deliver excellent shareholder returns and its new media elements having had a breakthrough year, Kagiso Media is more keenly focused on the purposeful growth of its business to respond to changes in the way that people consume media, brought on by technology.

However, for the division to sustain historical levels of revenue growth, to meet its obligation to shareholders in an environment where its radio ambitions are stifled by the lack of regulatory reform, it must gain access to types of content other than audio.

Kagiso Media will spend the ensuing year instilling a strong digital sensibility in the current operational teams, enabling them to shift their paradigms from an exclusive focus on the audio realm, to true multimedia. The business unit will also invest in acquiring businesses and talent with the skills to manage and develop new streams of content for multimedia applications and distribution. The division believes this to be the correct strategy in an environment where technology is driving the proliferation of distribution channels and platforms.

The group's intent with respect to deploying content on multiple distribution channels is already in evidence within its current businesses:

Jacaranda 94.2 is accessible to its 2,4 million listeners via an analogue FM transmitter network covering four provinces. It is also online at www.jacarandafm.com, on the DSTV audio bouquet channel 158 and on Worldspace satellite radio on channel 25.

East Coast Radio's footprint covers KwaZulu-Natal via an analogue transmitter network, is online via www.ecr.co.za and on satellite radio through Worldspace channel 26.

These content rich brands will continue to expand their platforms as and when opportunities present themselves, allowing current and new audiences to access their offering in multiple ways. These brands are developing a personality beyond their radio voice and are becoming regional portals to relevant entertainment, information and news for their audience community.

A radio station's primary asset has always been its relationship with its listener community. These relationships are increasingly interactive and listeners, who have always been content creators through their input on-air, are becoming increasingly comfortable generating content on other platforms.

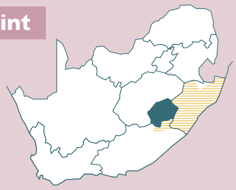
At East Coast Radio this year, the station witnessed the power of user-generated content created by, and captured on, mobile phones and distributed on the Internet.

When the Durban coastline was subjected to a 'mini Tsunami' in March 2007, listeners of the station who witnessed the massive waves lashing the stretch of coastline, took pictures of the event as it happened and submitted these to the radio station, which made them available to the broader community. Some 10 000 pictures attracted over 50 000 viewers onto the radio station's website causing the servers to crash. The valuable lesson learned from this event was the durable nature of the relationship between radio and its audience community. This relationship will enable the century old wireless medium to endure in a complementary relationship with new media channels and retain its relevance.

East Coast Radio

Operational performance (R'000)	**2007**	2006	% Change
Revenue	**195 426**	167 272	16,8
Operating profit	**116 623**	92 145	26,6
Profit for the year contributed to the group	**86 282**	68 442	26,1
Operating profit margin (%)	**55,6**	50,8	9,4

Broadcasting footprint



Aptly dubbed the creative hotspot of South African radio, East Coast Radio continues its dominance in the affluent, LSM 6-10 market in urban KwaZulu-Natal, attracting a weekly audience of more than 1,8 million (RAMS February – May 2007) listeners. The station is innovative, irreverent and alternative and there is nothing that they won't try on air or off. Set in a coastal tropical paradise, the station has defined its own sense of East Coast style. With superior programming content and some of the most innovative and biggest radio promotions and events to date, its no wonder East Coast Radio offers advertisers unparalleled access to KwaZulu-Natal's lucrative, LSM 6-10, age 25-49 market. The station can also be heard via Digital Worldspace – Channel 26.

East Coast Radio 94-95fm – *Durban's No.1 Hit Music Station*

East Coast Radio was named favourite radio station in KwaZulu-Natal in 'The Daily News Readers Choice award' this year and remains one of the top three radio stations in the country based on its share of revenue. The station has always been at the centre of innovation in radio and has been acknowledged in professional media journals for its ability to devise new programming concepts and deliver unique solutions to advertisers.

The station continues to deliver double digit revenue growth off a high base and has one of the best direct sales teams in the country. This team took full advantage of a buoyant local economy and contributed handsomely to the overall profitability of the group.

In terms of listenership, East Coast Radio's market category, aged 25-49 and in LSM 6-10, continues to grow. On a cumulative basis, measured over seven days of listening to the radio, market category audiences increased by 25%*, from 479 000 to 597 000.

In the annual report a year ago, the broadcasting division committed itself to '.....launching new products to meet changing customer needs, while observing (and responding to) various new ways in which communities of consumers are congregating to share in an experience'. East Coast Radio supported the group's strategy over the period through the development of a range of multi-media products ideally suited for brands in their launch phase, new product ranges or re-launched brands.

** Radio audience comparisons are on a year-on-year basis and data is derived from the RAMS diary released in June 2007, which covers the periods February – May 2007.*

It is on these precise occasions that marketers boost their advertising spending, and the station capitalised on this, by developing a first-to-market, bespoke, multi-media product repertoire.

Some of the new products integrating radio with new platforms include:

The Big Breakfast blog

The Big Breakfast blog was launched in January 2007. By May, this controversial, highly entertaining, interactive web-log had received just over 50 000 visits and was consistently in the top ten most visited blogs in South Africa, according to Amatomu, which is a blog search engine and article aggregator, focusing on blogs published in South Africa.

Echocast and podcasting

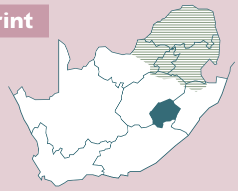
With the massive success of the breakfast blog, a natural extension included the launch of podcasts or audio downloads for MP3 devices, from this show.

'Echocast', a new technology developed jointly by East Coast Radio and its online partner, Immedia, enables radio presenters to seamlessly migrate their content from the live broadcast environment to a packaged online file for audience consumption within minutes of the broadcast.

The possibilities of the new technology are only just being fully realised. Despite this, it is worth noting that the online audio download facility already has a long term sponsor. The total number of audio downloads now stands at just under 100 000.

Jacaranda 94.2			
Operational performance (R'000)	**2007**	2006	% Change
Revenue	**211 232**	182 422	15,8
Operating profit	**105 628**	89 582	17,9
Profit for the year contributed to the group	**66 716**	47 157	41,5
Operating profit margin (%)	**44,2**	43,4	1,8

Broadcasting footprint



Adult contemporary, entertaining, innovative and informative, Jacaranda 94.2 remains South Africa's largest private regional radio station, amassing a weekly audience of more than 2,4 million. The station's coverage spans four provinces, namely Gauteng, Limpopo, Mpumalanga and the North West. Playing Life's Greatest Hits, the station's adult contemporary format continues to attract a desirable, affluent audience in Johannesburg and Pretoria and remains the only truly commercial station in Limpopo, Mpumalanga and the North-West province. Innovative regional ad splits on Jacaranda 94.2 offer advertisers the opportunity to be regionally selective, thereby ensuring minimal wastage. Jacaranda 94.2 can also be heard via DSTV Channel 158 and Digital Worldspace Channel 25.

East Coast Radio 94-95fm – *Durban's No.1 Hit Music Station continued*

The following recognition for the station and its personnel was received over the reporting period:

- Journalist, Melini Moses won the Editor's Choice Award at the KwaZulu-Natal chapter of the Vodacom Journalist of the Year.
- East Coast Radio won the PMR Diamond Arrow Award in the KwaZulu-Natal Business Sector category. East Coast Radio was the highest rated with an overall rating of 4.32 out of a possible 5.00.
- The station chief executive officer, Trish Taylor, won the regional chapter of Nedbank's Women of the Year.

Jacaranda 94.2 – *Life's Greatest Hits*

Kagiso Media holds 80% of the equity in Jacaranda 94.2. The station has a wide footprint covering four provinces but derives the bulk of its revenue from its exposure in Gauteng. It is also the dominant commercial radio operation in Tshwane. From early 2005, after Kagiso Media achieved a controlling interest in the station, Jacaranda 94.2 has re-focused its programming to deliver a more contemporary product repertoire. This has resulted in a clearer identity that is distinct from its competitors and positively reinforces its Afrikaans heritage. Jacaranda 94.2 recruited a new marketing head in the fiscal under review. This had the result that the station was able to build stronger relationships with key media partners, events co-ordinators and venues in Gauteng in order to expose the product to its core target market in a more proactive manner. The station also experienced a change at chief executive officer level. In January 2007, Mike Siluma left Jacaranda 94.2 to join Kagiso Media as Corporate and Regulatory Affairs executive. He was replaced by ex-deputy managing director from East Coast Radio, Alan Khan.

Kagiso Media is a firm believer in the importance of direct sales derived from the shop-front retail environment in the station's core footprint. The performance of East Coast Radio's direct sales team has borne out the merits of this thinking. For this reason a new direct sales team was established at RadMark for Jacaranda 94.2 at the start of the fiscal year under review. This team had a number of teething problems in its first year and failed to meet its inaugural budget. A new leadership team has been put in place and the prospects for the new year are strong.

The direct team's below par performance was mitigated by an excellent national sales effort by RadMark. Revenues at Jacaranda 94.2 grew by 16%.

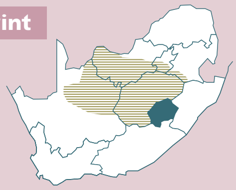
Audiences also showed a continuing affinity for the Jacaranda 94.2 brand and the station grew its market category audience (25-49, LSM 6-10) by 8% over a seven day listening period on a year-on-year basis from 378 000 to 409 000.

The station is branded Jacaranda 94.2 within its Gauteng footprint, while also operating a transmitter split in Limpopo and Mpumalanga provinces. In these regions, the station is branded Jacaranda RMfm and offers a tailored product for its audience outside Gauteng. As a result of the licensing of new commercial stations in the secondary markets towns of Polokwane, Nelspruit and Rustenburg, Jacaranda RMfm will see a new set of competitors other than the SABC.

These stations are expected to begin broadcasting between October 2007 and early 2008, depending on efficient allocation of frequency by Sentech. Although we do not anticipate any major impact on Jacaranda RMfm within the first 12 months after launch, a regional defensive strategy has been devised and is being implemented to consolidate and

OFM			
Operational performance (R'000)	**2007**	2006	% Change
Revenue	**59 089**	48 364	22,2
Operating profit	**17 001**	11 529	47,5
Profit for the year contributed to the group	**3 141**	2 162	45,3
Operating profit margin (%)	**28,8**	23,8	21,0

Broadcasting footprint



OFM is number one in central South Africa. The station serves one of the wealthiest and most loyal audiences in the country. Run by an enthusiastic and experienced team with a passion for radio, OFM is in tune with its listeners' lifestyle. This lifestyle is reflected in a menu of only the best of adult contemporary, golden oldie and easy FM sounds designed to deliver an upscale audience between the ages of 25 and 49. OFM reaches 578 000 listeners in South Africa's breadbasket and mining powerhouse. OFM enjoys unrivalled affinity and influence with its listeners who listen for over 16 hours each week.

Jacaranda 94.2 – *Life's Greatest Hits continued*

grow our position in Limpopo, Mpumalanga and the North West.

Jacaranda 94.2 received the following accolades over the review period:

- Voted favourite radio station by readers of 'Pretoria News'.
- Named as one of the top three radio stations in South Africa by readers of CEO Magazine.
- Received a certificate for excellent service from the Polokwane Chamber of Commerce .
- Certificate for service to the community from SA National Blood Service.
- Certificate for Jacaranda RMfm's Fight against Crime from the South African Police Service.
- Named as one of the top South African brands by The Sunday Times.

OFM 94-97 fm – *The sound of your life*

In the period under review, OFM showed a gross revenue growth of 22,5%.

At the same time, the radio station experienced similar growth in overall audience numbers of 23% from 470 000 to 578 000 (RAMS February – May 2007) year-on-year over a seven day listening period.

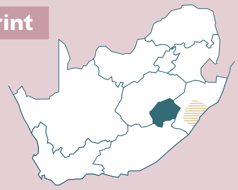
Besides continuing to leverage its sports sponsorships of local cricket and rugby teams, the OFM brand has also pulled off a number of other branding coups. OFM has displaced a national radio station as a headline sponsor of Aardklop in Potchefstroom.

Other notable achievements during the period under review include:

- OFM, through its subsidiary Mahareng Publishing, entered the print market with OFM Wheels and the Bloemfontein version of Caxton's Get-It Magazine. OFM Wheels has doubled in size in 18 months to 96 pages, with Get-It reaching break-even point in only one year. Both of these magazines assist in making the OFM brand the brand of choice, and contribute to the station's strategy of growing its non-traditional revenue streams.

iGagasi 99.5			
Operational performance (R'000)	**2007**	2006	% Change
Revenue	**32 041**	10 176	214,9
Operating profit	**3 172**	446	611,2
Profit for the year contributed to the group	**1 043**	(115)	(1 007,0)
Operating profit margin (%)	**9,9**	4,4	125,0

Broadcasting footprint



If it's the funky young black adults of urban KwaZulu-Natal you're after, iGagasi 99.5 is the station for you. Currently attracting more than one million listeners every week, iGagasi 99.5 continues to provide advertisers with unmatched levels of brand activation in the black LSM 5-8 market in KwaZulu-Natal, a province that boasts the biggest tourism market in South Africa.

The station also boasts a state-of-the-art satellite studio at Umlazi's Mega City shopping complex, offering advertisers superbly targeted promotional opportunities.

iGagasi 99.5 – *The new sound of the city*

iGagasi 99.5 targets listeners that reside in the two primary cities of Durban and Pietermaritzburg within KwaZulu-Natal, and that are English and isiZulu speakers and are in the 18-34 age group within LSMs 5-8. This market is referred to as the "engine room" of KwaZulu-Natal's economy.

Kagiso Media has a 33,3% economic interest in the station and has offered consultancy services to the station over its launch phase between August 2005 and February 2007.

In the year under review, total audience grew 62,5%* when measured over a seven day listening period.

Revenue was up 215% in the same period.

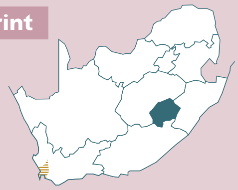
** Radio audience comparisons are on a year-on-year basis and data is derived from the RAMS diary released in June 2007, which covers the periods February – May 2007.*

Heart 104.9

Operational performance (R'000)	**2007**	2006	% Change
Revenue	**45 892**	20 238	126,8
Operating profit	**5 341**	2 228	139,7
Profit for the year contributed to the group	**6 374**	732	770,8
Operating profit margin (%)	**11,6**	11,0	5,5

Real, sincere and approachable, Heart 104.9 has found considerable appeal in the affluent coloured age 25-49 market in Cape Town. The station truly cares about and continues to show its heart for the people of Cape Town as it actively engages in the lives of the community through various innovative initiatives.

Broadcasting footprint



Heart 104.9 is a premium, energetic, 'Proudly Capetonian' station that epitomises an urban adult contemporary lifestyle, with its main focus being to provide listeners with compelling programming and their favourite music.

Heart 104.9 – *Cape Town soul*

Heart 104.9 targets both male and female listeners in the Cape Town metropole within LSM 6 – 10, aged 25 to 49. The station currently has a listener market share of 21% of this market category, making it the second largest station in this market. Heart 104.9 is limited by a tightly regulated footprint that severely curtails its reach, relative to its primary regional competitors who are both endowed with a larger coverage area. The station intends applying for a wider transmitter network based on an ICASA commitment to increase the footprint of greenfield licensees.

Kagiso Media owns a 33,3% economic interest in this Cape Town based radio station and has provided consultancy services since August 2005.

In the year under review, revenue has improved by 127% on a year-on-year basis, while audiences increased by 3% year-on-year from 508 000 to 524 000* listeners measured over a seven day period.

** Radio audience comparisons are on a year-on-year basis and data is derived from the RAMS diary released in June 2007, which covers the periods February – May 2007.*

Kaya FM – *Good Music. Good Friends.*

Kagiso Media has a 25,1% economic interest in this Gauteng based radio station. This strategic stake further positions the group in the most lucrative advertising market in the country and provides it with exposure to the rapidly expanding black middle class.

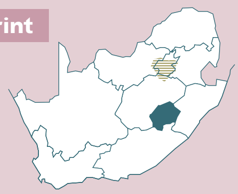
Kaya FM

Known as "Jozi's Life Lounge", Kaya FM 95.9 is the place where good music and good friends meet. This is the place where Jo'burg's affluent black trend setters and business minds are happy to call home.

Situated in the heart of Newtown, the station is Afro-politan, fun-loving yet responsible. It is the only station in South Africa that offers a dual, energetic music and talk format and addresses real South African issues on a daily basis.

Kaya FM 95.9 can also be heard nationally on DSTV Audio Channel 161.

Broadcasting footprint



RadMark			
Operational performance (R'000)	**2007**	2006	% Change
Revenue	**53 399**	45 581	17,2
Operating profit	**20 480**	20 409	0,3
Loss for the year contributed to the group	**(12 536)**	(9 971)	25,7
Operating profit margin (%)	**38,4**	44,8	(14,3)

This sales house, which acts as a national sales representative for East Coast Radio, Jacaranda 94.2, Kaya FM, Heart 104.9 and iGagasi 99.5, is a joint venture between Kagiso Media and Lagardere Active Radio International ("LARI"). LARI is the largest owner of radio stations in Europe.

As mentioned previously, while the period under review saw constraints being applied on spending through rising interest rates, higher fuel prices and rising inflation, RadMark's executive team perceives the advertising industry to be healthier than it has been in some time, based on factors like bad debt and late payments being at their lowest level in years.

Despite a softening in the economy, but buoyed by inventory and CPI pressures, the primary stations hiked their rates in May 2007. East Coast Radio's rates increased by an average of 9,3% while Jacaranda 94.2 increased prime times by 9,0% (average 7,8%).

While RadMark's portfolio of stations ensured a year of excellent revenue growth, the radio industry only grew 8,0% based on AdDynamix data for March 2007.

RadMark's year-on-year growth was 17,2%, with the smaller stations, like Heart and iGagasi, growing strongly off a low base.

Much of this growth was fuelled by spending from three major advertiser categories: retail, financial services and motor vehicles.

The regulatory environment

The Electronic Communications Act

A key task of the Independent Communications Authority of South Africa ("ICASA") in the year under review was to roll out the implementation of the Electronic Communications Act ("ECA"), which became effective during the course of the year. The Act aims to create the regulatory basis for the convergence of the broadcasting and telecommunications sectors.

In the review period, ICASA began the process of converting existing licenses to make them compliant with the provisions of the ECA. The regulator also began the drafting of new licensing regulations for broadcasters. Stakeholders, including Kagiso Media, submitted their comments on the published draft regulations, which will be finalised during the current year.

In part, the regulations will seek to define the levels at which owners are deemed to control a license, currently pegged at anything above 25%.

Indications are that it will be possible for broadcasters to offset the Universal Service Access Fund, previously inapplicable to radio broadcasters, against existing contributions to the Media Development and Diversity Agency.

New licenses

In the year under review, the regulator issued new secondary market licenses in Mpumalanga, Limpopo and Northwest. Invitations to apply for new primary market licenses are expected to be issued once the new licensing regulations are finalised. Early indications are that this licensing process will start in the first half of 2008.

Broad-based black economic empowerment ("B-BBEE")

With the final B-BBEE Codes of Good Practice having been finalised during the year, it remains to be seen how ICASA will align its black empowerment ownership requirements with the codes.

Needletime

It is anticipated that the now-promulgated needletime regulations by the Department of Trade and Industry will see the collection of this levy commencing in earnest, in the new year. While these regulations are inforce and have been for over a year, there is no stipulation in the Act on the quantum of the levy on broadcasters. Kagiso Media radio operations have budgeted for the payment of this levy on a basis and quantum agreed internally, however the final levy will be a matter for negotiation between broadcasters and rights holders.

India

Kagiso Media, together with its Indian joint venture partner, Primetime, will continue to invest in growing the RadioMinds brand in India and look for new opportunities in this fastest growing radio market in the world.

The radio industry has indicated a need for specialised radio services, but analysis points to the industry still being in a nascent stage. In the short term, RadioMinds will adopt a maintenance strategy until more favorable conditions allow for its saleshouse to be launched.

RadioMinds will focus on maintaining brand awareness by offering radio training courses to supply a growing need and demand in India. Kagiso Media will develop the training content and supply the staff. Primetime will be responsible for sourcing an Indian partner to take the services to market and overseeing the sales drive. This will be supported by an industry newsletter sent to a selected group of senior radio management in India.

RadioMinds will operate on a joint structure, with a responsible individual in India and South Africa providing oversight and being accountable for operations. The company will not require a chief executive officer until there is a significant change in the marketplace brought on by the introduction of independently verifiable audience measurement data. The envisaged management structure will significantly reduce salary costs.

Up to the end of June 2007, RadioMinds' operating costs totalled R490 000. A further R300 000 is required to fund operations until March 2008. The radio training courses will generate some revenue but it is planned to use this income to fund further marketing initiatives in light of increasing competition from other foreign radio operators.

Several Indian radio owners are actively scouting for foreign investors to take up equity stakes in their groups to fund growth strategies. Where opportunities present themselves within the scope of Kagiso Media's investment strategies, the group will explore these in the best interest of shareholders.

Prospects

Economic trend data shows that the fastest growing towns in South Africa, based on economic activity and the growth in housing developments, are: Midrand/Centurion, Richards Bay, Nelspruit and Rustenburg. Both our majority-owned radio stations have significant coverage in these areas. This augurs well for their ability to tap into these growing economies through their direct sales teams.

Information services and solutions

LexisNexis Butterworths			
Operational performance (R'000)	**2007**	2006	% Change
Revenue	**307 736**	271 054	13,5
Operating profit	**95 522**	78 060	22,4
Profit for the year contributed to the group	**35 438**	28 565	24,1
Operating profit margin (%)	**31,0**	28,8	7,6

Introduction

LexisNexis Butterworths ("LexisNexis") serves professional, business, student and government customers with online, intranet, CD and printed, legal, tax, regulatory, risk–management and business information. LexisNexis also provides services in the area of seminars, training, legal compliance and library services.

LexisNexis' business covers English-speaking Africa. Its South African business has its head office in Durban and two regional offices in Johannesburg and Cape Town. It has 390 employees. The rest of Africa has an established commissioning, sales and distribution presence in Nigeria, Kenya, Ghana and Mauritius.

LexisNexis is a member of the LexisNexis Group ("LNG"), a division of Reed Elsevier plc. LNG operates in 100 counties and has over 13,000 employees worldwide.

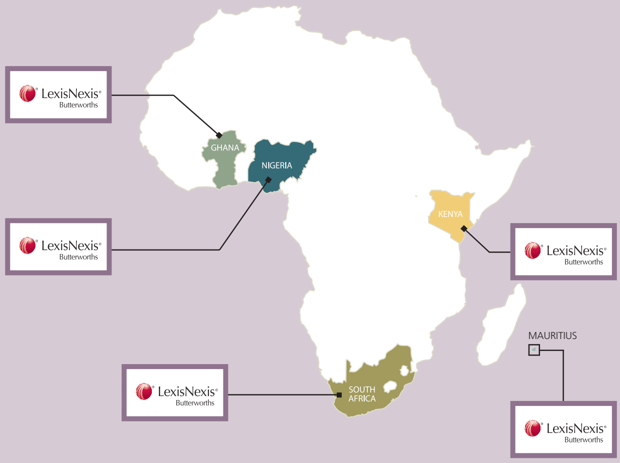
The year under review

LexisNexis delivered another strong performance, with revenue up 14% to R308m and operating profit up 22% to R96m. Kagiso Media accounts for 50% of their results on a line-by-line basis. LexisNexis' contribution to group profits increased by 24,1% to R35m in the year to 30 June 2007.

Revenue from online information solutions continues to deliver excellent growth, up 34% on last year and combined with the CD offering, accounts for more than R40m in revenue. A number of new online solutions were launched during the year, including LexisNexis Select, an online solution specifically developed for the legal profession in the medium market and the legal client development tool Law24. In addition, our online subscription renewal rate of close to 100% provides a clear indication of the value LexisNexis' content brings to the market place.

Printed publications from a South African source, continue to be the cornerstone for the business contributing 55% of total revenue. The continued focus on meeting the information needs of customers ensured that although the migration to online has impacted on the print subscription base,

Expansion of products and markets



LexisNexis was still able to post double-digit growth from the print professional section of the business. The academic textbook business fell short of its target and delivered a flat performance for the year.

The Africa division had a very pleasing year with revenue up 25% on last year. LexisNexis now has an excellent base to work from, with all the major primary legal content available in Nigeria, Ghana and Kenya and very shortly Mauritius. The company continues to invest in content development for the region, with a number of major works having been commissioned during the year under review.

The online risk management business delivered double digit growth for the year, with the background screening business Refcheck, performing exceptionally well.

The legal compliance and training division had an excellent year, posting revenue growth of 60% as a result of increased market share from existing solutions and entry into the labour training market in January 2007. In addition the division has developed a number of online work flow solutions to meet the needs of specific customers. Although highly competitive, LexisNexis' strategy of focused topics and quality presenters resulted in the seminar division delivering excellent revenue growth for the period of 40%.

Looking forward

LexisNexis has developed a very clear strategy to transform the business from a predominantly research business to a total solutions business going forward. Part of the strategy includes the transformation of what was previously a product facing organisation to a truly customer centric business. This process will be accelerated in the next year. A number of initiatives are being pursued and it is anticipated that a range of new products will be introduced to the market over the next twelve months. It is also expected that the company will be entering the legal practice management space during the second half of next year. In addition, LexisNexis is excited about their scheduled entry into the News & Business market in October 2007, initially via the LNG global online solution.

Growth opportunities in most sectors of the business look positive for the year ahead. In particular the company is anticipating strong growth from online solutions and their legal compliance and training sectors. A number of major content investment projects will be completed which will significantly enhance the depth of information in the legal community.

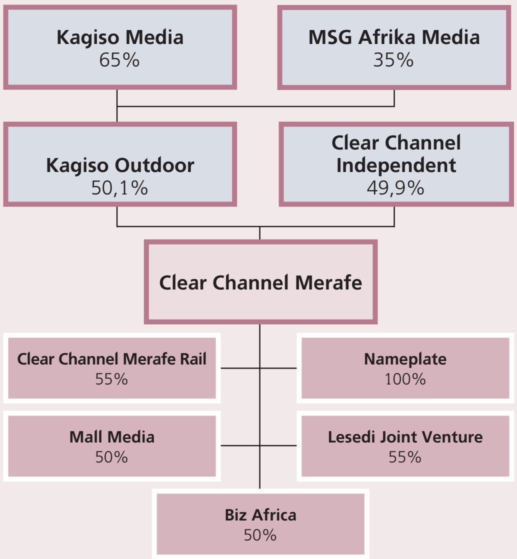
Kagiso Media is confident that 2008 will again see double digit growth in this year's revenue and profit.

Outdoor

Clear Channel Merafe

Operational performance (R'000)	**2007**	2006
Revenue	**28 571**	–
Operating profit	**1 184**	–
Profit for the period contributed to the group	**433**	–
Operating profit margin (%)	**10,8**	–

Kagiso Outdoor structure



During the year under review, Kagiso Media Limited partnered with MSG Afrika (Proprietary) Limited ("MSG") to establish an outdoor company. Kagiso Outdoor's first venture included an acquisition of 50,1% of the equity of Clear Channel Merafe (Proprietary) Limited ("CCM") with effect from 11 April 2007.

Kagiso Outdoor's majority shareholders are Kagiso Media (65%) and 35% held by MSG.

CCM performed well with increased investment in long-term quality contracts at airports where large gantries dominate the airport environments and provide key clients with "larger than life" exposure. The redevelopment of the Spoornet portfolio of sites continues to increase yields as further capital is invested. CCM has developed a number of wall wraps which include the Diagonal Street wrap for Cell C as well as the Noswell House wall sign for SABMiller. The company has also been successful in securing a number of new outdoor advertising sites as a result of the strong empowerment credentials of CCM.

It is expected that the outdoor advertising environment will continue to withstand any significant downturn in advertising revenues in the lead up to the 2010 FIFA World Cup. Factors that will play a role include longer term contracts entered into by advertisers; increased industry professionalism; the new audience measurement system developed by Neilsens and the South African Advertising Research Foundation (SAARF) which will make outdoor more accountable and measurable; as well as the increased awareness of outdoor advertising as a credible advertising medium capable of delivering cost effective communications to brand builders and advertisers, nationally.

Exhibitions and Events

Kagiso Exhibitions and Events

Operational performance (R'000)	**2007**	2006	% Change
Revenue	**156 121**	113 193	37,9
Operating profit	**(1 507)**	6 181	(124,4)
(Loss)/profit for the year contributed to the group	**(537)**	5 272	(110,2)
Operating profit margin (%)	**(0,9)**	5,5	(116,4)

Introduction

Kagiso Exhibitions and Events ("KEE") own and manage some of the largest events on the continent. During the year under review, the company has undertaken an intensive review and assessment of its operating model and product offerings to better position itself to respond to ever-changing market conditions and challenges, including the significant business opportunities that will come with the 2010 FIFA World Cup. KEE has also implemented a rigorous risk assessment and review process to manage the challenges facing the business and to design and implement the appropriate mitigating interventions to contain these.

The year under review

The business model

Intensive work has been undertaken to re-align and enhance the historical business model in order to adapt to changing market conditions and the general challenges facing the company. Of primary concern has been the dependence of KEE on a relatively small number of large exhibition properties. There is a need to broaden the exhibition and event asset base to minimise the negative impact on overall earnings

that would result should any of these high-earning assets be negatively affected. In this regard, a dynamic business development and growth strategy, focusing on the key areas listed below, has been formulated and is in the process of being implemented:

- Leveraging further revenue generation from existing exhibitions by the addition of value-add elements to attract further sponsorship, etc.
- Migrating the successful show brands and exhibition models to other provinces and/or cities.

- Aggressively pursuing further longer-term managed show contracts.
- Bringing new KEE owned exhibitions and events to the market.
- Enhancing the company's event management capacity with the establishment of a dedicated division off the current staff and operational cost base.
- Implementing a focused acquisition strategy aimed at enhancing and broadening the current exhibition and event asset base in a way that compliments and adds value to existing show assets.

A dedicated business development unit, under the direct leadership of the chief executive officer, has been established to drive and deliver this new business development strategy and programme. The aim is to significantly broaden the company's asset base by developing and bringing new products to the market while at the same time increasing the delivery of a wider range of turn-key exhibitions and events solutions to drive up revenue volumes.

The market

The exhibitions and events industry in South Africa and the sub-Saharan region remains robust with an ever increasing expansion of the market, driven in part by an escalation of large international events and conferences being staged and planned for South Africa. A 2006 study, commissioned by the Exhibitions Association of South Africa ("EXSA"), estimates the total annual spend on exhibition related activities in South Africa at close to R9 billion, with the exhibition industry contributing, directly and indirectly, an estimated R156.8 billion to the national economy, equivalent to 3.4% of national GDP. The advent of the 2010 FIFA World Cup, presents significant business opportunities for the industry and specifically for KEE. In addition, both the public and private sectors are directing increased marketing spend towards more inter-active marketing platforms like exhibitions and events.

While this robust industry growth augurs well for KEE, the low barriers of entry into the industry coupled with a limited regulatory environment have allowed a myriad of smaller players to enter the market. However KEE's business model of delivering a seamless exhibitions and events service across all the technical and specialist managerial areas, positions the company well to secure the higher yielding large turnkey events.

Performance

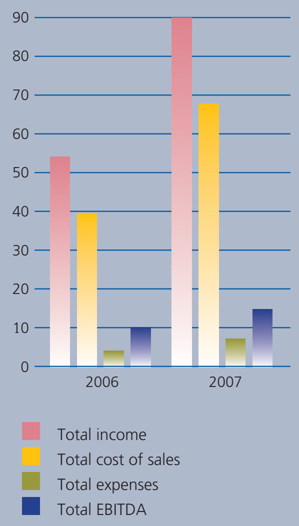
The two KEE flagship exhibition properties, namely Rand Show and Auto Africa, performed well with both events experiencing a full sellout of exhibition space, even though the Rand Show revenues fell short of budget due to the unexpected withdrawal of a key sponsor late in the planning cycle. There was a drop-off in revenues from the recurring events KEE manages on behalf of clients, namely the Africa Aerospace and Defence Show (AAD), the International Franchise Expo (IFE), as well as the exhibitions for South African Tourism (the Durban Indaba, etc.), due to the re-negotiation of these contracts on terms more favourable to the respective clients. The Design for Living Expo, which KEE manages on behalf of the Cape Chamber of Commerce and Industry, experienced a smaller loss than the previous year and is expected to be profitable in 2008. The acquisition of Eyethu Exhibitions has been finalised and their full integration into the infrastructure end of the business is beginning to look positive.

The company's under-performance in the year under review is primarily due to some fundamental shortcomings in the management of basic business operations and principles. To this end, management has prepared a comprehensive turn-around strategy to re-establish a sound business foundation to grow the company. A new risk management regime has been implemented and a due diligence of all risk related business operations, together with the mitigating interventions, will be implemented during the coming year. A detailed analysis and assessment of the company cost structure will result in the rationalisation of the company management and staff positions so as to cut costs. A rigorous company budgeting exercise has been undertaken for the 2008 financial year.

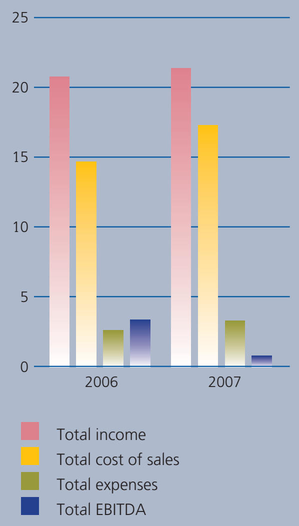
Prospects

Fundamental, but necessary restructuring of the KEE business operations over the past year has been completed. The company has now consolidated a sound operational foundation for growth and KEE management is confident that with the focused implementation of the turn-around strategy, the company will be returned to profitability in the next financial year.

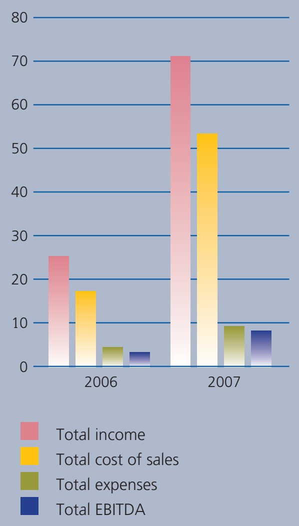
Owned shows
(R'000)



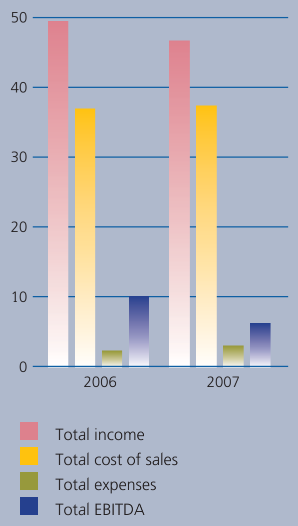
Managed shows
(R'000)



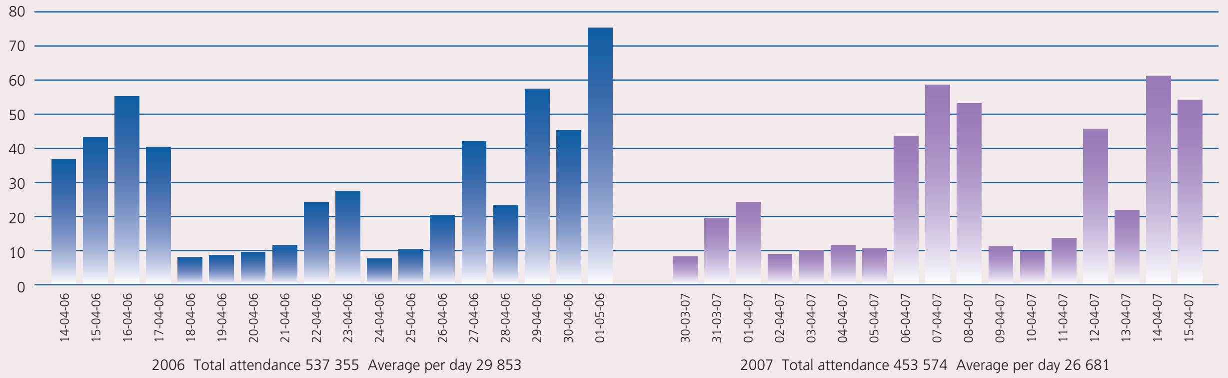
Trade shows
(R'000)



Consumer shows
(R'000)



Rand Show attendance
(R'000)



Statutory reports

Corporate governance

Kagiso Media fully supports the Code of Corporate Practices and Conduct as set out in the King II Report. The company believes that the primary objective of the system of corporate governance is to ensure that directors and managers carry out their responsibilities faithfully and effectively.

Board of directors

Formal charter

Aim and objectives

The board is a focal point of the company's corporate governance system and is ultimately accountable and responsible for the performance and affairs of the company. Delegating authority to board committees or management does not in any way mitigate or dissipate the discharge by the board and its directors of their duties and responsibilities.

In accordance with its charter, the board has reserved to itself the following specific responsibilities, among other more general matters:

■ **Financial**

– Approval of the business plans, annual budget and material deviations in business plans.

– Adoption of any significant change or departure in accounting policies and practices of the company.

– Raising of incremental borrowing facilities involving amounts in excess of R5m.

■ **Statutory and administrative**

– Recommendation of amendments to the memorandum and articles of association of the company.

– Appointment, removal or replacement of the external auditors of the company.

– Prosecution, defence or settlement of legal or arbitration proceedings where material, except when in the ordinary course of business.

■ **Regulatory**

– Variation of the rights attaching to shares where such powers are vested in the directors.

– Approval and authority to issue circulars to share-owners of the company.

– Recommendation to shareowners that they approve any ordinary or special resolutions in respect of the company.

■ **Human resources**

– Appointments to and removals from the board.

– Appointment of, terms of reference and changes in composition of the executive, audit and remuneration committee.

– Approval of any share or other incentive scheme, rules applicable to any such scheme and any amendment to such rules as recommended by the remuneration committee, for submission to shareowners, if applicable.

– Formulation of recommended policies with regard to employment equity.

The charter expresses the board's philosophy in regard to customer satisfaction; quality of services; optimising the use of assets and allowing its employees to deliver to their maximum potential; respect for human dignity and observance of human rights; national and international corporate citizenship, including sound relationships with regulatory authorities.

While retaining overall accountability and subject to matters reserved to itself, the board has delegated to the chief executive officer and other executive directors authority to run the day-to-day affairs of the company.

Statement of responsibility

The directors acknowledge the board's responsibility for the affairs of the group in this report and in the statement of responsibility as set out on page 48 of this annual report.

Board composition

The board of the company comprises six (2006 – five) non-executive directors and three (2006 – three) executive directors. All directors are subject to retirement by rotation and re-election by shareholders at least every three years in accordance with the company's articles of association. The non-executive directors are chosen for their business acumen and skills and bring individual judgment to board decisions. The capacity of each director, either being executive, non-executive or independent, is indicated on pages 6 and 7 of this annual report.

Nominations

Appointments to the board are done in a formal and transparent manner and are a matter for deliberation by the whole board.

Shareholder representation

Messrs MJN Njeke, HI Appelbaum, YI Mahomed and WR Jardine, represent Kagiso Trust Investments (Proprietary) Limited which accounts for 47,9% of the issued shares.

Balance of power

The boards of directors of the company and of all its subsidiaries, joint ventures and associated undertakings, comprise executive and non-executive directors. In every instance the board of directors is chaired by a non-executive director, the roles of the chairman and chief executive officer do not vest in the same individual and a clear framework exists so that no one individual has unfettered powers of decision making.

Access to information

The board has unrestricted access to all records, documents, company information and property of the company. The non-executive directors have access to and are able to discuss matters of strategic importance to the board directly with operational management.

Board meetings

The board meets as often as circumstances dictate, but at least quarterly, to review the operational performance against budget and to address various issues of strategic importance to the group.

The attendance by directors at meetings of the board and board sub-committees during the year to 30 June 2007 was as follows:

Number of meetings attended					
Director	Board	Audit committee		Remuneration	
		Member	By invitation	Member	By invitation
HI Appelbaum	3				
RM Motanyane[3]	5	3			1
M Morobe[4]	3				
MJN Njeke	5	3		1	
OC Essack	5				
RL Hiemstra[1]	2	2		1	
S Pienaar[5]	5		2		
WR Jardine	5		3		2
WC Ross[2]	3	2			
YI Mahomed	2			2	
Total number of meetings	5	3	3	2	2

[1] Resigned 13 February 2007; [2] Appointed 12 February 2007
[3] Appointed 1 September 2005 [4] Appointed 1 November 2006
[5] Appointed 1 October 2005

Board committees

The board has a functioning nomination committee, audit committee and remuneration committee to assist it in discharging its duties and responsibilities in the matters reported hereunder. These sub-committees make full disclosure to the board of their activities and decisions.

■ **Audit committee**

The audit committee's role is to assist the board in fulfilling its responsibilities for the presentation of the company's financial position in its published financial statements. It also ensures that appropriate accounting policies, internal controls and compliance are in place within the company and group. The committee comprises four non-executive directors; two were nominated by the board for their financial literacy; and is chaired by the independent director. The executive directors and external auditors have unrestricted access to the committee and its chairman and attend meetings, but are not members of the committee. The committee meets three times per year: to plan the year-end audit, review the audit findings after the conclusion of the year-end audit and to approve the annual financial statements and to approve the unaudited interim results announcement.

In terms of its formal charter, the audit committee has the following main responsibilities:

- to oversee the internal and external audit functions;
- to ensure adequate and fair reporting on the financial affairs of the company and group, both in the audited annual financial statements and unaudited interim profit announcement;
- to oversee the risk management process and monitor the quality of internal control systems;
- to advocate high standards of ethical behaviour and financial prudence; and
- to ensure compliance with the King II Code and the company's own code of ethics.

The committee is satisfied that it has fulfilled these responsibilities during the year under review.

A review of the adequacy of risk management processes and internal controls was estimated during the year.

The internal audit function operates in terms of an internal audit charter which has been approved by the audit committee and the board.

The internal and external auditors are given unrestricted access to the board audit committee and all financial records and related data, including minutes of all meetings of shareholders, the board of directors and sub-committees of the board.

The committee considers the annual financial statements of the company and group to be a fair presentation of their financial position at 30 June 2007 and the results of operations, changes in equity and cash flows for the year then ended, in terms of International Financial Reporting Standards and the South African Companies Act, 1973 and has approved the financial statements for submission to the board and shareholders.

■ **Remuneration committee**

The remuneration committee assists the board and makes recommendations to it on the remuneration of non-executive directors and terms of employment of executive directors of the company and senior employees of the company and group. The committee regularly obtains independent advice from professional advisors on benchmarks and latest best practice regarding the remuneration packages of executive directors and senior employees. The committee is made up of five non-executive directors and is chaired by an independent director. The executive directors attend meetings of the committee by invitation and make submissions to the committee. The committee meets twice per year.

The committee is satisfied that it has fulfilled the requirements of its formal charter, as is borne out by its detailed report on pages 44 to 47 of this annual report.

■ **Nominations committee**

During the year a nominations committee was established to assist with the appointments of suitable candidates to the board of Kagiso Media Limited.

Dealings in shares

The company observes a closed period in any period considered sensitive to trade in the company's shares, but particularly prior to the announcement of its interim and final results, during which directors of the company and of major subsidiaries and employees who may possess inside information concerning the company, may not deal in the company's shares.

The directors of the company and of major subsidiaries may only trade in the company's shares once approval for such a transaction has been obtained from the chairman, or failing him, the deputy chairman. Directors are obliged to notify the company secretary as soon as they have traded in the company's shares, in order for the requisite public announcements regarding such trades to be made.

Company secretary

The company secretary, through the board, plays a pivotal role in the corporate governance of the company and provides the board with detailed guidance as to how their responsibilities should be properly discharged. The company secretary is also responsible to the board to ensure that board procedures are followed. The annual certificate by the company secretary is reflected on page 49 of this annual report.

Risk management

The board is responsible for the process of risk management and the regular review thereof, for ensuring that appropriate policies are established and that significant risks are identified, evaluated and managed on an ongoing basis. The board has appointed the audit committee to assist in reviewing the risk management process. Management is accountable to the board for designing, implementing and monitoring the process of risk management.

Directors' and officers' liability

The company has taken out cover in respect of directors' and officers' liability. The company considers the cover under this policy as adequate under the circumstances. The group considers the following risks as significant to its business:

■ **Credit risk**

Although bad debts have historically been very low, the group still considers the risk of non-payment by a customer as a major threat to its business. The group's exposure to credit risk is mitigated by the fact that its customers are dispersed over different geographical areas and industries (such as the advertising industry and individual subscribers to its professional publications) and comprises many thousands of individual customers. In addition, the companies in the group take various preventative measures to minimise credit risk in their respective operations.

■ **Operational risk**

Physical and operational risks

Standard precautions are in place to protect the group's operations and its assets, including its electronic information and computer facilities, to limit access to these assets and the unauthorised use thereof.

Internal control

The company maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the company and the group's financial statements and to safeguard, verify and maintain the accountability of assets. It is considered that these systems can provide reasonable, but not absolute, assurance against loss and misstatement.

Corporate governance *continued*

The effectiveness of the system of internal control is monitored through the work of the internal audit which reports to the audit committee on matters identified in the course of its work, through the active involvement of the executive directors in the group's operations and the quality of management reporting at these operations. Nothing has come to the attention of the directors to indicate that a material breakdown in the functioning of the group's key internal controls and systems has occurred during the period under review.

Human resource risks

As a media group, the group recognises its people as its single most important asset. In this regard it offers its employees competitive remuneration packages, a safe working environment and career advancement opportunities in the greater group. Due to the competitive skills and human resources environment a decision has been taken to further strengthen the group human resource function in the new year.

Technology risks

The group is highly dependent on technology in its broadcasting and information services and solutions. To this end, the group ensures that it uses the latest available technology and that it has spares and back-up facilities available in case of major breakdowns. LexisNexis Butterworths (Proprietary) Limited continues to operate the latest publishing and business management software in use by the international LexisNexis group and has the benefit of access to international technological best practice.

Business continuity and disaster recovery

It is considered of utmost importance to the group that all its operations be able to resume normal business activities within a reasonable period of time if any one of these businesses should be affected by a substantial or sustained business interruption. The group is continuously reviewing its business continuity plans.

Compliance risks

The group's radio stations are subject to regulatory obligations in terms of their broadcast licence allocations and the Electronic Communications Act. The degree of compliance with these obligations is regularly monitored by the boards of the individual radio station companies and regularly reported to the Independent Communications Authority of South Africa. Compliance with other relevant legislation is also regularly monitored. The group, in recognition of the massive impact, established a compliance management function in the year under review.

Broadcast risks

While the group considers freedom of speech an important cornerstone of our young democracy, it is acutely aware of the potential effects and influence of comments and opinions expressed on its radio stations. Therefore, the group endeavours to ensure that its broadcast content is compliant with the code of conduct issued by the Broadcasting Complaints Commission of South Africa, to which the individual radio stations are signatories. In terms of the code, the stations are prohibited from inciting hate or discriminatory speech, and are required to provide news that is balanced and objective and programming that is not obscene.

The group is mindful of the following risks, but considers them not to pose a significant threat to its business at this stage:

- **Interest rate risks**

The group is exposed to limited interest rate risk, as it has a net operational cash position (cash less interest-bearing debt). Management monitors and negotiates available interest rates on an ongoing basis. The preference shares are issued at a coupon rate linked to prime (see note 15 on page 92) and the sinking funds (note 7 on page 87) are placed with reputable financial institutions in short-term investments.

- **Foreign currency risk**

Derivative financial instruments, comprising forward exchange contracts, are used by the group for hedging purposes to mitigate substantial foreign exchange risks. The group does not speculate or engage in the trading of financial instruments.

- **Liquidity risk**

Although all the group's operations are cash generative, the board remains mindful of the risks of having either too much or too little in cash reserves. Liquidity risk is proactively managed by regularly assessing working capital requirements and monitoring cash flows.

Sustainability

The company and group attemps to achieve a balanced and integrated economic, social and environmental performance that not only meets stakeholders' short-term expectations, but is also sustainable over the longer term.

Ethical behaviour

The board of directors strives to ensure that the group conducts its business with the utmost integrity towards all stakeholders and as such is committed to the highest standards of ethical and professional behaviour.

The group has adopted an internal code of ethics, which deals mainly with corporate values, conflicts of interest, equality, safety in the workplace, use of company assets, confidentiality and a secure whistle-blowing process in case of contraventions of the code.

Nothing has come to the board's attention to indicate that any material non-compliance with the code of ethics by the group, its directors and employees has occurred in the period under review.

Occupational health and safety

The group considers the occupational health and safety of its employees to be of primary importance and is committed to taking every reasonable precaution to ensure a safe and productive working environment for all employees.

Environmental impact

Although the group's major activities do not pose a significant threat to the environment, the group remains mindful of the relevant environmental, health and safety legislation.

Society and transformation

The fact that the company is ultimately controlled by Kagiso Trust, gives it the character of a company highly responsive to the imperatives of philanthropy and social transformation. The company recognises that as a corporate citizen, it has a duty to play an active role in the national project of empowering previously disenfranchised people through employment equity, management diversity, training and contributing to social investment programmes, human capital management and affirmative procurement policies.

Relations and communications with shareowners

The executive directors regularly, but at least at the time of the announcement of the interim and final results of the company, engage institutional shareholders on matters in the public domain that require clarification or update. All profit announcements contain an explanation of the major events that influenced a particular performance, a segmental analysis and a section on the prospects for the group in the foreseeable future.

In a manner that is consistent with this transparent approach, the company provides a full explanation in the notice of the annual general meeting for all matters classified as "special business".

Conclusion and action plan

In the board's view, the company and group have complied with the Code of Corporate Practices and Conduct contained within the King II report, its own code of ethics and relevant legislation in the year under review. To the extent that any aspect may have fallen behind or not in place, the company remains committed to moving towards full compliance.

Report by the remuneration committee

Introduction

The remuneration committee has been established as a sub-committee of the board of directors of the company to develop and maintain a policy on the remuneration of executive and non-executive directors, within agreed terms of reference and to make recommendations to the board in this regard.

This report sets out the particulars on the remuneration of the directors of the company.

Remuneration policy

It is the company's policy to set market related remuneration packages to attract, retain and motivate executives and senior members of management. To this end it offers competitive salaries, cash bonuses and share incentives as the components to the total remuneration package. The committee also recognises that it is important to reward good performance and that executives should be sufficiently incentivised to continually strive for excellence.

The committee commissions such third party investigations and studies as it deems necessary from time to time to provide it with guidance and benchmarks in setting the remuneration of individual directors.

Remuneration of executive directors

Summary

The executive directors were paid the following amounts in cash and realised the following gains in terms of the share schemes in the year to 30 June:

2007	Salary (R'000)	Bonus (R'000)	Gains made on shares* (R'000)	Total (R'000)
WR Jardine**	462	–	4 713	5 175
M Morobe***	1 000	648	–	1 648
OC Essack	1 198	427	395	2 020
S Pienaar	1 051	383	361	1 795
Total	**3 711**	**1 458**	**5 469**	**10 638**
Average decrease (%)******	**(3)**	**(23)**	**(13)**	

2006	Salary (R'000)	Bonus (R'000)	Gains made on shares* (R'000)	Total (R'000)
WR Jardine	1 500	1 089	6 287	8 876
PHP Jacobs	432	–	–	432
OC Essack	1 130	479	–	1 609
S Pienaar	775	327	–	1 102
Total	**3 837**	**1 895**	**6 287**	**12 019**
Average increase (%)*********	**14**	**47**	**(12)**	

* The gains made by directors on shares acquired in terms of the Kagiso Media Limited Share Option Scheme is calculated on the day on which the directors acquired the shares in terms of the scheme. Profits made on shares acquired in the share purchase scheme; profits are calculated on the day these shares are sold.

** Resigned 31 October 2006, appointed as non-executive chairman from 1 November 2006.

*** Appointed 1 November 2006.

**** The average decrease in salary and bonus was calculated with reference to Mr Morobe's annualised salary and bonus for 2007 and excluding that of Mr Jardine's.

***** The average increase in salary and bonus was calculated with reference to Ms Pienaar's annualised salary and bonus for 2006 and excluding that of Mr Jacobs'.

Salaries
The salaries of the executive directors represent their total cost to company package. The directors are responsible for their own pension, other retirement benefits and medical aid funding.

Bonuses
In determining the annual bonus for the year under review, the remuneration committee considered the overall financial performance of the group against targets set by the board. On achievement of agreed targets, the chief executive officer, namely Mr M Morobe qualifies for a bonus equal to 60% of his remuneration package and the other executive directors namely Mr OC Essack and Ms S Pienaar, 35%. The committee considers the above-mentioned bonuses to be appropriate, given that 101% (2006 – 107%) of target was achieved during the year under review. The committee is satisfied that the performance-related element of the remuneration constitutes a substantial portion of the total remuneration packages of executive directors.

Share option scheme
The company operates the Kagiso Media Limited Share Option Scheme ("the scheme") for the benefit of executive directors and staff. The scheme was approved and adopted by shareholders in a general meeting on 2 September 1999.

The committee has determined that executive directors be awarded:

- an initial allocation of rights to acquire shares in the company to a maximum value of four times their annual basic salary package, which allocation was made on 3 September 1999;
- a further allocation to a value of two times their annual basic salary package, based on performance against set targets, which allocation was made on 12 September 2000;
- allocations to bring the value of unvested rights to a factor of five times the annual basic salary of the chief executive officer and three times the annual basic salary of the chief financial officer, which allocations were made at the ruling market price on 16 September 2002, 12 September 2003 and 10 September 2004.

No rights to acquire shares in the company in terms of the scheme have been granted to non-executive directors. However, Mr WR Jardine is still entitled to exercise his shares, since they were granted to him when he was still an executive director. The rights to acquire shares in terms of the scheme are exercisable in four equal tranches, commencing three years from the date of issue and expire 10 years from the date of issue.

Reconciliation of movement
The movement in the number of rights to shares per the share option scheme was as follows:

	WR Jardine	OC Essack	Total
At the beginning of the year	1 154 416	424 779	1 579 195
Rights exercised	(412 483)	(106 195)	(518 678)
At the end of the year	**741 933**	**318 584**	**1 060 517**

Additional rights to acquire shares are held by other employees in the group. More detail on the total number of outstanding rights is provided in the directors' report.

Directors' outstanding rights in the Kagiso Media Limited Share Option Scheme
At 30 June 2007 the directors held the following rights to acquire shares in the share capital of the company:

First date on which exercisable	Last date on which exercisable	WR Jardine Number of rights	OC Essack Number of rights	Purchase price (cents)
16/09/2007	16/09/2012	141 577	–	300
12/09/2007	12/09/2013	111 884	–	450
10/09/2007	10/09/2014	30 782	–	830
01/01/2008	01/01/2014	–	106 195	565
Year ending 30 June 2008		**284 243**	**106 195**	**457***
16/09/2008	16/09/2012	141 577	–	300
12/09/2008	12/09/2013	111 884	–	450
10/09/2008	10/09/2014	30 782	–	830
01/01/2009	01/01/2014	–	106 195	565
Year ending 30 June 2009		**284 243**	**106 195**	**457***

Directors' outstanding rights in the Kagiso Media Limited Share Option Scheme (continued)

At 30 June 2007 the directors held the following rights to acquire shares in the share capital of the company:

First date on which exercisable	Last date on which exercisable	WR Jardine Number of rights	OC Essack Number of rights	Purchase price (cents)
12/09/2009	12/09/2013	111 883	–	450
10/09/2009	10/09/2014	30 782	–	830
01/01/2010	01/01/2014	–	106 194	565
Year ending 30 June 2010		**142 665**	**106 194**	**546***
10/09/2010	10/09/2014	30 782	–	830
Year ending 30 June 2011		**30 782**	**–**	**830***
Total		**741 933**	**318 584**	**489***

* Weighted average price of outstanding rights to acquire shares

Unrestricted Share Purchase Scheme

In addition to the option scheme set out above, a share purchase scheme for the benefit of group executives was introduced, approved and adopted by shareholders in an annual general meeting held on 25 November 2005.

The maximum number of shares that could be allocated to executive directors in terms of this scheme is calculated as a multiple of the director's annual cost to company package. The chief executive officer qualifies for shares to the value of 1,5 times salary while the other executive directors can receive an allocation of up to 0,9 times their package. The following is a summary of the movement in this scheme during the year, including additional allocations. The loan amount due by directors to the company according to the terms of this scheme, as at the end of the year, is also reflected.

	M Morobe	S Pienaar	WR Jardine	OC Essack
2006				
– Date of award		30/12/2005	30/12/2005	30/12/2005
– Number of shares	–	68 299	183 600	18 360
– Share price (R)		12,2549	12,2549	12,2549
2007				
– Date of award		01/10/2006		01/10/2006
– Number of shares	–	43 226	–	49 269
– Share price (R)		12,7568		12,7568
– Date of award	01/11/2006	01/11/2006		01/11/2006
– Number of shares	161 132	28 242	–	32 190
– Share price (R)	13,9640	13,9640		13,9640
Total number of shares awarded since inception of the scheme	161 132	139 767	183 600	99 819
Shares sold during the year	–	(114 767)	(183 600)	–
Number of shares held at the end of the year	**161 132**	**25 000**	**–**	**99 819**
Loans outstanding at the end of the year (R'000)	**2 393**	**62**	**–**	**1 414**

Employment contracts

The executive directors have entered into standard employment contracts with a subsidiary of the company, in terms of which the company and the directors have to give each other three months' written notice on termination of employment.

Remuneration of non-executive directors

In the year under review, non-executive directors were paid R15 000 per quarter for their services as directors, with an additional R10 000 to the chairman of the board. The board meets once every quarter. Members of the audit committee, a subcommittee of the board, were paid an additional R5 500 per quarter, with the chairman of the sub-committee receiving a further R3 250 per quarter. Members of the remuneration committee were paid an additional R4 750 per quarter, with an additional R1 750 per quarter to the chairman of this sub-committee. These sub-committees meet at least twice per year. The company refunds the non-executive directors reasonable traveling costs.

Remuneration of non-executive directors (continued)

The non-executive directors were paid the following fees for attending to their duties:

	Board (R'000)	Audit committee (R'000)	Remuneration committee (R'000)	Total (R'000)
HI Appelbaum	60	–	–	60
RL Hiemstra*	40	23	13	76
WR Jardine**	67	15	17	99
YI Mahomed	60	–	–	60
RM Motanyane	60	22	–	82
MJN Njeke	60	22	19	101
WC Ross***	20	12	6	38
Total	**367**	**94**	**55**	**516**

* Resigned on 13 February 2007

** Appointed as non-executive chairman on 1 November 2006

*** Appointed on 12 February 2007

The remuneration committee has proposed an average adjustment to the remuneration of the non-executive directors for the ensuing year of 6,5%. This was proposed after considering market related remuneration for listed companies with similar market capitalisation and risk profiles. Subject to the approval by shareholders, the fees for the 2008 financial year will be as follows:

	Board (R)	Audit committee (R)	Remuneration committee (R)
Chairman	106 500	37 275	27 690
Member	63 900	23 430	20 235

Conclusion

The remuneration committee is satisfied that it has dealt adequately with all matters under its ambit in terms of its formal charter.

Directors' responsibility statement

Code of Corporate Practices and Conduct
The directors are responsible for ensuring the company and group comply with the Code of Corporate Practices and Conduct, as set out in the King Report II on Corporate Governance and the group's own code of ethics.

Risk management
The directors are responsible for the total process of risk management including setting risk strategy policies and monitoring compliance with these policies. The group's risk management philosophy aims to achieve a balance between the cost of implementing and monitoring risk management practices and the potential benefit from these practices.

Risk management policies, procedures and processes were formally introduced during the prior financial year. Risk assessments on subsidiaries, certain joint ventures and agreed upon associates are in progress. A review of the adequacy of the risk management processes will be performed on a continuous basis.

Internal control
The directors are responsible for the company's systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets and to prevent and detect misstatement and loss.

An internal audit function was introduced during the prior financial year. The function operates in terms of an internal audit charter which was approved by the audit committee and the board.

In this regard, the directors confirm that an effective system of internal control has been maintained during the period under review. A formal process to review the system of internal control for effectiveness has been implemented as part of the risk management structures mentioned above.

Financial statements
The directors are also responsible for the maintenance of adequate accounting records and the preparation, integrity and presentation of the financial statements of Kagiso Media Limited and its subsidiary companies to fairly reflect the state of affairs as at the end of the financial year under review, the profit or loss and cash flows for the period.

The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been audited by the independent auditing firm PricewaterhouseCoopers Inc. The unqualified audit report is presented on page 49 of this annual report.

In this regard, the directors confirm that:

- appropriate accounting policies, supported by reasonable and prudent judgements and estimates, have consistently been used;
- applicable accounting standards have been adhered to;
- adequate accounting records have been maintained;
- to the best of their knowledge and belief, the other information included in the annual report is accurate and consistent with the financial statements;
- to the best of their knowledge and belief, all representations made to the independent auditors during their audit were valid and appropriate; and that
- there is no reason to believe the business will not be a going concern in the year ahead.

Directors' approval

The annual financial statements set out on pages 50 to 114 have been prepared in accordance with International Financial Reporting Standards and in the manner required by the South African Companies Act, 1973 and include amounts based on judgments and estimates made by management.

The annual financial statements were approved by the board of directors on 19 September 2007 and are signed on its behalf by:

M Morobe
Chief executive officer

WR Jardine
Chairman

Auditor's report

Independent Auditor's Report to the members of Kagiso Media Limited
We have audited the annual financial statements and group annual financial statements of Kagiso Media Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 30 June 2007, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 50 to 114.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as of 30 June 2007, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, 1973.

PricewaterhouseCoopers Inc.
Director: S Sooklal
Registered Auditor
Sunninghill
19 September 2007

Company secretary's certificate

In terms of section 268G(d) of the South African Companies Act, 1973, as amended ("the Act"), I, in my capacity as company secretary, hereby certify that the company has lodged with the registrar of companies all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

S Pienaar
Company secretary
19 September 2007

Directors' report
for the year ended 30 June 2007

The directors have pleasure in presenting their eleventh annual report, which forms part of the audited financial statements of the company and the group for the year to 30 June 2007.

1. Nature of the business

Kagiso Media Limited is an investment holding company with interests in

- radio broadcasting and radio airtime sales
- information services and solutions
- out-of-home advertising platforms
- consumer and trade exhibitions and events

Its operating subsidiaries, associated companies and joint ventures and Kagiso Media Limited's effective economic interest therein, are:

Broadcasting – regional radio stations

- East Coast Radio (Proprietary) Limited – 100%
- Jacaranda FM (Proprietary) Limited – 80%
- Seyalemoya Communications (Proprietary) Limited, (trading as "OFM") – 24,9%
- Kaya FM (Proprietary) Limited – 25,1%*
- Radio Heart 104.9 (Proprietary) Limited – 33,3%**
- Radio iGagasi 99.5 (Proprietary) Limited – 33,3%**

Broadcasting – radio airtime sales

- RadMark (Proprietary) Limited – 49,97%
- Primetime Kagiso Private Limited – 50%

Information services and solutions

- LexisNexis Butterworths (Proprietary) Limited – 50%

Outdoor

- Clear Channel Merafe (Proprietary) Limited – 32,57%***

Exhibitions and events

- Kagiso Exhibitions and Events (Proprietary) Limited – 100%
- Eyethu Exhibitions (Proprietary) Limited (t/a Kagiso Exhibitions and Events Solutions) –100%

Support services

- Kagiso Broadcasting (Proprietary) Limited – 100%

* Indirectly an associate through the holding in Thebe Convergent Technologies (Proprietary) Limited
** Indirectly an associate through the holding in Makana Radio Communications (Proprietary) Limited
*** Indirectly held through the holding in Kagiso Outdoor (Proprietary) Limited

2. Acquisitions

2.1 Kaya FM (Proprietary) Limited

At 30 June 2006 it was reported that the acquisition of an effective economic interest of 33,3% in Shanike Investments No. 42 (Proprietary) Limited ("Shanike") and the disposal of the 'B' ordinary and preference shares in Thebe Convergent Technologies (Proprietary) Limited acquired on 1 December 2004, were still subject to the finalisation of the last suspensive condition. This condition related to the conclusion of an adherence agreement between all parties. This condition was not fulfilled; hence the transaction was not concluded. The group's effective interest in Kaya FM will remain at 25,1%.

2.2 Jacaranda FM (Proprietary) Limited ("Jacaranda")

A wholly owned subsidiary of Kagiso Media Limited has acquired 100% of the share capital of Little Swift Investments 36 (Proprietary) Limited ("Little Swift") from Tiso Capital Partners 2. Little Swift holds 20% of the issued share capital of Jacaranda. This purchase increased Kagiso Media Limited's investment in Jacaranda (Proprietary) Limited from 60% to 80%. The total purchase price consideration, including professional fees capitalised, was R127,8m. The effective date of the transaction was 1 August 2006.

2.3 Clear Channel Merafe (Proprietary) Limited ("CCM")

During the year Kagiso Media Limited subscribed for 65% of the shares in Kagiso Outdoor (Proprietary) Limited, an investment holding company. On 1 April 2007, this entity purchased 50,1% of the issued share capital in CCM. The purchase price, including professional fees capitalised were R45,9m.

The rationale for the transaction was to allow the group an entry into the out-of-home advertising market, to gain a better and more in depth understanding of this platform and to advance the group's advertising offerings to its clients.

2.4 Eyethu Exhibitions (Proprietary) Limited (t/a Kagiso Exhibitions and Events Solutions)
A wholly owned subsidiary of Kagiso Media Limited invested R1,8m in 100% of the shares of Eyethu Exhibitions (Proprietary) Limited, an exhibitions and events stand building entity. This purchase enables the group to provide a complete solution to its exhibitions and events clients. The purchase was effective 1 July 2006.

3. Operating and financial review

3.1 The results for the year ended 30 June 2007 are presented in the company and group financial statements set out on pages 58 to 114, and can be summarised as follows:

	Year ended		
	30 June 2007	30 June 2006	% growth
Net profit attributable to Kagiso Media Limited's shareholders (R'000)	**129 810**	110 027	18,0
Earnings per share (cents)	**97,6**	83,2	17,4

3.2 The increase in earnings per share over that of the previous year can be ascribed to the strong performance of the group's broadcasting operations, the purchase of the additional 20% stake in Jacaranda and the excellent results as presented by the information services and solution division.

3.3 The performance of the individual segments of the group's businesses and their relative contributions to revenue, operating profit and profit for the year are reflected in the segmental report, note 18 to the annual financial statements.

4. Preference shares

The preference shares that were issued at the beginning of the year were redeemed and reissued to another commercial bank. These preference shares were issued on the same terms and conditions as the shares that were redeemed. A portion of the payment was settled utilising the funds available in the sinking fund (refer to note 7 to the annual financial statements).

Further variable rate, cumulative, redeemable preference shares were issued by Kagiso Media Investments (Proprietary) Limited in order to fund acquisitions made during the financial year, such as the acquisition in Clear Channel Merafe (Proprietary) Limited and the 100% stake in Little Swift Investments 36 (Proprietary) Limited.

At the time of the issue of the additional preference shares, the following terms and conditions were agreed upon. The preference shares have a coupon of 70% of the prime overdraft rate and are secured by a guarantee from Kagiso Media Limited, Kagiso Broadcasting (Proprietary) Limited and Kagiso Exhibitions and Events (Proprietary) Limited. The debt covenants in place refer to both the net interest bearing debt to shareholders' funds on a consolidated basis expressed as a percentage of shareholders' funds and the cash to debt cover, expressed as the ratio of earnings before interest, tax, depreciation and amortisation to net interest plus any required capital repayments on debt.

Kagiso Media Investments (Proprietary) Limited agreed to transfer 5% of the original issued share capital into a sinking fund on the dividend payment date. If the company elects to do so, the same amount of money could be used to redeem preference shares instead. On 31 March 2007 the company elected to redeem shares according to the agreement. The remaining preference shares are redeemable in cash on the fifth anniversary of the issue of the shares. The effective interest rate of this instrument is 8,65% (2006 – 8,5%). Dividends are payable to the shareholders on 31 March and 30 September of each year until all of the preference shares have been redeemed.

5. Dividend

Dividend policy
The board has approved a dividend policy for the company that will ensure that at least 50% of attributable profits be regularly returned to shareholders. The board also considered the constraints of the current regulatory environment, the working capital and other requirements of the group and deems the level of cover appropriate under the current circumstances. The Secondary Tax on Companies that is payable by the company on dividends distributed to both preference and ordinary shareholders will continue to result in the high effective tax rate evident in the last few years.

Dividend declaration
The company paid a final dividend of 33 cents per share in respect of the year to 30 June 2006 (2005 – 44 cents) on 23 October 2006 and an interim dividend of 31 cents per share (2006 – 40 cents) on 19 March 2007. A final dividend of 18 cents per share in respect of the year to 30 June 2007 was declared by the directors on 19 September 2007 and will be reflected in the financial statements for the year to 30 June 2008.

6. Share capital and premium

Authorised share capital

There has been no change in the authorised share capital of the company.

Issued share capital

During the year under review, the issued share capital was increased by the allotment and issue of 596 802 ordinary shares to the scheme participants, who exercised rights to purchase shares in the company, in terms of the Kagiso Media Limited Share Option Scheme, at a weighted average price of R3,46 per share.

Accordingly, at 30 June 2007, the issued share capital of the company was R1 331 364,77 comprising 133 136 477 ordinary shares of 1 cent each.

Unissued share capital

The unissued ordinary shares are under the control of the directors of the company, in terms of a general authority granted to the directors pursuant to Section 221(2) of the Companies Act. This general authority remains valid only until the next annual general meeting, which is to be held on 23 November 2007. At this meeting, members will again be asked to consider ordinary resolutions to place the unissued shares under the control of the directors until the 2008 annual general meeting.

Acquisition of the company's own shares

At the last annual general meeting, shareholders gave the company a general approval, in terms of Section 85 and 89 of the Companies Act, to acquire its own shares. This approval remains valid only until the next annual general meeting, which will be held on 23 November 2007. Members will be asked at this meeting to consider a special resolution to renew this general approval until the 2008 annual general meeting.

7. Shareholders

Significant shareholders

According to information received by the directors, the major shareholder of the company at 30 June 2007 is as follows:

Major shareholder	Numbers of shares	% of shares
Kagiso Trust Investments (Proprietary) Limited ("KTI")	63 711 297	47,9

Major movements

There has been no movement in the number of shares held by KTI in the year under review.

Shareholder spread

The spread of public and non-public shareholders in terms of paragraph 4.22, 4.23 and 4.25 of the JSE Limited's listing requirements at 30 June 2007 was as follows:

Shareholder spread	Number of shareholders	Number of shares held	% of shares held
Public	1 164	68 892 300	51,7
Non-public	9	64 244 177	48,3
– Directors of the company	8	532 880	0,4
– Kagiso Trust Investments (Proprietary) Limited	1	63 711 297	47,9
Total	**1 173**	**133 136 477**	**100,0**

8. Share schemes

8.1 Employee share option scheme: Kagiso Media Limited

The company operates a share incentive scheme for the benefit of its executive directors and staff. A maximum of 10% of the shares in the company is available for share purchase and option schemes. No individual may at any time have the right to acquire more than 2,5% of the shares in the company. The right to acquire shares in terms of the Kagiso Media Limited Share Option Scheme is exercisable in four equal tranches, at the market price on the day of the award of such right, commencing three years from the date of issue and expire after 10 years from the date of issue.

At the balance sheets date, 1 173 707 (2006 – 1 770 509) rights to acquire ordinary shares in the share capital of the company were outstanding, representing 0,9% (2006 – 1,3%) of the shares in the company. During the year 596 802 (2006 – 1 218 873) rights to acquire shares in the company were exercised, at a weighted average price of R3,46 (2006 – R2,22) each. No new rights to acquire shares in the company were granted during the year under review.

In accordance with IFRS 2 "Share-Based Payments" the group has recognised a compensation expense in the income statements, representing the fair value of the share options granted to the company's employees, over the vesting period of the shares. A corresponding credit to equity has been raised for this equity-settled plan; refer to the statements of changes in the shareholders' equity in the annual financial statements. The fair value of these options has been determined using an option pricing model, modelling the particular aspects of the option scheme, the employee turnover and the exercise behaviour of the participants. As only one employee has ever forfeited any shares, it was assumed that option scheme participants will remain employees of the group for the full period, until all the options have been exercised, according to the terms of the scheme. Scheme participants usually exercise their options immediately after the vesting date, therefore the vesting period and the expected option life were assumed equal. The risk free rates with maturity periods closest to the options' life were used in the calculation. The expected volatility for the share price was based on Kagiso Media Limited's historical share price performance. The dividend yield of 6,7%, that is the historic dividend yield until the end of the 2004 financial year, was applied in the valuation model. The benefit expense for the year was calculated as R905 000 (2006 – R454 000), refer note 13 to the annual financial statements. The directors' interest in the Kagiso Media Limited Share Option Scheme is more comprehensively set out in the remuneration report.

Outstanding rights

The following rights to acquire shares were outstanding at 30 June 2007, inclusive of those rights awarded to the executive directors:

Date on which exercisable		Number of rights	Price (cents)
	September 2007	141 577	300
	September 2007	111 884	450
	September 2007	30 782	830
	January 2008	106 195	565
	March 2008	78 125	260
	March 2008	8 766	1208
Year ending 30 June 2008		**477 329**	**438***
	September 2008	141 577	300
	September 2008	111 884	450
	September 2008	30 782	830
	January 2009	106 195	565
	March 2009	8 766	1208
Year ending 30 June 2009		**399 204**	**473***
	September 2009	111 883	450
	September 2009	30 782	830
	January 2010	106 194	565
	March 2010	8 766	1208
Year ending 30 June 2010		**257 625**	**569***
	September 2010	30 782	830
	March 2011	8 767	1208
Year ending 30 June 2011		**39 549**	**914***
Total		**1 173 707**	**495***

* weighted average price of outstanding rights

Movement during the year

The movement in the number of outstanding rights to acquire shares during the year is as follows:

	Executive directors	Staff	Total
At the beginning of the year	1 579 195	191 314	1 770 509
Rights exercised**	(518 678)	(78 124)	(596 802)
At the end of the year	**1 060 517**	**113 190**	**1 173 707**

** weighted average price: 346 cents per share

8.2 Employee share option scheme: RadMark (Proprietary) Limited

RadMark (Proprietary) Limited ("RadMark"), a joint venture in the Kagiso Media Limited group, had a staff share scheme, in which the employees, via a share trust, could own 5% of the company. This scheme was closed on 30 June 2007. Share options were granted to all employees upon joining RadMark. The exercise price of the granted options was equal to the market price of the shares on the date of the grant. One-third of the option vested on each anniversary after three years' service. RadMark had a legal obligation to repurchase or settle the options in cash. Movements in the number of share options and their related weighted average exercise prices are set out in note 17 to the annual financial statements. The above scheme was a cash-settled option scheme, however in the closing of the scheme the liability due by the company was equity settled. The impact of this settlement of R813 000 is evident in the statement of changes in the shareholders' equity in the annual financial statements.

8.3 Unrestricted share purchase scheme

During the 2006 financial year, the Kagiso Media Unrestricted Share Purchase Scheme was approved and implemented. A trust was established to administer the scheme and to offer financial assistance as contemplated in section 38(2)(b) of the Companies Act. The trust will, as authorised by the board, make offers to eligible employees to acquire shares at the offer price. The eligible employees will be entitled to accept an offer within the offer period.

The purpose of the scheme is to allow participants to purchase shares in Kagiso Media Limited at market value, on an interest bearing loan account. The participants have full voting and dividend rights and there are no restrictions on the vesting or disposal of the shares. However, in order to encourage participants to hold their shares up to at least the end of a three year period, a bonus payment will be made on the third anniversary of the offer date, having regard to the shares held by the participant at that point in time.

The loans are interest bearing at prime less 2%, being the deemed interest rate that individuals with similar asset portfolios will be able to obtain from a reputable financial institution. The bonus payment will be 15% of the capital amount of the original loan used to purchase the shares still held at the time. The fair value of this obligation has been discounted at the interest rate for instruments of a similar risk profile and has been expensed in equal amounts over the specified period; that is three years. This transaction will be accounted for as long-term benefits in terms of IAS 19 "Employee Benefits".

This incentive scheme is deemed to be a long-term employee plan; IFRS 2 "Share-Based Payments" is therefore not applicable. Details of the transactions during the financial year in this scheme are provided in the remuneration report.

Details of the loans to participants in the Unrestricted Share Purchase Scheme at 30 June 2007 were as follows:

	M Morobe	S Pienaar	OC Essack
Number of shares held at the end of the year attributable to the Unrestricted Share Purchase Scheme	161 132	25 000	99 819
Loans outstanding at the end of the year (R'000)	2 393	62	1 414

9. Directors' interest

Directors' shareholding

The directors beneficially and directly held 532 880 (2006 – 363 151) ordinary shares, representing 0,4% (2006 – 0,3%) of the total issued share capital in the company. These shares were held by the directors as follows:

Director	Direct	Indirect	Total
HI Appelbaum	72 000	–	72 000
OC Essack*	171 014	–	171 014
WR Jardine	1 000	–	1 000
YI Mahomed	70 512	–	70 512
M Morobe*	161 132	–	161 132
RM Motanyane	–	–	–
MJN Njeke	14 822	–	14 822
S Pienaar*	25 000	–	25 000
WC Ross	17 400	–	17 400
Total	**532 880**	**–**	**532 880**

* Executive

Transactions in shares by directors

During the year under review the following directors recorded the following transactions in the company's shares:

Director	Type of transaction	Date of transaction	Number of shares	Price and average price (R)
WR Jardine	Purchased: share options	12 October 2006	159 021	2,08
WR Jardine	Purchased: share options	12 October 2006	141 577	3,00
WR Jardine	Purchased: share options	12 October 2006	111 884	4,50
			412 482	3,05*
WR Jardine	Sold	13 October 2006	7 000	13,05
WR Jardine	Sold	16 October 2006	9 000	13,00
WR Jardine	Sold	17 October 2006	72 500	12,90
WR Jardine	Sold	18 October 2006	323 982	12,90
WR Jardine	Sold	26 April 2007	183 600	15,79
			596 082	13,44*
M Morobe	Purchased: share purchase scheme	18 December 2006	161 132	13,96
			161 132	13,96*
OC Essack	Purchased: share purchase scheme	22 November 2006	49 269	12,76
OC Essack	Purchased: share purchase scheme	8 December 2006	19 381	13,94
OC Essack	Purchased: share purchase scheme	18 December 2006	12 809	14,00
OC Essack	Purchased: share options	23 February 2007	106 195	5,65
			187 654	8,94*
OC Essack	Sold	30 May 2007	20 000	16,10
OC Essack	Sold	11 June 2007	15 000	16,30
OC Essack	Sold	26 June 2007	2 469	16,30
			37 469	16,19*
S Pienaar	Purchased: share purchase scheme	22 November 2006	43 226	12,76
S Pienaar	Purchased: share purchase scheme	8 December 2006	17 004	13,94
S Pienaar	Purchased: share purchase scheme	18 December 2006	11 238	14,00
			71 468	13,23*
S Pienaar	Sold	23 April 2007	13 961	16,05
S Pienaar	Sold	23 April 2007	45 527	16,00
S Pienaar	Sold	24 April 2007	20 000	16,00
S Pienaar	Sold	9 May 2007	35 279	16,00
			114 767	16,01*

*Weighted average price

Prior approval for all the above trades was obtained from the chairman of the board of directors. Where the chairman was trading, approval was obtained from the deputy chairman.

Directors' interest in contracts

No director has any interest in any of the contracts entered into with the company.

Directors' remuneration

Full details of all amounts paid to the executive and non-executive directors are disclosed in the report by the remuneration committee.

Rights to acquire shares

The executive directors participate in the Kagiso Media Limited Share Option Scheme, which entitles them to acquire shares in the company at the market price ruling on the day of such award. At 30 June 2007 they had outstanding rights to acquire a further 1 060 517 ordinary shares in the share capital of the company.

10. Property, plant, equipment and intangible assets

There was no major change in the nature or the use of the property, plant and equipment and intangible assets, owned by the company or any of its subsidiaries or joint ventures during the year under review.

During the year under review, the group acquired property, plant and equipment to the value of R10,8m, the most significant items of which were acquired by Kagiso Exhibitions and Events (Proprietary) Limited and its subsidiary and LexisNexis Butterworths (Proprietary) Limited. These acquisitions took place in terms of the normal programme of asset replacement.

LexisNexis Butterworths (Proprietary) Limited acquired computer equipment to the value of R1,0m and various other entities also invested in computer equipment to the value of R1,1m. The exhibitions and events companies invested in stand building equipment (R2,6m), as well as improvements in the leased office building and furniture and fittings to the value of R2,9m.

11. Investments

The group's share in the aggregate profit and loss of its investments after tax amounts to the following:

	Profit	Loss
Subsidiaries	152 996	(58 627)
Joint ventures	35 871	(12 824)
Associates	12 394	–
	201 261	(71 451)

12. Borrowing limitations

There are no limitations on borrowings in terms of the articles of association of the company, its subsidiaries and joint ventures. However, in terms of the preference share subscription agreements, the group is limited in terms of its ability to raise more debt, declare ordinary dividends and make payments such as discretionary bonuses. The directors estimate that the group will be able to raise an additional R220m on terms similar to those of the existing preference shares without exceeding these covenants.

13. Special resolutions

At the annual general meeting on 24 November 2006, a special resolution was adopted by shareholders, which gave the company a general authority to acquire its own shares, subject to certain conditions. A similar special resolution is proposed for adoption at the annual general meeting, which is to be held on 23 November 2007.

14. Directorate

Particulars of the directors in office at the date of this report are set out on pages 6 and 7 of the annual report.

15. Company secretary

Ms S Pienaar has been appointed company secretary with effect from 1 October 2005. The business and postal addresses of the company secretary are reflected on the inside back cover of the annual report. The declaration by the company secretary is set out on page 49 of the annual report.

16. Auditors

PricewaterhouseCoopers Inc. are the auditors of the company. Members will be asked at the next annual general meeting, which will be held on 23 November 2007, to re-appoint PricewaterhouseCoopers Inc. as auditors of the company in accordance with Section 270(2) of the Companies Act.

17. Going concern

The board has considered the status of the company and group, including the sustainability of their business models, available financial resources at 30 June 2007, the current regulatory environment and potential changes thereto and is satisfied that the company and each of its subsidiaries, joint ventures and associates will be able to continue as going concerns in the foreseeable future.

18. Events subsequent to the balance sheets date

The directors are not aware of any matter or circumstance arising since the end of the financial year that would affect the operations of the group or the results of those operations significantly.

19 September 2007

Financial statements and accounting policies

Balance sheets

as at 30 June 2007

	Notes	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Assets					
Non-current assets		**595 400**	463 287	**371 316**	333 299
Property, plant and equipment	1	**29 284**	19 948	**–**	–
Intangible assets	2	**351 570**	343 678	**–**	–
Goodwill	3	**124 999**	17 984	**–**	–
Investment in subsidiaries	4	**–**	–	**322 968**	299 129
Investment in joint ventures	5	**–**	–	**34 170**	34 170
Investment in associates	6	**48 893**	44 708	**–**	–
Deferred income tax assets	16	**26 479**	17 993	**3**	–
Loans and receivables	7	**14 175**	18 976	**14 175**	–
Current assets		**304 915**	236 500	**2 266**	136
Inventories	8	**17 094**	21 140	**–**	–
Trade and other receivables	9	**168 182**	129 885	**–**	15
Loans and receivables	7	**2 065**	139	**2 065**	–
Cash and cash equivalents	10	**117 574**	85 336	**201**	121
Total assets		**900 315**	699 787	**373 582**	333 435
Equity					
Capital and reserve capital					
Ordinary share capital	11	**1 331**	1 325	**1 331**	1 325
Share premium	12	**11 850**	9 804	**11 850**	9 804
Revaluation and other reserves	13	**88 040**	87 135	**–**	576
Retained earnings		**218 868**	173 382	**358 828**	321 377
Total shareholders' equity		**320 089**	271 646	**372 009**	333 082
Minority interest	14	**45 074**	94 089	**–**	–
Total equity		**365 163**	365 735	**372 009**	333 082
Liabilities					
Non-current liabilities		**338 716**	198 011	**–**	–
Borrowings	15	**234 259**	100 640	**–**	–
Deferred income tax liabilities	16	**104 457**	97 371	**–**	–
Current liabilities		**196 436**	136 041	**1 573**	353
Trade and other payables	17	**164 985**	124 654	**1 179**	353
Borrowings	15	**16 189**	651	**–**	–
Current income tax liabilities		**15 262**	10 736	**394**	–
Total liabilities		**535 152**	334 052	**1 573**	353
Total equity and liabilities		**900 315**	699 787	**373 582**	333 435

The notes on pages 75 to 114 are an integral part of these financial statements

Income statements
for the year ended 30 June 2006

		Group		Company	
		2007	2006	**2007**	2006
	Notes	**R'000**	R'000	**R'000**	R'000
Revenue	19	**738 307**	604 795	**–**	–
Other income	20	**28 934**	16 733	**123 878**	112 171
Raw material and consumables		**(154 222)**	(121 709)	**–**	–
Commission and levies		**(105 409)**	(92 687)	**–**	–
Employee costs	21	**(107 959)**	(78 639)	**(414)**	(51)
Depreciation	21	**(8 163)**	(6 853)	**–**	–
Amortisation	21	**(20 953)**	(23 974)	**–**	–
Other expenses		**(134 464)**	(91 382)	**(1 495)**	(1 477)
Operating profit	21	**236 071**	206 284	**121 969**	110 643
Finance income	22	**10 333**	5 570	**1 037**	307
Finance expenses	23	**(20 150)**	(6 865)	**(34)**	–
Share of results of associates	24	**9 992**	6 865	**–**	–
Profit before income tax		**236 246**	211 854	**122 972**	110 950
Income tax expense	25	**(93 587)**	(82 058)	**(384)**	(3 578)
Profit for the year		**142 659**	129 796	**122 588**	107 372
Attributable to:					
Equity holders of the company		**129 810**	110 027	**122 588**	107 372
Minority interest		**12 849**	19 769	**–**	–
		142 659	129 796	**122 588**	107 372
Earnings per share for equity holders of the company during the year (expressed in cents):					
Basic	26	**97,6**	83,2		
Diluted	26	**97,3**	82,8		
Diluted headline earnings per share	26	**97,6**	82,9		
Dividends per share	27	**64,0**	84,0		

The notes on pages 75 to 114 are an integral part of these financial statements

Statements of changes in shareholders' equity

for the year ended 30 June 2007

	Notes	Attributable to equity holders of the company				Minority interest	**Total equity**
		Share capital R'000	Share premium R'000	Revaluation and other reserves R'000	Retained earnings R'000	R'000	**R'000**
							Group
Balance at 1 July 2005		1 313	7 120	87 186	174 654	96 320	**366 593**
New shares issued, net of share issue expenses		12	2 684	–	–	–	**2 696**
Profit for the year		–	–	–	110 027	19 769	**129 796**
Employee share option scheme value of services provided	13	–	–	(51)	–	–	**(51)**
Dividends		–	–	–	(111 299)	(22 000)	**(133 299)**
Balance at 30 June 2006		1 325	9 804	87 135	173 382	94 089	**365 735**
New shares issued, net of share issue expenses		6	2 046	–	–	–	**2 052**
Profit for the year		–	–	–	129 810	12 849	**142 659**
Employee share option scheme value of services provided	13	–	–	905	–	–	**905**
Reversal of share based payment liability		–	–	–	813	–	**813**
Disposal of interests by minorities		–	–	–	–	(48 864)	**(48 864)**
Dividends		–	–	–	(85 137)	(13 000)	**(98 137)**
Balance at 30 June 2007		1 331	11 850	88 040	218 868	45 074	**365 163**
							Company
Balance at 1 July 2005		1 313	7 120	627	325 304	–	**334 364**
New shares issued, net of share issue expenses		12	2 684	–	–	–	**2 696**
Profit for the year		–	–	–	107 372	–	**107 372**
Employee share option scheme value of services provided	13	–	–	(51)	–	–	**(51)**
Dividends		–	–	–	(111 299)	–	**(111 299)**
Balance at 30 June 2006		1 325	9 804	576	321 377	–	**333 082**
New shares issued, net of share issue expenses		6	2 046	–	–	–	**2 052**
Profit for the year		–	–	–	122 588	–	**122 588**
Employee share option scheme value of services provided	13	–	–	(576)	–	–	**(576)**
Dividends		–	–	–	(85 137)	–	**(85 137)**
Balance at 30 June 2007		1 331	11 850	–	358 828	–	**372 009**

The notes on pages 75 to 114 are an integral part of these financial statements

Cash flow statements

for the year ended 30 June 2007

		Group		Company	
		2007	2006	**2007**	2006
	Notes	**R'000**	R'000	**R'000**	R'000
Cash flows from operating activities					
Cash generated from operations	28.1	**257 310**	236 843	**120 169**	107 432
Finance expenses paid		**(5 784)**	(366)	**(27)**	–
Income tax paid	28.2	**(97 054)**	(95 729)	**–**	(3 578)
Dividends paid to shareholders		**(85 137)**	(111 299)	**(85 137)**	(111 299)
Dividends paid to minorities		**(13 000)**	(22 000)	**–**	–
Dividends paid to preference shareholders	28.3	**(11 033)**	(6 047)	**–**	–
Net cash generated from/(used in) operating activities		**45 302**	1 402	**35 005**	(7 445)
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	28.4	**(127 023)**	–	**(946)**	–
Acquisition of joint ventures, net of cash acquired	28.5	**(47 459)**	–	**–**	–
Purchases of property, plant and equipment ("PPE")		**(10 790)**	(10 842)	**–**	–
Proceeds from sale of PPE		**167**	–	**–**	–
Purchases of intangible assets		**(2 475)**	(2 659)	**–**	–
Loans from/(to) associates		**1 442**	(471)	**–**	–
Loans (to)/from subsidiaries		**–**	–	**(22 893)**	4 518
Finance income received		**10 333**	5 570	**1 037**	307
Dividends received from associates		**6 731**	–	**–**	–
Net cash (used in)/generated from investing activities		**(169 074)**	(8 402)	**(22 802)**	4 825
Cash flows from financing activities					
Proceeds from issue of ordinary shares		**2 052**	2 696	**2 052**	2 696
Proceeds from issue of preference shares		**244 498**	–	**–**	–
Proceeds from borrowings		**14 653**	18 791	**–**	–
Repayment of preference shares		**(109 994)**	–	**–**	–
Movement in loans and receivables		**4 801**	(10 573)	**(14 175)**	–
Net cash generated from/(used in) financing activities		**156 010**	10 914	**(12 123)**	2 696
Net increase in cash and cash equivalents		**32 238**	3 914	**80**	76
Cash and cash equivalents at the beginning of the year		**85 336**	81 422	**121**	45
Cash and cash equivalents at the end of the year	10	**117 574**	85 336	**201**	121

The notes on pages 75 to 114 are an integral part of these financial statements

Accounting policies

1. General information

Kagiso Media Limited ("the group") is a leading largely black owned and managed media entity in South Africa with substantial media interests, including radio broadcasting and radio airtime sales, information services and solutions, out-of-home advertising platforms, consumer and trade exhibitions and event capabilities.

The consolidated financial statements have been approved for issue by the board of directors on 19 September 2007.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated annual financial statements of the company and group are presented in accordance with, and comply with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective as at 30 June 2007.

The policies set out below have been consistently applied to all years presented.

The consolidated financial statements are prepared according to the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Detailed disclosure in respect of estimates and assumptions used has been included under the individual notes where appropriate.

2.2 Basis of consolidation

The consolidated annual financial statements include the results of Kagiso Media Limited and its subsidiaries, joint ventures, associates and related share scheme trusts.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

Minority interest is stated at the minorities' proportion of the fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date plus the minorities' portion of post acquisition reserves recognised. The interests of minority shareholders in the consolidated equity and results of the group are shown separately in the consolidated balance sheets, income statements and statements of changes in shareholders' equity, respectively.

Transactions and minority interests

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority interests results in gains and losses for the group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Associates

Associates are entities over which the group has significant influence but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the group has significant influence over the entity. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of the associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

The group's interests in jointly controlled entities are accounted for by proportionate consolidation. The group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flow on a line-by-line basis with similar items in the group's financial statements.

The group recognises the portion of gains or losses on the sale of assets by the group to the joint ventures that is attributable to the other ventures. The group does not recognise its share of gains or losses from the joint ventures that results from the group's purchase of assets from the joint ventures until it resells the assets to an independent third party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately. Joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. The segment report has been prepared using the group's method of internal reporting, which disaggregates its business by media type and includes all businesses over which the group exercises control or joint control. These business segments provide products or services that are subject to risks and returns that are different from those of other business segments.

The group has no geographic segment analysis as it has been determined that the risks and rewards for products or services within a particular economic environment are similar.

2.4 Property, plant and equipment

Property, plant and equipment comprise mostly equipment, furniture, leasehold improvements and vehicles. Property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements	5 – 10 years
Studio equipment	5 years
Office and computer equipment	3 – 5 years
Furniture and fittings	5 – 10 years
Plant and equipment	3 – 5 years
Motor vehicles	4 – 5 years

Major leasehold improvements are amortised over the shorter of their respective lease periods or estimated useful life. The carrying values of property, plant and equipment are reviewed periodically to assess whether the net recoverable amount has declined below the carrying amount. In the event of such impairment, the carrying amount is reduced and the reduction is charged as an expense in the income statement. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheets date. Gains and losses on disposals are determined by comparing the proceeds with the asset's carrying amount. These are included in the income statement in the related period.

2.5 Leased assets

Leases of property, plant and equipment, except land, are classified as finance leases where substantially all risks and rewards associated with ownership of an asset are transferred from the lessor to the group as lessee. Assets classified as finance leases are capitalised at the lower of the fair value of the leased asset and the estimated present value of the underlying minimum lease payments, with the related lease obligation recognised at the estimated present value of the minimum lease payments. Bank rates are used to calculate present values of minimum lease payments. Capitalised leased assets are depreciated over their estimated useful lives, limited to the duration of the lease agreement. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the assets' useful life and the lease term. The corresponding rental obligations, net of finance charges, are included in other long-term payables.

Leases of assets under which substantially all the risks and rewards of ownership are effectively retained by the third party lessor, are classified as operating leases. Operating lease rentals (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.6 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisition of subsidiaries and joint ventures is included in "goodwill" on the balance sheets. Goodwill on acquisitions of associates is included in "investments in associates" and tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses on goodwill are not reversed.

Broadcast licence

Broadcast licences are recorded as assets for rights acquired under licence agreements when the licence period begins and the cost of each programme is known or reasonably determinable. The broadcast licence is carried at acquisition cost and is not subject to amortisation, as it is considered to have an indefinite useful life. Radio broadcasting licences are issued by the Independent Broadcasting Authority of South Africa ("ICASA"). The stations directly own the radio licences as awarded by ICASA. Due to restrictions under South African legislation, these licences are not transferable. The licence operating agreements are expected to be renewed, hence the indefinite useful life. The carrying values of these licences are tested annually for impairment.

Transmitter split facility

The transmitter split facility is initially recorded at acquisition cost. This asset has a definite useful life and is carried at cost less accumulated amortisation and impairment (if required). Amortisation is calculated using the straight-line method to allocate the cost of the transmitter facility over the estimated useful life, namely 20 years.

Customer relationships

Customer relationships acquired are carried at acquisition cost less accumulated amortisation. These costs are amortised over 20 years using the straight-line method.

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Software costs are carried at cost less accumulated amortisation and impairment (if required). These costs are amortised over their estimated useful lives of between three to five years.

Other intangible assets

Other intangibles consist of patents, title rights, brand names, copyrights, trademarks and intellectual property. These assets are recognised at acquisition cost. All other intangible assets have a definite useful life and are carried at cost less accumulated amortisation and impairment (if required). Amortisation is calculated using the straight-line method to allocate the cost of these assets over their estimated useful lives.

The useful lives were determined as follows:

Patents	5 years
Title rights	10 years
Brand names, copyrights and trademarks	20 years
Intellectual property rights	7 years

The useful life of the group's intangible assets are re-assessed annually and no residual value has been determined as there is no commitment by a third party to purchase the asset at the end of its useful life; or there is no active market for these assets.

Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets to the extent that such expenditure is expected to have future benefits. Other development costs are recognised as an expense as incurred. Development costs previously expensed are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product to which they relate, on a straight-line basis over the period of their expected benefit, but not exceeding five years.

2.7 Investments and other financial assets

The company accounts for investments in subsidiaries, joint ventures and associates at cost, which includes transaction costs, less amounts written off and accumulated impairment losses, at a stand alone level.

The group classifies its other investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held-for-trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets in this category are classified as current if they are either held-for-trading or are expected to be realised within 12 months of the balance sheet date. The group has not classified any investment to this category.

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 for maturities later than 12 months after the balance sheet date. These are classified as non-current assets.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. The group has not classified any investments to this category.

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 other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. The group has not classified any investment to this category.

Purchases and sales of investments are recognised on trade-date (the date on 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 de-recognised when the rights to receive cash flows from the investments have expired or the group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity.

The group assesses at each balance sheets date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

2.8 Impairment of assets
Assets that have an indefinite life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped to the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that were previously impaired are reviewed at each reporting date for a possible reversal of the impairment.

2.9 Inventory
Inventory is stated at the lower of cost or net realisable value. The cost of inventory is determined by means of the first-in first-out basis. The cost of inventory of publications and work-in-progress include amounts paid to printers, editors and authors, but does not include any portion of administrative overheads.

Direct expenditure incurred on an exhibition is accounted for as work-in-progress in the balance sheets and only charged to the income statement when the exhibition has been held. Expenses are only accounted for as work-in-progress if there is a strong possibility that the exhibition will in fact take place and to the extent that such an exhibition is expected to show a profit. In case of the termination of a future exhibition, work-in-progress related to that exhibition is immediately charged to the income statement.

Net realisable value of inventory is the estimate of the selling price, less the costs of completion and selling expenses.

2.10 Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for 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. Significant financial difficulties experienced by a debtor, the probability that the debtor will enter bankruptcy and default in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the income statement.

2.11 Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheets at fair value. Cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in money market instruments with maturities of three months or less at the date of purchase. For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheets.

2.13 Share capital

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as borrowings.

Incremental external costs directly attributable to the issue of new ordinary shares or options other than in connection with a business combination are shown in equity as a deduction, net of tax, from the proceeds.

Where the company or its subsidiaries purchase the company's equity share capital, the consideration paid, including any attributable incremental external costs net of tax, is deducted from equity attributable to the company's equity holders as treasury shares until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity attributable to the company's equity holders.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowings. Preference shares, which are mandatory redeemable on a specific date or at the shareholder's election, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as finance expense. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.15 Provisions

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

2.16 Taxation

Taxation rates

The normal South African company tax rate used for the year ending 30 June 2007 was 29% (2006 – 29%). Deferred tax assets and liabilities for South African entities at 30 June 2007 have been calculated using this rate, being the rate that the group expects to apply to the periods when the assets are realised or the liabilities are settled. Secondary tax on companies is calculated at 12,5% and capital gains tax is calculated at 50% of the company tax rate.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither an accounting nor a taxable profit or loss.

Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

The principal temporary differences arise from depreciation on property, plant and equipment, other intangibles, provisions, other current liabilities, income received in advance and tax losses carried forward.

Secondary Tax on Companies ("STC")
Dividends declared by South African companies are subject to STC, but the STC liability is reduced by dividends received during the dividend cycle. Where the dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends received is carried forward to the next dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate. The STC expense is included in the taxation charge in the income statement in the period that the dividend accrues. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the group will declare future dividends to utilise such STC credits.

2.17 Revenue
Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services net of value added tax and discounts and after eliminating sales within the group. The group recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities discussed below. The amount of revenue is not considered to be reliably measurable until all its contingencies relating to the sale have been resolved.

Revenue is recognised as follows:
Sale of radio airtime – upon broadcasting of the advertising material
Sale of publications – upon customer acceptance
Sale of exhibition space – upon the staging of the exhibition
Sale of other services – upon delivery of the service
Entrance fees – upon receipt thereof

Deferral of revenue
Revenue earned on exhibitions is deferred and only brought to account when the exhibitions are held.

Revenue from certain annual subscriptions to the group's specialist publishing products and outdoor advertising contracts are recognised over the period of such a subscription or contract.

2.18 Foreign currency translations
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 (the "functional currency"). The consolidated financial statements are presented in South African Rand, which is the company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement and disclosed separately in the notes to the annual financial statements.

2.19 Other income
Interest income
Interest is accrued on a time-proportion basis, recognising the effective yield on the underlying assets.

Dividend income
Dividends are recognised when the right to receive payment is established.

2.20 Employee benefits

Defined contribution plans

Group companies have various defined contribution schemes. Under these schemes the group pays contributions, on a mandatory or voluntary basis, into a separate entity and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in either directors' emoluments or staff costs.

Equity compensation benefits

The company operated several equity compensation schemes for the benefit of staff, namely the Kagiso Media Share Option Scheme, the Kagiso Media Unrestricted Share Purchase Scheme and the RadMark Staff Share Scheme.

Options are granted in terms of the Kagiso Media Share Option Scheme at the market price of the shares on the date of the grant and are exercisable at that price. Options are exercisable over a period ranging from three to ten years from the date of the grant. When the options are exercised, the proceeds received net of any transaction cost are credited to share capital (nominal value) and share premium. The fair value of the options is recognised as an employee benefit expense with a corresponding increase in other reserves over the vesting period.

The benefits relating to the Unrestricted Share Purchase Scheme which is available to executives of the company, is stated at full fair value and there is no related IFRS 2 "Share-Based Payments" charge to the income statements.

One of the group's joint ventures operated a share scheme through which staff could own shares in the company. This scheme was closed at 30 June 2007. The cost was expensed in the income statement over the period during which the benefit was received and a related liability was previously recognised in the balance sheet.

Profit sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where it is contractually obliged to pay or where there is a past practice that has created a constructive obligation.

2.21 Dividends

Dividend distributions to the company's shareholders are recognised in the group's financial statements in the period in which they are approved by the company's directors.

2.22 New accounting standards and IFRIC interpretations

Certain new accounting standards and IFRIC interpretations have been published and are mandatory for the accounting periods beginning on or after 1 January 2007.

The following new accounting standards, amendments and interpretations were effective for the current financial year but had no or little effect on the group's results:

- IAS 19 (Amendment), Employee Benefits – Amendment December 2004;
- IAS 21 (Amendment), Net Investment in a Foreign Operation;
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- IAS 39 (Amendment), The Fair Value Option;
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts;
- IFRS 6, Exploration for and Evaluation of Mineral Resources;
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards;
- IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources;
- IFRIC 4, Determining whether an Arrangement contains a Lease;
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;
- IFRIC 6, Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment;

- IFRIC 7, Applying the restatement approach under IAS 29 Financial Reporting in Hyperinflationary Economies;
- IFRIC 8, Scope of IFRS 2; and
- IFRIC 9, Reassessment of Embedded Derivatives.

The following new standards, amendments and interpretations have been issued but are not effective for this financial year:

IAS 23 Borrowing costs

The revised standard (effective for financial periods commencing on or after 1 January 2009) in principal eliminates the option to expense borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The group expenses borrowing costs and is evaluating the effect of the above revision.

IFRS 7 Financial instruments: Disclosures, and a complementary amendment to IAS 1, presentation of financial statements – capital disclosures

IFRS 7 – Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures, will only be adopted as from 1 July 2007. IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of financial instruments.

The group is in the process of preparing a detailed gap analysis to identify additional disclosure requirements required under IFRS 7.

IFRS 8 – Operating Segments

IFRS 8 sets out the requirements for disclosure of information about an entity's operating segments and about the entity's products and services, the geographical areas in which it operates, and its major customers.

The Group's current disclosure will be benchmarked against the requirements of IFRS 8 and areas requiring additional disclosure will be identified.

IFRIC 10 – Interim Financial Reporting and Impairment

IFRIC 10 – Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date.

The Group will apply IFRIC 10 from 1 July 2007, but it is not expected to have any impact on the group's accounts.

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

This interpretation addresses issues on whether certain share based payment transactions should be accounted for as equity-settled or as cash-settled under the requirements of IFRS 2, and where certain arrangements involve two or more entities within the same group. IFRIC 11 is applicable for financial periods commencing on or after 1 March 2006.

The interpretation is applicable to the group but no impact is currently expected.

IFRIC 12 – Service Concession Arrangements

This interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements. IFRIC 12 is applicable for financial periods commencing on or after 1 January 2008.

The effect of the interpretation is being assessed by the group.

IFRIC 13 – Customer Loyalty Programmes

IFRIC 13 addresses how companies that grant their customers loyalty awards credits when buying goods or services, should account for their obligation to provide free or discounted goods, or services, if and when customers redeem the points. The interpretation is effective for years commencing on or after 1 July 2008.

The group does not have such arrangements.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 14 provides guidance on the accounting for defined benefit assets and specifically with respect to refunds or reductions in future contributions that should be regarded as available, particularly when a minimum funding requirement exists. The interpretation is applicable for years commencing on or after 1 July 2008.

The group does not have such employee benefit plans and therefore no effective is expected.

3. Financial risk management

The group's activities expose it to a variety of financial risks, including credit risk, interest rate risk, liquidity risk and foreign exchange risk. The following sets out the procedures followed by the group's management in managing the risks.

3.1 Credit risk

Normal trade credit risk

Although bad debts have historically been very low, the group still considers the risk of non-payment by a customer as a major threat to its business. The group's exposure to credit risk is mitigated by the fact that its customers are dispersed over different geographical areas and industries (such as the advertising industry and individual subscribers to its professional publications) and comprise many thousands of individual customers.

An analysis of the concentrations of credit risk in the specific areas of the group's business, as well as the amount included in trade receivables in respect of sales considered to be "at risk", is set out in note 34.

Broadcasting

Some concentrations of credit risk may exist, particularly in the area of radio airtime sales through RadMark (Proprietary) Limited. In this regard, RadMark insures its trade receivables to the maximum amount possible and is affiliated to the Media Credit Consortium, where credit information on the broader media industry is regularly exchanged. A subjective risk grading system has also been developed for application in the radio sales environment. RadMark regularly calculates and monitors the amount included in its trade receivables considered to be "at risk". This exposure is at its highest at 30 November of each year due to the seasonality inherent in the radio airtime sales cycle.

Information services and solutions

LexisNexis Butterworths (Proprietary) Limited has more than 35 000 active debtors, spread across different geographic areas and segments of industry. Of these debtors, approximately 15% by number represent 80% of total trade receivables at any time. The company performs an extensive credit vetting when an account is first opened.

Outdoor

The Clear Channel Merafe (Proprietary) Limited ("CCM") group (in which Kagiso Outdoor (Proprietary) Limited owns 50,1%) consists of five trading entities – Clear Channel Merafe (Proprietary) Limited and Clear Channel Merafe Rail (Proprietary) Limited do not have debtors books on their balance sheet, as they have an agency agreement with Clear Channel Independent (Proprietary) Limited ("CCI") who enter into sales contracts on their behalf; the debtor therefore resides in CCI's books. A large percentage of these debtors are accredited large advertising agencies, with good credit records. CCI management have advised that their debtors book does not contain any major known risks and bad debt provisions are adequate. Extensive credit checks are performed on new clients. The other trading entity in the CCM group is Media Management (Proprietary) Limited trading as Nameplate Centre, which does have a debtors book, of which the majority of debtors by value are provincial government or municipal councils. Based upon historical records and the current risks assessed by management, the bad debt provision is more than adequate.

Exhibitions and events

Due to the nature of its events, Kagiso Exhibitions and Events (Proprietary) Limited normally has no debtors in respect of an exhibition by the time the exhibition commences.

3.2 Interest rate risks

Surplus cash is invested from time to time with reputable financial institutions. Management monitors and negotiates available interest rates on an ongoing basis.

Preference shares were issued at a coupon of 70% of prime overdraft rate. Dividends are calculated on this basis with the result that the group is exposed to and will also benefit from interest rate fluctuations. The funds invested in the sinking fund are invested with reputable financial institutions, cumulating interest at rates as negotiated by management on an ongoing basis.

3.3 Foreign exchange risk

Derivative financial instruments, comprising forward exchange contracts, are used by the group for hedging purposes to mitigate foreign exchange risk on contract commitments to purchase goods and services. Hedge accounting in terms of IAS 39 however is not applied and these financial instruments are fair valued through the income statement. The group does not speculate or engage in trading of financial instruments.

3.4 Liquidity risk

The group generates adequate resources to enable it to pay all operating liabilities, required investments and savings, dividends to preference shareholders and to service the normal shareholders as per the dividend policy as set out in note 5 of the directors' report. In terms of the debt covenants as agreed to with the current preference shareholders, the group has access to an additional preference share facility of R220m, as at the end of the financial year.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period of the balance sheet to the contractual maturity date.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2007 (R'000)				
Bank borrowings	172	–	–	–
Preference shares	24 489	24 489	185 069	–
Other borrowings	15 935	–	–	–
Instalment/finance leases	82	82	131	–
Trade and other payables	164 985	–	–	–
	205 663	**24 571**	**185 200**	**–**
At 30 June 2006 (R'000)				
Bank borrowings	47	121	–	–
Preference shares	20 000	20 000	59 542	–
Instalment/finance leases	604	977	–	–
Trade and other payables	124 654	–	–	–
	145 305	21 098	59 542	–

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts within the next financial year relates primarily to goodwill. Details of which are discussed in note 3.

Notes to the financial statements

1. Property, plant and equipment

	Capitalised leased asset*	Computer equipment	Freehold land and buildings**	Furniture and fittings	Leasehold improve-ments	Motor vehicles	Plant and equipment	Studio equipment	**Total**
Group – 2007 (R'000)									
Cost									
Opening balance	3 826	18 780	87	8 018	6 139	1 389	6 979	9 130	**54 348**
Additions	–	2 173	–	1 455	2 162	493	4 018	489	**10 790**
Acquired in joint ventures	–	65	–	79	–	189	6 779	–	**7 112**
Reclassification to intangible assets	(3 826)	(215)	–	66	–	250	3 442	–	**(283)**
Disposals	–	(1 771)	–	(272)	–	(62)	(474)	(199)	**(2 778)**
Closing balance	–	19 032	87	9 346	8 301	2 259	20 744	9 420	**69 189**
Accumulated depreciation									
Opening balance	511	13 633	–	4 974	3 558	732	3 640	7 352	**34 400**
Acquired in joint ventures	–	14	–	16	–	1	8	–	**39**
Reclassification to intangible assets	(511)	(214)	–	6	–	52	438	–	**(229)**
Disposals	–	(1 607)	–	(245)	–	(20)	(399)	(197)	**(2 468)**
Depreciation	–	2 814	–	1 068	809	272	2 393	807	**8 163**
Closing balance	–	14 640	–	5 819	4 367	1 037	6 080	7 962	**39 905**
Carrying amount									
Opening balance	3 315	5 147	87	3 044	2 581	657	3 339	1 778	**19 948**
Closing balance	–	4 392	87	3 527	3 934	1 222	14 664	1 458	**29 284**
Group – 2006 (R'000)									
Cost									
Opening balance	–	16 423	87	6 680	5 873	1 632	5 517	8 221	44 433
Additions	–	2 552	–	1 383	266	344	1 506	965	7 016
Acquired in subsidiaries	3 826	–	–	–	–	–	–	–	3 826
Disposals	–	(195)	–	(45)	–	(587)	(44)	(56)	(927)
Closing balance	3 826	18 780	87	8 018	6 139	1 389	6 979	9 130	54 348
Accumulated depreciation									
Opening balance	–	11 181	–	4 187	2 799	925	2 797	6 423	28 312
Disposals	–	(180)	–	(43)	–	(449)	(37)	(56)	(765)
Depreciation	511	2 632	–	830	759	256	880	985	6 853
Closing balance	511	13 633	–	4 974	3 558	732	3 640	7 352	34 400
Carrying amount									
Opening balance	–	5 242	87	2 493	3 074	707	2 720	1 798	16 121
Closing balance	3 315	5 147	87	3 044	2 581	657	3 339	1 778	19 948

	Group	
Reconciliation	**2007 R'000**	2006 R'000
Opening balance	**19 948**	16 121
Additions	**10 790**	7 016
Acquired in subsidiaries	**–**	3 826
Acquired in joint ventures	**7 073**	–
Reclassification	**(54)**	–
Disposals	**(310)**	(162)
Depreciation	**(8 163)**	(6 853)
Closing balance	**29 284**	19 948

* At 30 June 2006 assets including stand building equipment and motor vehicles were leased by Kusasa Commodities 386 (Proprietary) Limited trading as Eyethu Exhibitions ("EE") from Kagiso Exhibitions and Events (Proprietary) Limited ("KEE"). At 30 June 2006 EE were owned 50,1% by KEE and 49,9% by Eyethu (Proprietary) Limited ("Eyethu"). On 1 July 2006 KEE purchased all the share capital of Eyethu. The lease on the assets in EE was cancelled and all the assets were transferred into Eyethu.

**The property comprises Section No. 137, in extent 161 square metres, in the building known as Ben Avon – Ben Eden situated at Benmore Gardens, Sandton.

2. Intangible assets

	Trademarks, titles and copyright	Development expenditure	Broadcast licence	Transmitter split facility	Customer relationships	Computer software	Total
Group – 2007 (R'000)							
Cost							
Opening balance	219 372	6 100	62 960	48 030	105 164	768	**442 394**
Additions	589	1 570	–	–	–	316	**2 475**
Acquired in joint ventures	–	–	–	–	26 307	13	**26 320**
Reclassification from property, plant and equipment	–	–	–	–	–	283	**283**
Disposals	–	–	–	–	–	(6)	**(6)**
Closing balance	219 961	7 670	62 960	48 030	131 471	1 374	**471 466**
Accumulated amortisation							
Opening balance	79 341	4 519	–	4 602	10 078	176	**98 716**
Acquired in joint ventures	–	–	–	–	–	4	**4**
Reclassification from property, plant and equipment	–	–	–	–	–	229	**229**
Disposals	–	–	–	–	–	(6)	**(6)**
Amortisation	11 234	550	–	2 402	6 547	220	**20 953**
Closing balance	90 575	5 069	–	7 004	16 625	623	**119 896**
Carrying amount							
Opening balance	140 031	1 581	62 960	43 428	95 086	592	**343 678**
Closing balance	129 386	2 601	62 960	41 026	114 846	751	**351 570**
Group – 2006 (R'000)							
Cost							
Opening balance	217 812	5 659	62 960	48 030	105 164	117	**439 742**
Additions	1 560	441	–	–	–	658	**2 659**
Disposals	–	–	–	–	–	(7)	**(7)**
Closing balance	219 372	6 100	62 960	48 030	105 164	768	**442 394**
Accumulated amortisation							
Opening balance	63 687	3 957	–	2 201	4 820	84	**74 749**
Disposals	–	–	–	–	–	(7)	**(7)**
Amortisation	15 654	562	–	2 401	5 258	99	**23 974**
Closing balance	79 341	4 519	–	4 602	10 078	176	**98 716**
Carrying amount							
Opening balance	154 125	1 702	62 960	45 829	100 344	33	**364 993**
Closing balance	140 031	1 581	62 960	43 428	95 086	592	**343 678**

Reconciliation	Group **2007 R'000**	Group 2006 R'000
Opening balance	**343 678**	364 993
Additions	**2 475**	2 659
Acquired in joint ventures	**26 316**	–
Reclassification	**54**	–
Amortisation	**(20 953)**	(23 974)
Closing balance	**351 570**	343 678

The total value of the indefinite intangible assets (broadcast licence) has been allocated to the Jacaranda FM cash generating unit, which was tested for impairment as described in note 3.

	Group 2007 R'000	Group 2006 R'000
3. Goodwill		
Cost		
Opening balance	**18 185**	18 185
Acquired in subsidiaries*	**78 496**	–
Acquired in joint ventures**	**28 771**	–
Closing balance	**125 452**	18 185
Accumulated impairment		
Opening balance	**201**	201
Impairment	**252**	–
Closing balance	**453**	201
Carrying amount	**124 999**	17 984

* Refer to note 4 for details
** Refer to note 5 for details

The group recognised an impairment loss on goodwill of R252 000 (2006 – Rnil) in Primetime Kagiso Private Limited due to the fact that the recoverable amount of this cash-generating unit was less than its carrying value. The impairment charge has been included in "other expenses" in the income statement. The recoverable amount was based on value-in-use.

Impairment testing of goodwill
The group has allocated goodwill to various cash-generating units. The recoverable amount of these cash-generating units have been determined based on the value-in-use. The value-in-use is based on discounted cash flow calculations. The group based its cash flow calculations on budget and forecast information approved by senior management and the board of directors. A long-term average growth rate was used to extrapolate the cash flows into the future.

The group allocated goodwill to the following cash-generating units:

	Net closing balance	Basis of determination of recoverable amount	Discount rate applied to cash flow	Growth rate used to extrapolate cash flows
Jacaranda FM	84 660	Value-in-use	14%	4%
Kagiso Exhibitions and Events	7 193	Value-in-use	19%	3%
Clear Channel Merafe	24 019	Value-in-use	16%	Per contract*
LexisNexis Butterworths – CBA training	4 500	Value-in-use	15%	8%
Various other units	4 627	Value-in-use	various	various
	124 999			

* Refer to note 5 for details.

Quantification of sensitivity of the goodwill impairment calculation in Jacaranda FM:
If the revised estimated growth in perpetuity is 10% lower than management's estimate, the company's value will decrease by 3%.

If the weighted average cost of capital applied to the discounted cash flows had been 10% higher than management's estimate, the company's value will decrease by 12%.

None of the above will result in a possible impairment of the value of the goodwill.

Quantification of sensitivity of the goodwill impairment calculation in Kagiso Exhibitions and Events:
If the revised estimated growth in perpetuity is 10% lower than management's estimate, the company's value will decrease by 1%.

If the weighted average cost of capital applied to the discounted cash flows had been 10% higher than management's estimate, the company's value will decrease by 11%.

None of the above will result in a possible impairment of the value of the goodwill.

3. Goodwill (continued)

Quantification of sensitivity of the goodwill impairment calculation in Clear Channel Merafe:
If the revised estimated growth in the contracts are 10% less than management's estimate the company's value will increase by 0,2%.

If the weighted average cost of capital applied to the discounted cash flows had been 10% higher than management's estimate the company's value will decrease by 6,3%.

None of the above will result in a possible impairment of the value of the goodwill.

Quantification of sensitivity of the goodwill impairment calculation in LexisNexis Butterworths–CBA training:
If the revised estimated growth in perpetuity is 10% lower than management's estimate the company's value will decrease by 5%.

If the weighted average cost of capital applied to the discounted cash flows had been 10% higher than management's estimate the company's value will decrease by 8%.

None of the above will result in a possible impairment of the value of the goodwill.

4. Investment in subsidiaries

Name (all private companies registered in South Africa)	Issued share capital Amount R	Proportion held % 2007	2006	Interest of holding company Shares at cost (R'000) 2007	2006	Loans owing by subsidiaries (R'000) 2007	2006
Directly held subsidiaries (principal activity):							
– Kagiso Branding & Marketing (dormant)	100	**100**	100	**–**	–	**–**	1 719
– Kagiso Broadcasting (central functions)	1 000	**100**	100	**1**	1	**5 508**	40 946
– Kagiso Exhibitions & Events (exhibitions and events management)	900	**100**	100	**13 000**	13 000	**11 054**	13 054
– Kagiso Media Investments (investment holding)	100	**100**	100	**9 847**	9 847	**253 626**	221 810
– Kagiso Media Limited Share Trust (share option scheme)	100	**100**	100	**–**	–	**–**	–
– Kagiso Media Limited Share Trust (share purchase scheme)	1	**100**	100	**–**	–	**–**	–
– Kagiso Outdoor (investment holding)	100	**65**	–	**946**	–	**30 234**	–
– Kagiso Media Holdings (dormant)	120	**100**	100	**–**	–	**–**	–
Indirectly held subsidiaries (principal activity):							
– East Coast Radio (radio broadcaster)	1 011	**100**	100	**–**	–	**–**	–
– Naledi Media Investment Holdings (investment holding)	10 000	**100**	100	**–**	–	**–**	–
– Jacaranda FM (radio broadcaster)	800	**80**	60	**–**	–	**–**	–
– Little Swift Investments 36 (investment holding)	600	**100**	–	**–**	–	**–**	–
– Sport on MW (radio broadcaster)	425	**80.1**	–	**–**	–	**–**	–
– Eyethu trading as Kagiso Exhibitions and Events Solutions (stand building)	50 000	**100**	–	**–**	–	**–**	–
– Kusasa Commodities 386 (dormant)	100	**100**	51	**–**	–	**–**	–
				23 794	22 848	**300 422**	277 529
Less							
Loan written off				**–**	–	**(1 248)**	(1 248)
				23 794	22 848	**299 174**	276 281
Total investment in subsidiaries						**322 968**	299 129
Profit, net of losses from subsidiaries						**94 369**	86 316

4. Investment in subsidiaries (continued)

Profit from subsidiaries includes only the profit attributable to Kagiso Media Limited, therefore excludes the minority share in the subsidiaries' results. All inter-company transactions between group companies have been eliminated. All Secondary Tax on Companies in the group has been allocated to central services for reporting purposes.

With effect from 1 August 2006 the group acquired an additional 20% of Jacaranda FM (Proprietary) Limited, thereby raising its controlling interest to 80%.

An impairment test has been performed on the goodwill for Jacaranda as well as its broadcasting licence. This has been done using the discounted cash flow method, assuming no change in the business, other than organic growth. Assumptions used include a weighted average cost of capital ("WACC") rate of 14%, an effective taxation rate of 36% and growth in perpetuity at 4%.

Directors' valuation

The investment in subsidiaries of R322 968 00 (2006 – R299 129 000) reflects the carrying value of these investments. The directors value these subsidiaries at an aggregate of R1 357 066 000 (2006 – R898 175 000), on the basis of a market-related multiple of the profit for the year before interest, tax, depreciation and amortisation.

	Group		Company	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
5. Investment in joint ventures				
The company exercises joint control over the joint ventures.				
The investments in joint ventures, all of which are unlisted, are:				
Directly held joint venture				
– 7 950 101 (2006 – 7 950 101) ordinary shares in LexisNexis Butterworths (Proprietary) Limited, representing 50% of the total issued share capital				
Investment – at cost			**34 170**	34 170
Indirectly held joint ventures				
– 4 747 276 (2006 – 4 747 276) ordinary shares in RadMark (Proprietary) Limited, representing 49,97% (2006 – 47,47%) of the total issued share capital			**–**	–
– 501 (2006 – nil) ordinary shares in Clear Channel Merafe (Proprietary) Limited, representing 50,1% of the total issued share capital			**–**	–
– 250 000 (2006 – nil) ordinary shares in Primetime Kagiso Private Limited, trading as RadioMinds, representing 50% of the total issued share capital			**–**	–
Closing carrying amount			**34 170**	34 170

The investment in joint ventures of R34 170 000 (2006 – R34 170 000) reflects the carrying value of these investments. The directors value the investments in the joint ventures at R349 871 000 (2006 – R239 420 000).

	Group		Company	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
5. Investment in joint ventures (continued)				
The following amounts represent the group's effective share of the assets and liabilities of the joint ventures (after elimination of inter company transactions) and are included in the consolidated balance sheets				
Property, plant and equipment	**12 075**	5 814		
Intangible assets	**36 514**	33 466		
Deferred tax assets	**5 011**	–		
Current assets	**148 671**	103 545		
Current liabilities	**(128 486)**	(75 096)		
Net assets	**73 785**	67 729		
The aggregate revenue, profit before tax, tax, profit after tax and cash flows of the joint ventures (after elimination of inter company sales) included in the group results are as follows:				
Revenue	**173 354**	139 692		
Profit net of losses, before tax	**41 268**	33 018		
Taxation	**(21 000)**	(18 446)		
Profit net of losses, after tax	**20 268**	14 572		
Operating cash flows	**20 749**	1 482		
Investing cash flows	**(9 444)**	(4 023)		
Financing cash flows	**3 379**	(1)		
Total cash flows	**14 684**	(2 542)		

There are no long-term or contingent liabilities relating to the group's interest in the joint ventures.

The financial reporting periods for certain joint ventures do not correspond to that of Kagiso Media Limited as their original controlling companies have a reporting period which is different to that of Kagiso Media Limited. Audited financial information was included in the financial results of the group for the period ending 30 June 2007. The entities with financial reporting periods different to that of Kagiso Media Limited are set out on the following page.

5. Investment in joint ventures (continued)

Investment in Clear Channel Merafe (Proprietary) Limited ("CCM")

Kagiso Media acquired 65% in Kagiso Outdoor (Proprietary) Limited, an investment holding company. This entity purchased 50,1% of the share capital of CCM. The acquisition date for financial reporting and consolidation purposes is the date on which significant influence over an entity's operational policies is obtained. The acquisition date of this transaction is 11 April 2007. This purchase price allocation and fair values in CCM were determined at this date.

	Year-end 2006	Stake owned by CCM
Included in the CCM group are the following entities:		
Subsidiaries:		
– Clear Channel Merafe Rail (Proprietary) Limited	31 December	55%
– Media Management (Proprietary) Limited (t/a Nameplate)	31 December	100%
Joint ventures:		
– Mall Media	31 December	50%
– Lesedi Joint Venture	31 December	50%
– Biz Africa (Proprietary) Limited	31 December	50%

The cost of acquiring an interest in CCM is represented by the following:

	R'000
Property, plant and equipment	14 342
Intangible assets	58 995
Deferred tax on intangible assets	(17 109)
Deferred income tax assets	6 765
Loans and receivables	92
Liability for straight-lining of leases	(27 044)
Cash and cash equivalents	8 471
Inventories	6 011
Trade and other receivables	6 114
Trade and other payables	(5 874)
Fair value of net identifiable assets and liabilities	50 763
Kagiso Media group's share in the fair value of net assets acquired	21 972
Goodwill on acquisition	24 019
Total purchase price	45 991

Critical accounting estimates, judgments and assumptions

Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Refer below for detail.

Fair value

The fair value of assets and liabilities at date of acquisition has been determined based on the income approach. This measures the value of an asset based on the expected net profits or cash flows attributable to the asset over its remaining economic life. The net cash flows attributable to an asset over its economic life are estimated, discounted to present value at an appropriate rate of return and calculated to arrive at an indication of the value of the subject asset. This approach assumes that the income derived from the asset will, to a large extent, control its value discounted cash flows.

Within the income approach, commonly applied methodologies include the discounted cash flow method, which was applied in this valuation.

5. Investment in joint ventures (continued)

Discounted cash flow

Discounted cash flow techniques have been used in valuations where there was no recent equity transaction in the shares of the investment being valued or where there was an offer made for an equity stake in the said investment. Where management could validate market assumptions, those assumptions were then used for the calculation as the market transactions of offers provided a benchmark against which the valuation could be compared. The following key assumptions were considered in applying the discounted cash flow valuation technique in the valuation of CCM's intangible assets at date of acquisition.

The intangible assets that were identified and that were material, related to various contracts awarded to entities in the group. Four of these contracts were valued using the following assumptions/facts, which formed the base for the valuation of the customer relationships.

	ACSA* contract nr 1	ACSA* contract nr 2	Eyecom	Rail
Revenue growth rate**				
– Year 1	47,3%	61,3%	64,2%	64,2%
– Year 2	6,7%	6,5%	(95,7%)	12,9%
– Year 3	8,6%	8,4%	–	10,0%
– Year 4	3,8%	(20,6%)	–	2,0%
– Year 5	5,8%	–	–	5,0%
– Year 6	(47,1%)	–	–	(20,5%)
Operating income***				
– Year 1	36,3%	11,2%	18,4%	48,0%
– Year 2	35,0%	9,8%	34,8%	48,1%
– Year 3	35,0%	10,3%	–	48,9%
– Year 4	32,9%	8,8%	–	46,3%
– Year 5	32,0%	–	–	44,7%
– Year 6	30,5%	–	–	44,0%
Tax rate	31,1%	31,1%	31,1%	31,1%
Discount rate****	15%	15%	15%	15%
Estimated useful life (years)	6,25	4,50	1,83	6,50

* Airports Company South Africa

** The negative growth in the last year of each contract is a function of the number of months the contract can be applied to in that particular year compared to a full financial year of the company

*** Budgeted margins

**** Post tax discount rate applied to the cash flow projections

The above assumptions have been used for estimating the fair value of the various contracts and therefore the customer relationships. Management determined the operating income margins based on past performance and expectations for the future. The revenue growth rates are a function of the potential average income that could be extracted from the contracts.

5. Investment in joint ventures (continued)

Discounted cash flow (continued)

Goodwill arose on date of acquisition of Kagiso Media's effective interests in the CCM group and represents the excess of Kagiso Media's interest in the net fair value of assets and liabilities acquired over the purchase price.

An asset impairment test was performed at 1 April 2007. The recoverable amount of the cash-generating units was accepted to be the value-in-use based on discounted cash flow calculations. These calculations included cash flow projections based on the actual existing contracts and the resulting revenue and operating profits that could be derived from these. The key assumptions applied in the discounted cash flow valuation are listed below:

	Revenue growth rate	Operating income margin
– Year 1 (9 months)	57,5%	24,4%
– Year 2 (12 months)	(1,8%)	25,8%
– Year 3	(21,3%)	32,4%
– Year 4	(1,3%)	31,4%
– Year 5	(11,0%)	34,5%
– Year 6	(41,8%)	34,2%
Tax rate		31,1%
Discount rate, post tax		15%

Period of cash flow projections: This corresponds to the amount of months the contract can be applied, for the benefit of the group.

6. Investment in associates

The investments in associates, all of which are unlisted comprise:

– 27 570 ordinary shares in Seyalemoya Communications (Proprietary) Limited (trading as OFM) representing 24,9375% of the total issued share capital.

– 500 'B' ordinary and 278 preference shares in Thebe Convergent Technologies (Proprietary) Limited ("TCT") representing an effective economic interest of 25,1% in Kaya FM (Proprietary) Limited ("Kaya") a company in which TCT holds 45,2% and has financed a further 5% of the shares. This investment was acquired on 1 December 2004 for R17,4m in cash.

– 249 'A' ordinary shares in Makana Radio Communications (Proprietary) Limited ("MRC"), one 'B' ordinary share in Tiso SPV (Proprietary) Limited, which in turn holds 84 shares in MRC and loans to Radio Heart 104.9 (Proprietary) Limited ("Heart") and Radio iGagasi 99.5 (Proprietary) Limited ("iGagasi"), the two wholly-owned subsidiaries of MRC, presenting an effective economic interest of 33,3% in each of these two radio stations. This investment was acquired on 1 June 2005 for R17,7m in cash.

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
6. Investment in associates (continued)				
Kaya, Heart and iGagasi operate private regional sound broadcasting licences				
At the beginning of the year	**44 708**	39 248		
Share of results after tax	**12 395**	5 348		
Share of results before tax	**9 992**	7 095		
Share of tax	**2 403**	(1 747)		
Interest on loan	**(37)**	(129)		
Dividends received from associates (net of tax)	**(6 731)**	–		
Impairment of the goodwill in iGagasi	**–**	(230)		
Net advances (from)/to associates	**(1 442)**	471		
At the end of the year	**48 893**	44 708		
The closing carrying amount of the investments in associates can be analysed as follows:				
Shares at cost	**26 748**	26 748		
Share of reserves	**8 221**	2 557		
Loans to associates	**14 154**	15 633		
Impairment and write-down of investments	**(230)**	(230)		
	48 893	44 708		
The closing carrying amount can be attributed to the individual investments as follows:				
Seyalemoya Communications (Proprietary) Limited	**4 116**	5 200		
Thebe Convergent Technologies (Proprietary) Limited*	**16 757**	18 654		
Makana Radio Communications (Proprietary) Limited	**972**	972		
Radio Heart 104.9 (Proprietary) Limited and Radio iGagasi 99.5 (Proprietary) Limited**	**27 048**	19 882		
	48 893	44 708		
* Kaya, an indirect associate of Kagiso Media, is included in the Thebe Convergent Technologies (Proprietary) Limited structure				
** Heart and iGagasi, indirect associates of Kagiso Media, are included in the Makana Radio Communications (Proprietary) Limited structure				
The summarised financial position of the associates is as follows:				
Assets	**79 815**	70 200		
Liabilities	**(113 338)**	(128 152)		
Revenue	**195 241**	130 871		
Profit for the year	**39 497**	20 535		

Radio Heart 104.9 (Proprietary) Limited and Radio iGagasi 99.5 (Proprietary) Limited are technically insolvent.

6. Investment in associates (continued)

The financial reporting periods for the associates do not correspond to that of Kagiso Media Limited as their respective controlling companies have a reporting period which is different to that of Kagiso Media Limited. Audited financial information is included from 1 July 2006 to the dates as indicated below. Management accounts and audited financial information, where available, are included for the period from the year-end dates indicated below until 30 June 2007.

	Year-end 2007	Year-end 2006
Seyalemoya Communications (Proprietary) Limited	**31 October 2006**	31 October 2005
Thebe Convergent Technologies (Proprietary) Limited	**31 March 2007**	31 March 2006
Makana Radio Communications (Proprietary) Limited	**28 February 2007**	28 February 2006
Radio Heart 104.9 (Proprietary) Limited and Radio iGagasi 99.5 (Proprietary) Limited	**28 February 2007**	28 February 2006

There are no contingent liabilities relating to the group's and company's interest in associates.

The investment in associates of R48 893 000 (2006 – R44 708 000) reflects the carrying value of these investments. The directors value the investments in associates at R56 474 000 (2006 – R54 102 000). Investments in broadcasting entities are valued on the basis of a market-related multiple of their profits before interest, depreciation and amortisation.

Purchase price allocation valuation assumptions

A purchase price allocation valuation was done with regard to investments made since 1 July 2004 in associated entities, according to the exceptions as provided in IFRS 1. The assumptions and values for investments since 1 July 2005 are set out below:

Investment in Makana Radio Communications (Proprietary) Limited ("MRC")

The acquisition date for financial reporting and consolidation purposes is the date on which significant influence over an entity's operational policies is obtained. The acquisition date of this transaction was 1 March 2005. However, this transaction was subject to regulatory approval from ICASA, which was only obtained on 12 June 2005. The acquisition date for accounting purposes was therefore accepted to be 1 June 2005. This purchase price allocation and fair values were determined as at 31 May 2005.

The cost of acquiring an interest in MRC (and consequently an indirect interest in Radio Heart 104.9 (Proprietary) Limited and Radio iGagasi 99.5 (Proprietary) Limited) is represented by the following:

	Heart R'000	iGagasi R'000	**Total R'000**
Property, plant and equipment	42	211	**253**
Intangible assets:			
– Broadcast licence	21 411	9 141	**30 552**
Trade and other receivables	3 601	2 265	**5 866**
Cash and cash equivalents	77	39	**116**
Long-term liabilities	(23 607)	(8 779)	**(32 386)**
Trade and other payables	(2 969)	(3 566)	**(6 535)**
Fair value of net identifiable assets and liabilities acquired	(1 445)	(689)	**(2 134)**
Goodwill on acquisition	1 446	690	**2 136**
Total purchase price	1	1	**2**

Critical accounting estimates, judgments and assumptions

Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Refer below for detail.

6. Investment in associates (continued)

Fair value

The fair value of assets and liabilities at date of acquisition have been determined based on discounted cash flows. These calculations require the use of assumptions. Refer to the table below for details of these assumptions.

Discounted cash flow

Discounted cash flow techniques have been used in valuations where there was not a recent equity transaction in the shares of the investment being valued or where there was an offer made for an equity stake in the said investment. Where management could validate market assumptions, those assumptions would then be used for the calculation as the market transactions of offers would provide a benchmark against which the valuation could be compared. The following key assumptions were considered in applying the discounted cash flow valuation technique in the valuation of the stations' intangible assets at date of acquisition:

		Heart	iGagasi
Broadcast licence			
Revenue growth rate	Year 1 – 6	51,0%	50,0%
	Year 7 – terminal	4,4%	4,4%
Gross margin*	Year 1 – 6	59,0%	58,0%
	Year 7 – terminal	70,0%	70,0%
EBITDA*	Year 1 – 6	(7,0%)	(12,0%)
	Year 7 – terminal	40,0%	37,0%
Discount rate**		25,5%	25,5%
Estimated useful life		Indefinite	Indefinite

* Budgeted margins

** Post tax discount rate applied to the cash flow projections

The above assumptions have been used for estimating the fair value of the broadcasting licence. Management determined budgeted gross margins based on past performance and expectations for the future. The weighted average growth rates used are consistent with forecasts observed in industry reports. The discount rates used are post tax.

Broadcast licence

The broadcast licence is carried at fair value as an asset assumed in a business combination. The broadcast licence has an indefinite life, as the costs to renew it are immaterial and compliance with the licence conditions are tightly managed. The value was determined with reference to the value of a comparable green-fields licence, by discounting the expected cash flows for such a licence at an appropriate discount rate reflecting the risks inherent in such a new licence. The broadcast licence is regulated by ICASA.

Workforce-in-place

The value attributable to the workforce-in-place is included in goodwill (Heart: R240 000, iGagasi: R195 000).

Intangible assets	Broadcasting R'000	Goodwill R'000	**Total R'000**
Balance as at 1 July 2005	30 552	2 136	**32 688**
Impaired during the year ending June 2006	–	(690)	**(690)**
Balance as at 1 July 2006	30 552	1 446	**31 998**
Impaired during the year ending June 2007	–	–	**–**
Balance at the end of the year	30 552	1 446	**31 998**

Broadcasting licences relate to the fair values placed on the commercial sound broadcasting licences of Heart and iGagasi at the date of acquisition. For assumptions used in the valuation of these licences, refer above.

Goodwill arose on date of acquisition of Kagiso Media's effective interests in Heart and iGagasi and represents the excess of Kagiso Media's interest in the net fair value of assets and liabilities acquired over the purchase price.

6. Investment in associates (continued)

An asset impairment test was performed at 30 June 2007. The recoverable amount of the cash-generating units was accepted to be the value-in-use based on discounted cash flow calculations. These calculations included cash flow projections based on actual operating results and the five year business plans of the respective radio stations and are consistent with accepted industry benchmarks. The key assumptions applied in the discounted cash flow valuation are listed below:

		Heart	iGagasi
Revenue growth rate	Year 1 – 5 (CAGR)	21,2%	17,7%
	Terminal	4,4%	4,4%
Gross margin		71,0%	71,0%
EBITDA margin (average)		32,0%	1,0%
Period of cash flow projections (years)		5	5
Discount rate, post tax		20,0%	20,0%

	Group		Company	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
7. Loans and receivables				
Sinking fund				
At the beginning of the year	**18 261**	8 403		
Additional investments	**–**	8 950		
Utilised to redeem preference shares	**(18 261)**	–		
Interest accrued	**–**	908		
At the end of the year	**–**	18 261	**–**	–

The company is obliged to deposit an amount equal to 5% of the original issued preference share capital, on 31 March and 30 September of every year, in a dedicated savings account at a reputable banking institution from which the preference shares will be partially redeemed five years from issue date. The effective interest rate earned on the sinking fund was 6,68% (2006 – 6,07%).

Alternatively, the company may elect to redeem preference shares on 31 March and 30 September equivalent to the value that should be deposited into the sinking fund. During the last financial year, the company elected to redeem preference shares, hence no amounts were deposited at year-end in the sinking fund.

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Notarial bond				
At the beginning of the year	**854**	–		
Additional investments	**–**	854		
Transferred to intercompany borrowings	**(854)**	–		
At the end of the year	**–**	854		
Current portion of the bond	**–**	(139)		
Non-current portion of the bond	**–**	715	**–**	–

Eyethu Exhibitions (Proprietary) Limited ("Eyethu") is a supplier of stand building equipment and expertise to Kagiso Exhibitions and Events (Proprietary) Limited ("KEE") . During the financial year ended 30 June 2006, a cash payment was made to Eyethu and a notarial bond was accordingly registered. Stand building equipment served as security for this loan which was repayable in equal monthly installments of R17 000 over five years at an interest rate of 10% per annum.

The fair value of this asset has been calculated using the prime overdraft lending rates, which are considered market related for similar borrowings.

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
7. Loans and receivables (continued)				
On 1 July 2006, KEE purchased all of the share capital and loans in Eyethu. The arrangement discussed above was effectively cancelled and transferred to an inter-company loan account.				
Enterprise development loan				
Enterprise loan	**15 750**	–	**15 750**	–
Interest capitalised at year-end	**490**	–	**490**	–
At the end of the year	**16 240**	–	**16 240**	–
Current portion of the loan	**(2 065)**	–	**(2 065)**	–
Non-current portion of the loan	**14 175**	–	**14 175**	–

During the year the group entered into a partnership with MSG Afrika (Proprietary) Limited ("MSG"), a 75% black owned media entity that owns 35% of the shares in Kagiso Outdoor (Proprietary) Limited ("KO"). KO owns the 50,1% shares in Clear Channel Merafe (Proprietary) Limited. Kagiso Media Investments (Proprietary) Limited, a wholly owned Kagiso Media Limited ("KML") subsidiary issued preference shares to a financial institution for the purchase price of R45m to fund the purchase of the 50,1% shares.

At the same time KML entered into a loan agreement with MSG on the following terms: the loan will be interest bearing at prime plus 1,42%. Interest will be payable every six months and 5% of the loan will be repayable at the same date. The full amount is repayable on the fifth anniversary of the loan agreement. The shares in KO are ceded to KML should MSG default and be unable to correct any breach as per the agreement.

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
Summary				
Non-current loans and receivables				
Sinking fund	**–**	18 261	–	–
Notarial bond	**–**	715	–	–
Enterprise loan and interest receivable	**14 175**	–	**14 175**	–
	14 175	18 976	**14 175**	–
Current loans and receivables				
Notarial bond	**–**	139	**–**	–
Enterprise loan and interest receivable	**2 065**	–	**2 065**	–
	2 065	139	**2 065**	–
Total loans and receivables	**16 240**	19 115	**16 240**	–

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
8. Inventories				
Work-in-progress	**7 696**	11 468		
Finished goods				
– Furniture at realisable value	**1 985**	4 463		
– Signs at cost	**963**	–		
– Published material at cost	**6 450**	5 209		
	17 094	21 140	**–**	–
Furniture of R5,016m (2006 – Rnil) was written down to net realisable value of R1,985m. In addition an impairment charge of R526 000 (2006 – R596 000) were booked against the balance of the inventories to write it down to net realisable value. The furniture will be sold subsequent to year-end.				
9. Trade and other receivables				
Trade receivables	**154 630**	123 035	**–**	–
Less: provision for impairment of receivables	**(4 813)**	(3 365)	**–**	–
Trade receivables–net	**149 817**	119 670	**–**	–
Prepayments	**3 086**	3 150	**–**	15
VAT	**2 306**	–	**–**	–
Other receivables	**12 973**	7 065	**–**	–
	168 182	129 885	**–**	15
Included in other receivables are loans to directors of R3 869 000 (2006 – R3 492 000) granted in terms of the Unrestricted Share Purchase Scheme by the trust administrating this scheme. It is at the board's discretion as to who may participate in this scheme. These loans are linked to shares in Kagiso Media Limited which also serves as guarantees for the loans. These loans are repayable within six years from date of grant and carry interest at prime less two percentage points. These loans are deemed current and risk-free albeit the possible fluctuations in the share price.				
10. Cash and cash equivalents				
Cash on hand	**55**	92	**–**	17
Current bank balances	**44 939**	37 509	**201**	–
Bank overdraft	**(921)**	–	**–**	–
Short-term bank deposits	**73 501**	47 735	**–**	104
	117 574	85 336	**201**	121
Effective interest rates for cash and cash equivalents were as follows:	**%**	%		
– Current bank balances	**3,3**	5,6		
– Overdraft facility	**12,5**	–		
– Short-term bank deposits	**7,9**	6,1		

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
11. Ordinary share capital				
Authorised				
200 000 000 of ordinary shares of 1 cent each	**2 000**	2 000	**2 000**	2 000
Issued				
133 136 477 (2006 – 132 539 675) ordinary shares of 1 cent each	**1 331**	1 325	**1 331**	1 325

Reconciliation of the issued shares	2007 Number	2006 Number	2007 Number	2006 Number
At the beginning of the year	**132 539 675**	131 320 802	**132 539 675**	131 320 802
Issued during the year as per the Kagiso Media Share Option Scheme	**596 802**	1 218 873	**596 802**	1 218 873
At the end of the year	**133 136 477**	132 539 675	**133 136 477**	132 539 675

During the year the company issued 596 802 (2006 – 1 218 873) new shares in terms of the Kagiso Media Limited Share Option Scheme. Further details regarding outstanding rights to subscribe for shares in the share capital of the company in terms of the Kagiso Media Limited Share Option Scheme are provided in the directors' report.

All issued shares are fully paid for.

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
12. Share premium				
The movement for the year is as follows:				
At the beginning of the year	**9 804**	7 120	**9 804**	7 120
Share premium raised on issue of new shares	**2 056**	2 694	**2 056**	2 694
Share issue expenses	**(10)**	(10)	**(10)**	(10)
At the end of the year	**11 850**	9 804	**11 850**	9 804
The balance on the share premium account comprises:				
Share premium arising from the issue of shares	**495 092**	493 036	**495 092**	493 036
From which is deducted:				
– Share issue expenses	**(3 192)**	(3 182)	**(3 192)**	(3 182)
– Capital reduction	**(113 135)**	(113 135)	**(113 135)**	(113 135)
– Write off of intangibles	**(366 915)**	(366 915)	**–**	–
– Write off of intangibles in respect of subsidiaries	**–**	–	**(317 910)**	(317 910)
– Write off of intangibles in respect of joint venture	**–**	–	**(49 005)**	(49 005)
	11 850	9 804	**11 850**	9 804

	Group		Company	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
13. Revaluation and other reserves				
Revaluation of intangible assets in Jacaranda FM (Proprietary) Limited	**86 559**	86 559		
	86 559	86 559	**–**	–
The group acquired control of Jacaranda FM (Proprietary) Limited ("Jacaranda") as at 1 August 2004, when an additional 17,5% shares were bought in the then associate. The company's stake in Jacaranda was 60% following the transaction. As at this date a valuation was performed on the intangible assets in Jacaranda in terms of IFRS 3 "Business Combinations". The following intangible assets were identified and accounted for namely broadcasting licence, the transmitter split facility, customer relationships and goodwill. The group's share in the assets, not previously accounted for in the 42,5% investment in the associate, was accounted for as a revaluation reserve and included in shareholders' equity.				
Employee share option scheme:				
At the beginning of the year	**576**	627	**576**	627
Share options exercised	**(1 103)**	(313)	**–**	(313)
Share options issued	**1 103**	–	**–**	–
Employee benefit expenses				
– current year expense	**399**	454	**(576)**	454
– prior year under provision	**506**	–	**–**	–
Share options forfeited	**–**	(192)	**–**	(192)
At the end of the year	**1 481**	576	**–**	576
Total revaluation and other reserves	**88 040**	87 135	**–**	576
14. Minority interest				
At the beginning of the year	**94 089**	96 320		
Disposal by a minority of their interests in Jacaranda FM (Proprietary) Limited	**(48 864)**	–		
Share of profit of subsidiaries for the year	**12 849**	19 769		
Dividends paid	**(13 000)**	(22 000)		
At the end of the year	**45 074**	94 089	**–**	–

	Group		Company	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
15. Borrowings				
Non-current				
Preference shares				
– At the beginning of the year	**99 542**	82 500		
– Preference shares issued during the year	**244 885**	100 000		
– Redeemed during the year	**(109 994)**	(82 500)		
– Share issue expenses	**(387)**	(458)		
– At the end of the year	**234 046**	99 542		
Bank borrowings	**–**	121		
Installment sale agreements	**213**	–		
Finance leases	**–**	977		
	234 259	100 640	**–**	–
Current				
Bank borrowings	**172**	47		
Other borrowings	**15 935**	–		
Installment sale agreements	**82**	–		
Finance leases	**–**	604		
	16 189	651	**–**	–
Total borrowings	**250 448**	101 291	**–**	–

Preference shares

The preference shares that were issued at the beginning of the year were redeemed and reissued to another commercial bank. These preference shares were issued on the same terms and conditions as before. A portion of the payment was settled utilising the funds available in the sinking fund (refer to note 7).

New variable rate, cumulative, redeemable preference shares were issued by Kagiso Media Investments (Proprietary) Limited in order to fund acquisitions made during the financial year, such as the acquisition in Clear Channel Merafe (Proprietary) Limited and the 100% stake in Little Swift Investments 36 (Proprietary) Limited. The latter is the investment entity holding 20% in Jacaranda FM (Proprietary) Limited.

At the time of the issue of the new preference shares the following terms and conditions were agreed upon: the preference shares have a coupon of 70% of the prime overdraft rate and are secured by a guarantee from Kagiso Media Limited,Kagiso Broadcasting (Proprietary) Limited and Kagiso Exhibitions and Events (Proprietary) Limited. The debt covenants in place refer to both the net interest bearing debt to shareholders' funds on a consolidated basis expressed as a percentage of shareholders' funds and the cash to debt cover, expressed as the ratio of earnings before interest, tax, depreciation and amortisation to net interest plus any required capital repayments on debt.

Kagiso Media Investments (Proprietary) Limited agreed to transfer 5% of the original issued share capital into a sinking fund on the dividend payment date, referred to below. If the company elects to do so, the equivalent amount of money could be used to redeem preference shares instead. On 31 March 2007 the company elected to redeem shares according to the agreement. The remaining preference shares are redeemable in cash on the fifth anniversary of the issue of the shares. The effective rate of this instrument is 8,65% (2006 – 8,5%). Dividends are payable to the shareholders on 31 March and 30 September of each year until the preference shares have been redeemed.

Bank borrowings

The bank borrowings reflect outstanding credit card balances. This is payable on a monthly basis, linked to a fluctuating interest rate. As at 30 June 2007, this interest rate was 19,5%. The real interest rate for the period was 19,11%.

Other borrowings

Other borrowings relate to funds provided by MSG Afrika (Proprietary) Limited, the 35% minority shareholder in Kagiso Outdoor (Proprietary) Limited. The loan is interest free and has no fixed terms of repayment. The effective date was 11 April 2007.

15. Borrowings (continued)

Installment sale agreements

The installment sale agreement relates to the financing of motor vehicles. The agreements were entered into for a period of 60 months and have fluctuating, variable interest rates. The effective interest rates vary between 14,02% and 14,9%.

	Group		Company	
	2007 R'000	2006 R'000	**2007 R'000**	2006 R'000
Assets: security for installment sale agreements				
Cost price	**373**	–		
Accumulated depreciation	**(107)**	–		
Net book value	**266**	–		
Installment sale liabilities – minimum payments:				
Not later than one year	**118**	–		
Later than one year and not later than five years	**258**	–		
	376	–		
Future finance charges on installment sale payments	**(81)**	–		
Present value of installment sale liabilities	**295**	–		
The present value of installment sale liabilities is as follows:				
Not later than one year	**82**	–		
Later than one year and not later than five years	**213**	–		
	295	–		
Finance leases				
Finance leases were introduced in 2006 with the acquisition of Kusasa Commodities 386 (Proprietary) Limited ("Eyethu JV"). As part of the acquisition agreement, the company and the minority shareholder (Eyethu Exhibitions (Proprietary) Limited) at the time, leased stand building equipment and motor vehicles to Eyethu JV for a consideration of R1 436 000 each, repayable over five years. This arrangement was collapsed in 2007 when Kagiso Exhibitions and Events (Proprietary) Limited purchased 100% of Eyethu Exhibitions (Proprietary) Limited.				
Assets: security for finance leases				
Cost price	**–**	1 749		
Accumulated depreciation	**–**	(313)		
Net book value	**–**	1 436		
Finance lease liabilities – minimum lease payments:				
Not later than one year	**–**	113		
Later than one year and not later than five years	**–**	138		
	–	251		
Future finance charges on finance leases	**–**	(36)		
Present value of finance lease liability	**–**	215		
The present value of finance lease liability is as follows:				
Not later than one year	**–**	94		
Later than one year and not later than five years	**–**	121		
	–	215		

Interest rates on these finance leases are linked to the prime overdraft rate. This varies between 1,5% below to 1% above the prime rate.

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor, being Kagiso Exhibitions and Events (Proprietary) Limited, in the event of default.

	Group		Company	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
16. Deferred income taxes				
Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 29% (2006 – 29%), except in the case of Secondary Tax on Companies, where a tax rate of 12,5% (2006 – 12,5%) applies.				
The movement on the net deferred tax account is as follows:				
At the beginning of the year	**79 378**	84 970	**–**	–
Acquired in subsidiaries	**(3 616)**	–	**–**	–
Revaluation of assets	**7 621**	–	**–**	–
Charged to the income statement	**(5 405)**	(5 592)	**3**	–
At the end of the year	**77 978**	79 378	**3**	–

The movement in deferred tax assets and liabilities during the period is as follows:

Group	2006 R'000	Movement for the year R'000	**2007 R'000**
Deferred income tax assets			
Prepayments	–	(14)	**(14)**
Property, plant and equipment	–	(25)	**(25)**
Trademarks and copyrights	(1 192)	(3 381)	**(4 573)**
Trademark allowances	(3 002)	–	**(3 002)**
Capital allowances	(316)	–	**(316)**
Deferred revenue	(8 097)	(905)	**(9 002)**
Doubtful debt provisions	–	(675)	**(675)**
Provisions	(5 230)	1 054	**(4 176)**
Other timing differences	(156)	(4 540)	**(4 696)**
	(17 993)	(8 486)	**(26 479)**
Deferred income tax liabilities			
Revaluation of intangible assets	93 956	7 438	**101 394**
Property, plant and equipment	–	126	**126**
Doubtful debt provisions	–	(116)	**(116)**
Other	–	(521)	**(521)**
Prepayments	2 986	70	**3 056**
Assessed losses	–	23	**23**
Section 24C allowances	429	66	**495**
	97 371	7 086	**104 457**
Net deferred income tax liabilities	79 378	(1 400)	**77 978**

No deferred tax assets were recognised in respect of an estimated tax loss of R14 045 000 (2006 – R10 470 000), as it is not probable that these losses will be recovered against future taxable income.

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
17. Trade and other payables				
Trade payables	**38 599**	31 374	**–**	–
Other payables*	**21 183**	8 157	**–**	–
Other accruals*	**14 016**	9 088	**773**	–
Accrual for leave pay*	**3 346**	700	**–**	–
Accrual for lease straight-lining*	**21 368**	652	**–**	–
VAT*	**5 123**	5 522	**–**	–
Exhibitions to be held in the next 12 months	**6 919**	21 061	**–**	–
Payables to related parties*	**3 809**	2 888	**–**	–
Profit share due to show owners and related creditors	**4 518**	5 882	**–**	–
Annual subscription revenue	**25 934**	20 089	**–**	–
Amount owing to vendor of trademark	**–**	490	**–**	–
Cash-settled compensation benefit scheme	**–**	659	**–**	–
Bonus and other profit share incentives*	**14 620**	15 895	**–**	–
Amounts owing to ordinary shareholders	**406**	353	**406**	353
Amounts owing to preference shareholders	**5 144**	1 844	**–**	–
	164 985	124 654	**1 179**	353

*Comparative numbers have been reallocated from 'other payables' where it was disclosed before.

Cash-settled compensation benefit scheme

Share options were granted to all employees upon joining RadMark (Proprietary) Limited, a Kagiso Media joint venture. The exercise price of the granted options is equal to the market price of the shares on the date of the grant. One third of the options vests on each anniversary after three years' service. All options had a contractual option term of ten years.

RadMark has a legal obligation to repurchase or settle the options in cash. Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2007 Average exercise price per share R	**2007** Outstanding options (000s)	**2007** Outstanding options R'000	2006 Average exercise price per share R	2006 Outstanding options (000s)	2006 Outstanding options R'000
At the beginning of the year	**3,4**	**406**	**1 388**	5,5	433	2 372
Granted	**5,5**	**113**	**625**	1,4	228	325
Options re-priced	**–**	**–**	**–**	–	–	161
Repurchased	**5,9**	**(336)**	**(1 981)**	6,2	(228)	(1 405)
Forfeited	**0,2**	**(183)**	**(32)**	2,4	(27)	(65)
At the end of the year	**–**	**–**	**–**	3,4	406	1 388
Kagiso Media's share in the liability			**–**			659

On 30 June 2007 RadMark (Proprietary) Limited did a share buy-back of all the shares allocated to the share trust. The share scheme was therefore discontinued at 30 June 2007. There are no outstanding options (2006 – 406 000). No options are exercisable at 30 June 2007 (2006 – 149 005). As at 30 June 2006 the options had an indefinite contractual life and the range of exercise prices was from R3,70 to R5,90.

As at 30 June 2006, the options and shares held by the RadMark Share Trust and its beneficiaries were independently fair valued using the Black Scholes method, in accordance with IFRS 2. In terms of the scheme, the offer has been accepted at the agreed price on the date the employee joins. Delivery is deferred in three equal parts commencing on the third anniversary of each employee. Consequently, the number of options vesting was assumed to be consistent with the anniversary date of the employees.

18. Segment information

	Central services R'000	Broadcasting R'000	Information services and solutions R'000	Outdoor R'000	Exhibitions and events R'000	**Group R'000**
						2007
Revenue	2 174	411 830	153 868	14 314	156 121	**738 307**
Other income	2 477	22 459	–	350	3 648	**28 934**
Raw material and consumables	–	–	(46 958)	(2 401)	(104 863)	**(154 222)**
Commission and levies	–	(100 640)	(3 177)	(1 592)	–	**(105 409)**
Employee costs	(10 760)	(43 323)	(28 807)	(776)	(24 293)	**(107 959)**
Depreciation	(316)	(2 356)	(2 117)	(454)	(2 920)	**(8 163)**
Amortisation	(70)	(13 021)	(3 697)	(1 290)	(2 875)	**(20 953**)
Other expenses	(16 019)	(63 211)	(21 351)	(7 558)	(26 325)	**(134 464)**
Operating profit	(22 514)	211 738	47 761	593	(1 507)	**236 071**
Finance income	4 921	3 309	1 307	54	742	**10 333**
Finance expenses	(20 150)	–	–	–	–	**(20 150)**
Share of results of associates	–	9 992	–	–	–	**9 992**
Profit before income tax	(37 743)	225 039	49 068	647	(765)	**236 246**
Income tax expense	(20 347)	(59 775)	(13 630)	(214)	379	**(93 587)**
Profit for the year	(58 090)	165 264	35 438	433	(386)	**142 659**
Segment assets	112 663	538 336	118 715	25 532	56 176	**851 422**
Associates	–	48 893	–	–	–	**48 893**
Total assets	112 663	587 229	118 715	25 532	56 176	**900 315**
Total liabilities	(7 555)	(403 984)	(66 202)	(25 099)	(32 312)	**(535 152)**
Net assets	105 108	183 245	52 513	433	23 864	**365 163**
Other segment items						
Capital expenditure	824	1 573	1 529	189	6 675	**10 790**
						2006
Revenue	2 216	353 859	135 527	–	113 193	604 795
Other income	673	16 060	–	–	–	16 733
Raw material and consumables	–	–	(47 702)	–	(74 007)	(121 709)
Commission and levies	–	(88 237)	(4 450)	–	–	(92 687)
Employee costs	(8 078)	(37 501)	(21 125)	–	(11 935)	(78 639)
Depreciation	(273)	(2 618)	(1 964)	–	(1 998)	(6 853)
Amortisation	–	(16 920)	(4 069)	–	(2 985)	(23 974)
Other expenses	(7 406)	(50 702)	(17 187)	–	(16 087)	(91 382)
Operating profit	(12 868)	173 941	39 030	–	6 181	206 284
Finance income	1 676	2 003	1 300	–	591	5 570
Finance expenses	(6 370)	–	(27)	–	(468)	(6 865)
Share of results of associates	–	6 865	–	–	–	6 865
Profit before income tax	(17 562)	182 809	40 303	–	6 304	211 854
Income tax expense	(16 993)	(52 157)	(11 737)	–	(1 171)	(82 058)
Profit for the year	(34 555)	130 652	28 566	–	5 133	129 796
Segment assets	68 105	409 847	105 557	–	71 570	655 079
Associates	–	44 708	–	–	–	44 708
Total assets	68 105	454 555	105 557	–	71 570	699 787
Total liabilities	(4 963)	(228 578)	(55 233)	–	(45 278)	(334 052)
Net assets	63 142	225 977	50 324	–	26 292	365 735
Other segment items						
Capital expenditure	172	2 610	1 413	–	2 821	7 016

18. Segment information (continued)

General

The group distinguishes between its different business segments on the basis of the unique risks and returns inherent in a particular operation.

The group does not distinguish between geographical segments, because its operations, although based in Gauteng, KwaZulu-Natal and the Free State, service advertisers, subscribers and clients all over the country and are largely subject to the same global and national macro and micro economic factors and business risks.

The central services segment charges management fees and services to the broadcasting and exhibitions and events segments. These charges are eliminated on consolidation and hence not reflected in the above analysis. There are no sales or other transactions between the business segments. Segment assets comprise property, plant and equipment, intangible assets, deferred income tax assets, loans and receivables, inventories, trade and other receivables, income tax assets and operating cash. Segment liabilities consist of borrowings, deferred income tax liabilities and operating liabilities. Capital expenditure comprises additions to property, plant and equipment.

The group operates niche media outlets in the field of regional radio broadcasting and radio airtime sales, information services and solutions, exhibitions and events and during the year expanded into the out-of-home advertising segment. The segments can be briefly described as follows:

1. Central services

Central services comprises the listed entity namely Kagiso Media Limited, Kagiso Broadcasting (Proprietary) Limited and a number of investment holding and dormant companies. It coordinates and manages the group's operations, is responsible for all corporate affairs and most corporate activities and for liaising with the investor community. This segment employs sixteen people. Any debts incurred by the group, as well as the cost thereof and all Secondary Tax on Companies ("STC") incurred by the company and its subsidiaries and its share of the STC incurred by its joint ventures and associates, are allocated to the segment.

2. Broadcasting

This segment comprises operations in the radio broadcasting and radio advertising sales environment and research and marketing services ancillary thereto. The radio stations offer loyal audiences to national and local advertisers who buy largely traditional above-the-line advertising airtime from RadMark (Proprietary) Limited, the group's sales house and directly from the radio stations. The performance of this segment is therefore linked to general economic cycles and in particular consumer spending. The ownership and formats of the radio stations are regulated by the Independent Communications Authority of South Africa ("ICASA").

3. Information services and solutions

The information services and solutions segment publishes information in the areas of law, tax and accounting, in printed and electronic form and sells this to more than 30 000 subscribers, professionals and tertiary students, as well as legal compliance management services and access to public records, through its own sales forces and via an internet-based purchasing system. The performance of this segment is therefore not as dependent on consumer spending patterns, but rather on movements in the numbers of professionals in its field and the level of parliamentary activity in respect of new legislation.

4. Outdoor

The outdoor segment is mainly focusing on out-of-home advertising in the major South African airports and railway stations. This unit includes a manufacturing facility for nameplates and signs which adds to the total offering to its clients. Outdoor advertising offers a number of ways to ratchet up exposure for any advertiser. The inclusion of outdoor in an advertiser's complete campaign adds to the impact on reach, frequency and overall awareness of its offerings. Outdoor includes roadside, outside, inside and on the move opportunities. Advertising through this medium is on billboards, gantries, citilites, wraps and various other innovative platforms developed and built according to the clients' specifications.

5. Exhibitions and events

The exhibitions and events segment offers a direct marketing platform to advertisers and attracts below-the-line advertising spend, which normally does not follow consumer spending patterns in the same way as above-the-line advertising spend. Exhibitors are able to exhibit their wares and interact directly with the customer at the point-of-purchase.

	Group		Company	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
19. Revenue				
Revenue is derived from the sale of:				
Advertising	**421 343**	356 942		
Subscriptions to published works	**61 226**	51 322		
Electronic and online products	**37 961**	28 016		
Non-subscription products in information services and solutions segment	**56 029**	55 322		
Exhibition floor space	**77 605**	42 633		
Stand building and related services	**24 534**	15 948		
Entrance fees, commissions, sponsorships and other	**59 609**	54 612		
	738 307	604 795	**–**	–

The revenue for the group for 2007 excludes commission previously offset against revenue. This resulted in an increase in revenue of R7,324m in 2007 due to this re-allocation. The same amount was adjusted to employee costs which now include the commission previously offset against revenue.

	Group		Company	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
20. Other income				
Other income for the year comprises:				
Barter income	**20 609**	11 912	**–**	–
Income from events and production of advertisements	**3 457**	3 960	**–**	–
Other	**4 637**	861	**–**	–
Profit on effective increase in shareholding in RadMark (Proprietary) Limited	**231**	–	**–**	–
Dividends received from subsidiaries	**–**	–	**94 322**	86 171
Dividends received from joint ventures	**–**	–	**29 556**	26 000
	28 934	16 733	**123 878**	112 171

	Group		Company	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
21. Operating profit				
The following items have been charged/(credited) in arriving at operating profit				
Auditors' remuneration				
– Audit fees				
– provision for current year	**1 432**	1 804		
– adjustment for prior year	**1 292**	7		
– Other expenses	**140**	4		
Fees for professional services				
– Taxation services	**126**	155		
– Secretarial service	**23**	5		
– Other services	**2 437**	306		
	5 450	2 281	**–**	–
Depreciation of property, plant and equipment				
– Capitalised leased assets	**–**	511		
– Computer equipment	**2 814**	2 632		
– Furniture and fittings	**1 068**	830		
– Leasehold improvements	**809**	759		
– Motor vehicles	**272**	256		
– Plant and equipment	**2 393**	880		
– Studio equipment	**807**	985		
	8 163	6 853	**–**	–
Amortisation of intangible assets				
– Trademarks, titles and copyright	**11 234**	15 654		
– Development expenditure	**550**	562		
– Transmitter split facility	**2 402**	2 401		
– Customer relationships	**6 547**	5 258		
– Computer software	**220**	99		
	20 953	23 974	**–**	–
Repairs and maintenance expenditure on property, plant and equipment	**679**	1 531	**–**	–
Loss on disposal of property, plant and equipment	**143**	162	**–**	–
Employment costs				
Directors' emoluments				
– For services as non-executive directors	**531**	388	**516**	–
– For services as executive directors				
– basic salary	**11 196**	14 523	**–**	–
– bonuses and performance related payments	**9 017**	4 288	**474**	–
– share options	**905**	(51)	**(576)**	(51)
– commissions	**365**	268	**–**	–
– pension costs – defined contribution plans	**808**	412	**–**	–
	22 822	19 828	**414**	(51)
Staff costs				
– wages and salaries	**81 382**	54 832		
– share options	**–**	(468)		
– skills development	**275**	501		
– pension costs – defined contribution plans	**3 480**	3 946		
	85 137	58 811	**–**	–
Total employment cost	**107 959**	78 639	**414**	(51)

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
21. Operating profit (continued)				
Average monthly number of persons employed during the year				
Company and subsidiaries	**357**	309	**–**	–
Full time	**244**	235		
Part time	**113**	74		
Joint ventures	**469**	393	**–**	–
Full time	**467**	320		
Part time	**2**	73		
Operating lease charges	**11 371**	9 944		
Foreign exchange losses/(gains)	**199**	(807)		
Fair value adjustment on forward exchange contracts	**–**	19		
Deferred revenue recognised as revenue	**(20 133)**	(72 453)		
Deferred expenditure recognised as cost of sales	**–**	932		
Inventory				
– Cost of inventories recognised as expense	**2 270**	59 550		
– Write-down of inventory	**3 688**	596		
Trade receivables – impairment charge for bad and doubtful debts	**218**	1 607		
Research and development expenditure	**261**	–		
Goodwill impairment charges	**252**	–		
22. Finance income				
Interest income				
– funds on call	**7 149**	4 605	**537**	307
– preference share sinking fund	**–**	908	**–**	–
– other	**3 184**	57	**500**	–
	10 333	5 570	**1 037**	307
23. Finance expenses				
Interest expense				
– bank borrowings	**44**	495	**–**	–
– preference dividends	**14 329**	6 370	**–**	–
– other	**5 777**	–	**34**	–
	20 150	6 865	**34**	–
24. Share of results of associates				
The group's share of the results of associates, before tax was derived as follows:				
Seyalemoya Communications (Proprietary) Limited	**4 418**	3 049		
Kaya FM through Thebe Convergent Technologies (Proprietary) Limited	**2 765**	3 199		
Radio Heart 104.9 and iGagasi 99.5 through Makana Radio Communications (Proprietary) Limited	**2 809**	617		
	9 992	6 865	**–**	–

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
25. Income tax expense				
Current tax				
– current year	**81 120**	68 444	**300**	–
– prior year under provision	**204**	–	**87**	–
Secondary Tax on Companies	**20 071**	17 459	**–**	3 578
Deferred tax	**(5 405)**	(5 592)	**(3)**	–
Share of tax of associates	**(2 403)**	1 747	**–**	–
	93 587	82 058	**384**	3 578
Reconciliation				
The tax on the groups' and company's profit before tax differs from the theoretical amount that would arise using the South African tax rate as follows:				
Profit before tax	**236 246**	211 854	**122 972**	110 950
Tax calculated at a tax rate of 29%	**68 511**	61 438	**35 662**	32 176
Expenses not deductible for tax purposes	**9 259**	3 722	**560**	355
Unprovided timing differences	**1 430**	–	**–**	–
Exempt income	**–**	–	**(35 925)**	(32 531)
(Recognition)/utilisation of previously unrecognised tax losses	**(6 046)**	321	**–**	–
Prior year under provision	**204**	–	**87**	–
Secondary Tax on Companies	**20 071**	17 459	**–**	3 578
Other	**158**	(882)	**–**	–
Income tax charge	**93 587**	82 058	**384**	3 578
Tax losses				
Estimated tax losses available for set-off against future income	**14 045**	10 470		
26. Earnings per share				
Basic earnings per share				
Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.				
Net profit attributable to shareholders (R'000)	**129 810**	110 027		
Weighted average number of ordinary shares in issue ('000)	**132 954**	132 297		
Basic earnings per share (cents)	**97,6**	83,2		

Notes to the annual financial statements *continued*
for the year ended 30 June 2007

	Group		Company	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
26. Earnings per share (continued)				
Diluted earnings per share				
For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all rights to acquire shares in the company pursuant to the Kagiso Media Limited Share Option Scheme. A calculation is done to determine the number of shares that could have been acquired at the average market price for the company's shares during the year, based on the monetary value of the subscription rights attached to these outstanding rights. No adjustment is made to profits.				
Profit attributable to shareholders (R'000)	**129 810**	110 027		
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	**133 366**	132 937		
Weighted average number of ordinary shares in issue ('000)	**132 954**	132 297		
Adjustment for rights to acquire shares ('000)	**412**	640		
Diluted earnings per share (cents)	**97,3**	82,8		
Headline earnings per share				
Headline earnings calculation				
Profit attributable to shareholders (R'000)	**129 810**	110 027		
To which is added back the following items:				
Impairment to goodwill (R'000)	**252**	–		
Loss on sale of property, plant and equipment (R'000)	**102**	162		
Headline earnings (R'000)	**130 164**	110 189		
Headline earnings per share (cents)	**97,9**	83,3		
Diluted headline earnings per share				
(for this purpose the weighted average number of shares in issue is not changed)				
Headline earnings (R'000)	**130 164**	110 189		
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	**133 366**	132 937		
Diluted headline earnings per share (cents)	**97,6**	82,9		
27. Dividend per share				
The following dividends are reflected in the accounts for the year:				
Interim dividend (cents per share)	**31,0**	40,0	**31,0**	40,0
Final dividend (cents per share)	**33,0**	44,0	**33,0**	44,0
Total dividend (cents per share)	**64,0**	84,0	**64,0**	84,0

A final dividend of 18 cents per share in respect of the year to 30 June 2007 was declared by the directors on 19 September 2007 and will be reflected in the accounts for the year to 30 June 2008. This 18 cents (2006 – 33 cents) per dividend will translate in a cash outflow of R24 016 000 (2006 – R43 748 000) and a related Secondary Tax on Companies payment of R3 002 000 (2006 – R5 467 000).

	Group		Company	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
28. Cash flow information				
28.1 Cash generated from operations				
Profit for the year	**142 659**	129 796	**122 588**	107 372
Adjustments for:				
– income tax expense	**93 587**	82 058	**384**	3 578
– depreciation	**8 163**	6 853	**–**	–
– amortisation	**20 953**	23 974	**–**	–
– goodwill impairment charge	**252**	230	**–**	–
– loss on disposal of property, plant and equipment	**143**	162	**–**	–
– finance income	**(10 333)**	(5 570)	**(1 037)**	(307)
– share-based payment expense	**1 718**	(51)	**(576)**	(51)
– finance expenses	**5 821**	495	**34**	–
– preference share dividends	**14 329**	6 370	**–**	–
– share of results of associates	**(9 992)**	(7 095)	**–**	–
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):				
– inventories	**7 058**	(4 904)	**–**	–
– trade and other receivables	**(31 672)**	(23 887)	**15**	10
– loans and receivables	**(1 926)**	(139)	**(2 065)**	–
– trade and other payables	**16 550**	28 551	**826**	(3 170)
Cash generated from operations	**257 310**	236 843	**120 169**	107 432
28.2 Reconciliation of income tax paid				
Balance at the beginning of the year	**10 736**	20 562	**–**	–
Amount charged to income statement	**98 992**	87 650	**384**	3 578
Share of tax of associates	**2 403**	(1 747)	**–**	–
Acquired in subsidiary	**(1)**	–	**–**	–
Acquired in joint ventures	**186**	–	**–**	–
Balance at the end of the year	**(15 262)**	(10 736)	**(384)**	–
Income tax paid	**97 054**	95 729	**–**	3 578
28.3 Reconciliation of dividends paid to preference shareholders				
Balance at the beginning of the year	**1 848**	1 525		
Amount charged to income statement	**14 329**	6 370		
Balance at the end of the year	**(5 144)**	(1 848)		
Dividends paid to preference shareholders	**11 033**	6 047	**–**	–

28. Cash flow information (continued)

28.4 Acquisition of subsidiaries net of cash

Group 2007	Cost on acquisition date (R'000)	Acquiree's carrying amount on acquisition date (R'000)
The assets and liabilities arising from the acquisition are as follows:		
Trade and other payables	**(338)**	**(338)**
Income tax liabilities	**1**	**1**
Minorities	**48 864**	**48 864**
Net assets acquired	**48 527**	**48 527**
Kagiso Media group's share in the fair value of net assets acquired	**48 527**	
Minorities	**–**	
Kagiso Media's share in the fair value of net assets acquired	**48 527**	
Purchase consideration		**127 116**
Cash and cash equivalents in business acquired		**(93)**
Cash outflow on acquisition		**127 023**
Company 2007		
Net assets acquired	**–**	**–**
Kagiso Media group's share in the fair value of net assets acquired	**–**	
Minorities	**–**	
Kagiso Media's share in the fair value of net assets acquired	**–**	
Purchase consideration		**946**
Cash and cash equivalents in business acquired		**–**
Cash outflow on acquisition		**946**

28.5 Acquisition of joint ventures net of cash

Group 2007		
The assets and liabilities arising from the acquisition are as follows:		
Property, plant and equipment	**15 342**	**15 342**
Intangible assets	**59 075**	**80**
Deferred tax on intangible assets	**(17 109)**	**–**
Deferred income tax assets	**6 565**	**6 565**
Loans and receivables	**92**	**92**
Liability for straight-lining of leases	**(27 044)**	**(27 044)**
Cash and cash equivalents	**8 471**	**8 471**
Inventories	**6 011**	**6 011**
Trade and other receivables	**83 954**	**83 954**
Trade and other payables	**(83 754)**	**(83 754)**
Net assets acquired	**51 603**	**9 717**
Kagiso Media group's share in the fair value of net assets acquired	**21 993**	
Minorities	**(7 690)**	
Kagiso Media's share in the fair value of net assets acquired	**14 303**	
Purchase consideration		**50 974**
Cash and cash equivalents in business acquired		**(3 515)**
Cash outflow on acquisition		**47 459**

29. Defined contributions plans

Group companies have various defined contribution schemes, all governed by the Pension Funds Act, 1956. Under these schemes the group pays contributions, on a mandatory basis, into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees relating to employee service in the current and prior period. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in either directors' emoluments or staff costs (note 21).

	Group		Company	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
30. Commitments				
The future minimum lease payments under non-cancelable operating leases are as follows:				
– not later than 1 year	**42 519**	14 467		
– later than 1 year and not later than 5 years	**134 776**	52 341		
– later than 5 years	**12 711**	14 268		
Total future cash flow	**190 006**	81 076	**–**	–
The future minimum capital commitments within the following 12 months are as follows:				
Subsidiaries	**5 800**	4 310		
Joint ventures	**2 230**	288		
Associates	**1 046**	702		
	9 076	5 300	**–**	–

There were no capital commitments extending beyond 12 months as at the end of the financial year. Capital expenditure will be funded from operating cash or from existing funding facilities and where necessary by raising additional facilities.

	Group 2007 R'000	Group 2006 R'000	Company 2007 R'000	Company 2006 R'000
31. Contingent liability				
Guarantee				
Kagiso Media Limited guarantees the banking facilities of Systems Publishers (Proprietary) Limited, a previous subsidiary.				
Amount outstanding under banking facilities	**1 944**	3 015		
Kagiso Media Limited holds, as collateral for this guarantee, a pledge of all the shares in Systems Publishers (Proprietary) Limited and cessions of a key-man life insurance policy and short-term insurance policy. This loan is being repaid on a monthly basis and is it unlikely that Kagiso Media would be required to effect payment under this arrangement. The company did therefore not provide for any liability in the financial statements.				
Kagiso Media Limited, Kagiso Broadcasting (Proprietary) Limited and Kagiso Exhibitions and Events (Proprietary) Limited guarantees the commitments of Kagiso Media Investments (Proprietary) Limited ("KMI"), a wholly-owned subsidiary, in respect of the preference shares issued by KMI (note 15). This is in place via a put option agreement; should KMI default on any of the terms and conditions of the preference shares, and is not able to rectify this position within a reasonable specific time, the preference shareholders could exercise this put option against any or all of the named entities for the full amount of the preference shares issued at the time.				
There is no indication that KMI will not be able to fulfill all of the conditions attributable to the preference shares.				
Amount outstanding in respect of preference shares	**234 433**	100 000		
Amount accumulated in sinking fund	**–**	(18 261)		
Net exposure	**236 377**	84 754	**–**	–

32. Business combinations

The acquisition of 50,1% of Clear Channel Merafe (Proprietary) Limited ("CCM")

On 11 April 2007 Kagiso Media Limited acquired 65% of Kagiso Outdoor (Proprietary) Limited which in turn purchased 50,1% of the issued share capital of CCM for a consideration of R46m settled in cash. The cash was raised via the issue of preference shares to the existing preference shareholders. The acquired business contributed revenues of R14,3m and profit of R433 000 to the group for the period ended 30 June 2007.

If the acquisition had occurred on 1 July 2006, the contributions to the group's revenue would have been R54.3m and the contributions to the profits would have been a loss of R234 000. These amounts have been calculated using the group's accounting policies and by adjusting the results of the joint venture to reflect the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 July 2006, together with the consequential tax effects.

The goodwill is attributable to the future benefits of increased advertising platforms available to the Kagiso Media customer base.

32. Business combinations (continued)

Details of the net assets acquired and goodwill are as follows:

	On acquisition date (R'000)
Total purchase consideration	45 991
Fair value of net assets acquired	(21 972)
Goodwill	24 019

The assets and liabilities arising from the acquisition are as follows:

	Fair value on acquisition date (R'000)	Acquiree's carrying amount on acquisition date (R'000)
Property, plant and equipment	14 342	14 342
Intangible assets	58 995	
Deferred tax on intangible assets	(17 109)	
Deferred income tax assets	6 765	6 765
Loans and receivables	92	92
Liability for straight-lining of leases	(27 044)	(27 044)
Cash and cash equivalents	8 471	8 471
Inventories	6 011	6 011
Trade and other receivables	6 114	6 114
Trade and other payables	(5 874)	(5 874)
Net assets acquired	50 763	8 877
Kagiso Media group's share in the fair value ofnet assets acquired	21 972	
Minorities	(7 690)	
Kagiso Media's share in the fair value of net assets acquired	14 282	
Purchase consideration		45 991
Cash and cash equivalents in business acquired		(3 305)
Cash outflow on acquisition		42 686

	Group		Company	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
33. Financial instruments				
There are no forward exchange contracts outstanding at 30 June 2007.				
Trade receivables denominated in foreign currencies in respect of which no forward exchange contracts have been entered into (included in current assets)	**6 950**	7 400	**–**	–

34. Risk management

Financial instruments reflected on the balance sheets include investments, non-current receivables, trade receivables and payables, cash and cash equivalents, short-term bank and other borrowings and amounts due to shareholders.

Fair values

The carrying amounts of the financial assets and liabilities approximate their fair values. Trade receivables are presented net of allowances of impairments for doubtful receivables.

Credit risk

Financial assets which potentially subject the group to concentrations of counterparty risk, consist principally of cash, short-term deposits and trade receivables.

– The group's cash equivalents and short-term deposits are placed with high credit quality financial institutions.

– Trade receivables comprise a widespread customer base, across various business and market segments.

	Group		Company	
	2007 R'000	2006 R'000	**2007 R'000**	2006 R'000
The trade and other receivables are ascribed to the various segments of the group's business as follows:				
– Central functions	**7 499**	7 121		
– Broadcasting	**82 738**	61 920		
– Information services and solutions	**49 650**	42 706		
– Outdoor	**9 792**	–		
– Exhibitions and events	**18 503**	18 138		
Total	**168 182**	129 885	**–**	–
The group calculates the theoretical amount included in trade receivables considered to be "at risk", with no reference to insurance policies covering particular exposures, after allowing for risk-sharing arrangements and probabilities or non-performance.				
The group's share of amounts considered to be "at risk" included in the trade receivables, are as follows:				
– Subsidiaries	**29 276**	23 162		
– Joint ventures	**58 850**	44 769		
Total	**88 126**	67 931	**–**	–

35. Related party transactions

Shareholding

Kagiso Media's major shareholder is Kagiso Trust Investments (Proprietary) Limited ("KTI"), which owns 47,9% (2006 – 48,1%).

The directors of the company own 0,4% (2006 – 0,3%) of the shares of the company. The remaining 51,7% (2006 – 51,6%) of the shares are widely held between institutions and members of the general public.

Kagiso Trust owns 50,3% of KTI and is therefore the ultimate holding entity of the Kagiso Media Limited group.

The following transactions were carried out between related parties:

Transactions with related parties

KTI exercises significant influence over the company.

The company is a sub-tenant of KTI in respect of the company's central office facilities. The sub-lease is at terms no less favourable than that of any other tenant in the building and the rates are considered to be market-related.

Kagiso Media, its subsidiaries and joint ventures, enter in the ordinary course of business into regular transactions with associates, particularly in the area of radio airtime sales. These transactions are governed by terms no less favourable than those arranged with third parties.

	Group		Company	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
35. Related party transactions (continued)				
Transactions during the year				
Payments made to KTI in terms of the sub-lease:				
– Rent	**768**	588		
– Operating costs	**212**	159		
– Costs in respect of common area	**42**	32		
– Costs for other services	**506**	386		
Kagiso Media, its subsidiaries and joint ventures recorded the following transactions with associates during the year:				
– Interest paid on loan from associate	**37**	129		
– Information services and solutions products sold by joint venture to its international associates (group's share)	**–**	1 676		
Year-end balances arising from the purchase of goods and services				
Outstanding balance owing to KTI in terms of the sub-lease:				
– Rent	**95**	48		
– Other	**73**	213		
Outstanding balances owing to joint venture by its international associates from the sale of information services and solutions:				
– Amounts owing to LexisNexis Butterworths (Proprietary) Limited (group's share)	**642**	266		
Outstanding balances owing by joint venture to its international associates from the purchase of information services and solutions:				
– Amounts owing by LexisNexis Butterworths (Proprietary) Limited (group's share)	**1 305**	490		
Loans from/(to) related parties				
Loans from Seyalemoya Communications (Proprietary) Limited				
– At the beginning of the year	**2 504**	2 375		
– Loans repaid during the year	**(2 541)**	–		
– Interest charged	**37**	129		
– At the end of the year	**–**	2 504		
Loans from Thebe Convergent Technologies (Proprietary) Limited				
– At the beginning of the year	**1 129**	–		
– Loans advanced during the year	**3 732**	1 129		
– At the end of the year	**4 861**	1 129		
Loans to Makana Radio Communications (Proprietary) Limited				
– At the beginning of the year	**(1 600)**	–		
– Loans repaid/(advanced) during the year	**252**	(1 600)		
– At the end of the year	**(1 348)**	(1 600)		
Loans to MSG Afrika (Proprietary) Limited				
– Loans advanced during the year	**(15 750)**	–		
– Interest charged	**(490)**	–		
– At the end of the year	**(16 240)**	–		
Total	**(12 727)**	2 033	**–**	–

35. Related party transactions (continued)

The loan from Seyalemoya Communications (Proprietary) Limited was unsecured, carried interest at 8% and had no fixed terms of repayment. This loan was repaid during the year.

The loans from Thebe Convergent Technologies (Proprietary) Limited and to Makana Radio Communications (Proprietary) Limited are unsecured, interest free and have no fixed terms of repayment.

The loan to MSG Afrika (Proprietary) Limited carries interest at prime plus 1,42%. Interest is payable on 30 September and 31 March of every year. 5% of the original capital amount is repayable on the same dates as stated above. Their 35% shareholding in Kagiso Outdoor (Proprietary) Limited is held as security for this loan.

	Group		Company	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
Loans to directors				
Amounts owing on loan account to directors:				
At the beginning of the year	**3 492**	–		
Loans advanced	**4 297**	3 336		
Loans repaid	**(4 513)**	–		
Interest charged	**593**	156		
At the end of the year	**3 869**	3 492	**–**	–

Loans are granted to directors in terms of the Unrestricted Share Purchase Scheme. These loans are linked to the shares, which also serve as guarantee for the loan, that were purchased according to the allocation allowed to directors, as approved by the board. These loans are repayable within six years from date of grant and carry interest at prime less 2%.

Transactions with directors

Directors' emoluments

The executive directors were paid the following amounts in cash and realised the following gains in terms of the share option scheme in the year to 30 June:

	Salary	Bonus	Gains made on shares	Total
2007	R'000	R'000	R'000	R'000
WR Jardine*	**462**	**–**	**4 713**	**5 175**
M Morobe**	**1 000**	**648**	**–**	**1 648**
OC Essack	**1 198**	**427**	**395**	**2 020**
S Pienaar	**1 051**	**383**	**361**	**1 795**
Total	**3 711**	**1 458**	**5 469**	**10 638**
2006				
WR Jardine	1 500	1 089	6 287	8 876
PHP Jacobs***	432	–	–	432
OC Essack	1 130	479	–	1 609
S Pienaar****	775	327	–	1 102
Total	3 837	1 895	6 287	12 019

* Resigned as executive director on 31 October 2006, appointed as chairman on 1 November 2006
** Appointed 1 November 2006
*** Resigned 30 September 2005
**** Appointed 1 October 2005

35. Related party transactions (continued)

The non-executive directors were paid the following amounts in cash in the year to 30 June:

	2007 R'000	2006 R'000
HI Appelbaum	**60**	36
RL Hiemstra*	**76**	78
WR Jardine	**99**	–
YI Mahomed	**60**	54
E Molobi**	**–**	72
RM Motanyane	**82**	41
MJN Njeke	**101**	72
SN Pragjee***	**–**	54
WC Ross****	**38**	–
Total	**516**	**407**

* Resigned 13 February 2007
** Passed away 4 June 2006
*** Resigned 28 February 2006
**** Appointed 12 February 2007

Directors' rights in the Kagiso Media Limited Share Option Scheme

At 30 June 2007 the directors held the following rights to acquire shares in the share capital of the company:

First date on which exercisable	Last date on which exercisable	WR Jardine	OC Essack	Purchase price (cents)
16/09/2007	16/09/2012	141 577	–	300
12/09/2007	12/09/2013	111 884	–	450
10/09/2007	10/09/2014	30 782	–	830
01/01/2008	01/01/2014	–	106 195	565
Year ending 30 June 2008		**284 243**	**106 195**	**457***
16/09/2008	16/09/2012	141 577	–	300
12/09/2008	12/09/2013	111 884	–	450
10/09/2008	10/09/2014	30 782	–	830
01/01/2009	01/01/2014	–	106 195	565
Year ending 30 June 2009		**284 243**	**106 195**	**457***
12/09/2009	12/09/2013	111 883	–	450
10/09/2009	10/09/2014	30 782	–	830
01/01/2010	01/01/2014	–	106 194	565
Year ending 30 June 2010		**142 665**	**106 194**	**546***
10/09/2010	10/09/2014	30 782	–	830
Year ending 30 June 2011		**30 782**	**–**	**830***
Total		**741 933**	**318 584**	**489***

* weighted average price of outstanding rights

Movement during the year

The movement during the year in the number of rights to shares per the share option scheme was as follows

	WR Jardine	OC Essack	Total
At the beginning of the year	1 154 416	424 779	1 579 195
Rights exercised	(412 483)	(106 195)	(518 678)
At the end of the year	**741 933**	**318 584**	**1 060 517**

35. Related party transactions (continued)

Directors' rights in the Kagiso Media Unrestricted Share Purchase Scheme

	M Morobe	S Pienaar	WR Jardine	OC Essack	Total
2006					
– Date of award		30/12/2005	30/12/2005	30/12/2005	
– Number of shares	–	68 299	183 600	18 360	270 259
– Share price (R)		12,2549	12,2549	12,2549	12.2549
2007					
– Date of award		1/10/2006		1/10/2006	
– Number of shares	–	43 226	–	49 269	92 495
– Share price (R)		12,7568		12,7568	12.7568
– Date of award	1/11/2006	1/11/2006		1/11/2006	
– Number of shares	161 132	28 242	–	32 190	221 564
– Share price (R)	13,9640	13,9640		13,9640	13,9640
Total number of shares awarded since inception of the scheme	161 132	139 767	183 600	99 819	584 318
Shares sold during the year	–	(114 767)	(183 600)	–	298 367
Number of shares held at the end of the year attributable to the Unrestricted Share Purchase Scheme	**161 132**	**25 000**	**–**	**99 819**	**285 951**
Loans outstanding at the end of the year (R'000)	**2 393**	**62**	**–**	**1 414**	**3 869**

Directors' shareholding in Kagiso Media Limited shares at 30 June 2007

	Direct	Indirect	Total
HI Appelbaum	72 000	–	72 000
OC Essack*	171 014	–	171 014
WR Jardine	1 000	–	1 000
YI Mahomed	70 512	–	70 512
M Morobe*	161 132	–	161 132
RM Motanyane	–	–	–
MJN Njeke	14 822	–	14 822
S Pienaar*	25 000	–	25 000
WC Ross	17 400	–	17 400
Total	**532 880**	**–**	**532 880**

* Executive

Share based payment arrangements

Two employee share schemes are in operation in the Kagiso Media Limited group. These are the Kagiso Media Limited Unrestricted Share Purchase Scheme and the Kagiso Media Limited Share Option Scheme. The RadMark Share Scheme, which was in operation until 30 June 2007, was closed on this date. RadMark did a share buy-back, effectively proportionately increasing the shareholding of the remaining shareholders in this entity.

The Kagiso Media Limited Unrestricted Share Purchase Scheme

This share incentive scheme was approved and implemented during 2006. A trust was established to administer the scheme and to offer financial assistance as contemplated in section 38(2)(b) of the South African Companies Act. The trust will, as authorised by the board, make offers to eligible employees to acquire shares at an offer price. The eligible employees will be entitled to accept the offer within the offer period.

The purpose of the scheme is to allow participants to purchase shares in Kagiso Media Limited at market value, on an interest bearing loan account. The participants have full voting and dividend rights and there are no restrictions on the vesting or disposal of the shares. However, in order to encourage participants to hold their shares up to at least the end of a three year period, a bonus payment will be made on the third anniversary of the offer date, having regard to the shares held by the participant at that point in time. The bonus payment will be 15% of the capital amount of the original loan used to the purchase shares still held at the time. The fair value of this obligation has been discounted at the interest rate for instruments of a similar risk profile and expensed in equal amounts over the specified period, that is three years.

35. Related party transactions (continued)

The Kagiso Media Limited Unrestricted Share Purchase Scheme (continued)

The loans are interest bearing at 2% less prime, being the deemed interest rate that individuals with similar asset portfolios will be able to obtain from a reputable financial institution.

The Kagiso Media Limited Unrestricted Share Purchase Scheme is deemed to be a long-term employee plan, hence IFRS 2 "Share-based Payments" is therefore not applicable.

At 30 June 2007, the participants owed the company R3,9m (2006 – R3,5m) in terms of this scheme, refer above.

The Kagiso Media Limited Share Option Scheme

The company operates this scheme for the benefit of executive directors and staff. The scheme was approved and adopted by shareholders in a general meeting on 2 September 1999.

A maximum of 10% of the shares in the company is available for share incentive and option schemes. No individual may at any time have the right to acquire more than 2,5% of the shares in the company. The rights to acquire shares in terms of the Kagiso Media Limited Share Option Scheme are exercisable in four equal tranches, at the market price on the day of the award of such right, commencing three years from the date of issue and expire after 10 years from the date of issue.

The number and weighted average exercise prices of share options at 30 June 2007 were as follows:

Date on which exercisable		Number of rights	Price (cents)
	September 2007	141 577	300
	September 2007	111 884	450
	September 2007	30 782	830
	January 2008	106 195	565
	March 2008	78 125	260
	March 2008	8 766	1208
Year ending 30 June 2008		477 329	438*
	September 2008	141 577	300
	September 2008	111 884	450
	September 2008	30 782	830
	January 2009	106 195	565
	March 2009	8 766	1208
Year ending 30 June 2009		399 204	473*
	September 2009	111 883	450
	September 2009	30 782	830
	January 2010	106 194	565
	March 2010	8 766	1208
Year ending 30 June 2010		257 625	569*
	September 2010	30 782	830
	March 2011	8 767	1208
Year ending 30 June 2011		39 549	914*
Total		**1 173 707**	**495***

* weighted average price of outstanding rights

35. Related party transactions (continued)

The Kagiso Media Limited Share Option Scheme (continued)

The movement in the number of outstanding rights to acquire shares during the year was as follows:

	Executive directors	Staff	Total
At the beginning of the year	1 579 195	191 314	1 770 509
Rights exercised*	(518 678)	(78 124)	(596 802)
At the end of the year	**1 060 517**	**113 190**	**1 173 707**

* weighted average price: 346 cents per share

There where no options granted during the year in terms of this scheme.In accordance with IFRS2 “Share-based payments” the group has recognised a compensation expense in the income statements representing the fair value of the share options granted to the company’s employees, over the vesting period of the shares. A corresponding credit to equity has been raised for this equity-settled plan, refer to the consolidated statement of changes in the shareholders’ equity.

The fair value of these options has been determined using an option pricing model, modeling the particular aspects of the option scheme, the employee turnover and the exercise behavior of the participants. As only one employee has ever forfeited any shares, it was assumed that option scheme participants will remain employees of the group for the full period, until all the options have been exercised, according to the terms of the scheme.

Scheme participants usually exercise their options immediately after the vesting date, therefore the vesting period and the expected option life were assumed equal. The risk free rates with a maturity periods closest to the option’s life were used in the calculation. The expected volatility for the share price was based on Kagiso Media’s historical share price performance.

The dividend yield of 6,7%, that is the historic dividend yield until the end of the 2004 financial year, was applied in the valuation model. The benefit expense for the year was calculated as R905 000 (2006 – R454 000).

Note 13 reflects the impact this scheme had on the income statements and equity of the group.

The RadMark Share Scheme

This scheme was closed at 30 June 2007. During the time that this scheme was effective, the employees of RadMark owned, via a share trust, 5% of the company. Share options were granted to all employees upon joining this company. The exercise price of the granted options was equal to the market price of the shares on the date of the grant. One-third of the option vested on each anniversary after three years’ service. RadMark had a legal obligation to repurchase or settle the options in cash. In accordance with IFRS 2 and IAS 39, the options and shares held by the RadMark Share Trust and its beneficiaries were independently fair valued according to the Black Scholes method. Movements in the number of share options and their related weighted average exercise prices are set out in note 17.

Key Management

There are no other key management personnel whose transactions and dealings require disclosure in terms of IAS 24 “Related Parties”.

Shareholders' diary and notice of AGM

Analysis of shareholders
for the year ended 30 June 2007

The shareholders of the company at 30 June 2007 are analysed as follows:

Shareholders by size of holding	Number of holders	Number of shares	Percentage of shares
Number of shares			
1 – 500	204	43 164	0,03
50 – 2 500	332	473 106	0,36
2 50 – 10 000	340	1 828 495	1,37
10 001 – 50 000	160	3 737 743	2,81
> 50 001	137	127 053 969	95,43
	1 173	**133 136 477**	**100,00**
Shareholders by type			
Individuals	846	4 048 619	3,04
Nominee companies	6	750 236	0,56
Investment companies	98	97 673 270	73,36
Other corporate bodies	223	30 664 352	23,03
	1 173	**133 136 477**	**100,00**

Share performance

	2007	2006
Market price (cents per share)		
– Closing	**1 505**	1 130
– High	**1 630**	1 420
– Low	**1 030**	999
– Weighted average traded price	**1 409**	1 232
Closing price/earnings ratio (times)	**15,4**	13,6
Liquidity		
Number of shares in issue ('000)	**133 136**	132 540
Market capitalisation at year-end (R'000)	**2 003 704**	1 497 698
Volume of shares traded ('000)	**21 160**	143 408
Volume traded to number in issue (%)	**15,9**	108,2
Value of shares traded (R'000)	**312 370**	354 407
Number of deals	**2 322**	2 206

Shareholders' diary

Financial year-end		30 June 2007
Annual general meeting		23 November 2007
Reports and financial statements		
Preliminary profit announcement	Published	25 September 2007
Annual financial statements*	Posted to shareholders	2 November 2007
Interim report*	Published	12 February 2008

*Please note that these dates are subject to change

Notice of the annual general meeting
for the year ended 30 June 2007

Kagiso Media Limited
Incorporated in the Republic of South Africa
(Registration number 1957/000036/06)
("Kagiso Media" or "the company" or "the group")
Share code: KGM
ISIN: ZAE000014007

Notice is hereby given that the annual general meeting of shareholders will be held at 1st Floor, Kagiso House, 16 Fricker Road, Illovo, 2196, on Friday, 23 November 2007 at 14:00 for the following purpose:

1. To conduct the following ordinary business:
   - To receive and adopt the annual financial statements for the year ended 30 June 2007
   - To re-appoint those directors who retire by rotation
   - To ratify the appointment of a newly appointed director
   - To re-appoint PricewaterhouseCoopers Inc. as auditors to the company for the ensuing year
   - To transact such other business as may be required at an annual general meeting
2. To conduct the following special business:
   - To approve the annual remuneration of non-executive directors for the ensuing year
   - To authorise the directors of the company to issue 477 329 shares in the share capital of the company, representing no more than 0,4% of the number of shares in issue at 30 June 2007, in terms of the company's share option scheme
   - To authorise the directors of the company to issue the remaining unissued authorised shares in the capital of the company
   - To give the company, or any of its subsidiaries, a general authority to acquire the shares in the share capital of the company

In conducting its business, the meeting will consider and approve the following resolutions by way of a poll, with or without amendment:

Ordinary business

1. Approval of financial statements

Ordinary resolution number 1

"Resolved that the annual financial statements of the company and the group, for the year ended 30 June 2007, together with the report of the directors and auditors thereon, are hereby adopted."

A majority of the votes cast by the shareholders present or represented by proxy will be required to approve this resolution.

2. Appointment of directors

Ordinary resolution number 2

Messrs MJN Njeke and OC Essack retire in accordance with section 94 of the company's articles of association, but being eligible, offer themselves for re-election.

MJN (Johnson) Njeke
CA (SA)
Johnson Njeke qualified as a Chartered Accountant in 1986 and was a partner at PricewaterhouseCoopers Inc. before he became Chief Executive Officer of Kagiso Trust Investments (Proprietary) Limited, the most significant shareholder of the company in 1994. He is past Chairperson of the South African Institute of Chartered Accountants and current Chairperson of its Education Committee.

OC (Omar) Essack
BA, H Dip Ed
Omar Essack has been executive director responsible for broadcasting for the past three years. He is past Chief Executive Officer of East Coast Radio (Proprietary) Limited.

Accordingly, to consider and if deemed fit, to re-elect those directors by way of passing the separate ordinary resolutions set out below:

2(a) Appointment of Mr MJN Njeke as a director

Ordinary resolution number 2(a)

"Resolved that MJN Njeke be and is hereby re-elected as director of the company."

2(b) Appointment of Mr OC Essack as a director
Ordinary resolution number 2(b)
"Resolved that OC Essack be and is hereby re-elected as director of the company."

A majority of the votes cast by the shareholders present or represented by proxy will be required to approve the above resolutions.

3. Ratification of appointment of director
Ordinary resolution number 3
Mr WC Ross has been appointed as director. The effective date of his appointment was on 12 February 2007. In accordance with section 90 of the company's articles of association, his appointment is only valid until the next annual general meeting. As he is eligible, he offers himself for election.

WC (Willy) Ross
CA (SA)
Willy Ross was appointed as a director with effect 12 February 2007. He retired from the Nedbank Group in 2004 after 30 years of service in the investment banking arena. For the last three years he has been consulting and advising in his personal capacity. Willy also serves on the board of Capital Property Fund (Chairman) and Hospitality Property Fund, which are both listed, as well as on the boards of a number of large non-listed companies which are active in the private equity and logistics industry.

Accordingly, to consider and if deemed fit, to elect this director by way of passing the separate ordinary resolution set out below:

Appointment of Mr WC Ross as a director
"Resolved that WC Ross be and is hereby elected as director of the company."

A majority of the votes cast by the shareholders present or represented by proxy will be required to approve the above resolution.

4. Appointment of auditors
Ordinary resolution number 4
"Resolved that PricewaterhouseCoopers Inc. are hereby re-appointed as the auditors of the company for the ensuing year."

A majority of the votes cast by the shareholders present or represented by proxy will be required to approve this resolution.

Special business

5. Non-executive directors' remuneration
Ordinary resolution number 5
"Resolved that the annual remuneration of the non-executive directors of the company, for the year from 1 July 2007 to 30 June 2008, be fixed at the rate of R63 900 per annum for services as directors and that the chairman, in addition to the remuneration of R63 900 per annum as a director, shall be paid a further R42 600. In addition to the above, members of the audit committee will be paid R23 430 per annum and the chairman of this committee R37 275. The members of the remuneration committee will receive a further R20 235 per annum and the chairman of the remuneration committee will receive R27 690 for the year."

A majority of the votes cast by the shareholders present or represented by proxy will be required to approve this resolution.

6. Authority over unissued shares
Ordinary resolution number 6
"Resolved that 477 329 of the unissued authorised shares in the company, required to be issued in terms of the company's share option scheme in the period commencing after this annual general meeting and ending at the time of the next annual general meeting, be and are hereby placed under the control of the directors, subject to the provisions of the Companies Act, No. 61 of 1973 (as amended) and the JSE Limited's ("JSE") listing requirements, until the next annual general meeting."

A majority of the votes cast by the shareholders present or represented by proxy will be required to approve this resolution.

7. Authority over remaining unissued shares

Ordinary resolution number 7

"Resolved that 20% of the remaining unissued authorised shares in the capital of the company be and are hereby placed under the control of the directors until the next annual general meeting of the company for allotment and issue to such persons and upon such terms and subject to such conditions as the directors in their sole discretion may determine from time to time, but at all times subject to the provisions of the Companies Act No. 61 of 1973 (as amended), and to the rules and regulations of the JSE.

A majority of the votes cast by the shareholders present or represented by proxy will be required to approve this resolution.

8 General authority to repurchase company shares

Special resolution number 1

"Resolved that, as a general approval contemplated in sections 85(2), 85(3) and 89 of the Companies Act, No. 61 of 1973 (as amended)("the Act"), the company or any of its subsidiaries, be and are hereby authorised to acquire the issued shares of the company, on the terms and conditions determined by the directors of the company from time to time, but subject to the articles of association of the company (as amended), the provisions of the Act and the listings requirements of the JSE, and provided that:

a. any such acquisitions shall be implemented on the open order book of the JSE, without any prior understanding or arrangement between the company and the counter party;
b. a paid press announcement will be published as soon as the company, on a cumulative basis, has acquired 3% of the number of shares in issue prior to such acquisition and for each 3% in aggregate thereafter, containing full details of such acquisitions;
c. acquisitions in any one financial year may not exceed 20% of the company's issued share capital at the date of passing of this special resolution;
d. in determining the price at which shares in the share capital of the company are acquired in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% of the weighted average of the market value at which such shares are traded on the JSE over the five business days immediately preceding the date of the acquisition of such shares;
e. this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing of this special resolution;
f. at any point in time, the company may only appoint one agent to effect any repurchase on the company's behalf;
g. the company may only undertake a repurchase if, after such repurchase, it still complies with the minimum shareholder spread requirements; and
h. the company may not repurchase shares during a prohibited period as defined by the JSE listings requirements.

Before entering the market to effect the general repurchase, the directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the foregoing general authority, will ensure that for a period of 12 (twelve) months after the date of the notice of annual general meeting ("AGM"):

– the company and the group will be able, in the ordinary course of business, to pay its liabilities for a period of 12 months after the date of the notice of the AGM;
– the assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of notice of the AGM;
– the company and the group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the AGM.

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the JSE listings requirements for purposes of the general authority:

– Directors and management – pages 6 and 7;
– Major beneficial shareholders – page 52;
– Directors' interests in ordinary shares – page 112; and
– Share capital of the company – page 52.

Litigation statement

In terms of section 11.26 of the JSE listings requirements, the directors, whose names appear on pages 6 and 7 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the group's financial position.

Directors' responsibility statement

The directors, whose names appear on pages 6 and 7 of the annual report, collectively and individually accept responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

Although there is at present no intention to repurchase any of the company's shares, it is deemed appropriate that the directors be authorised to repurchase the company's shares should the opportunity arise and should the directors deem it to be advantageous to the company to repurchase such shares. The company undertakes to advise the sponsor before entering the market to commence any share repurchases, in order to enable the sponsor to furnish the JSE with written confirmation of the company's working capital.

Reasons for and effect of special resolution number 1:

The reasons for and effect of special resolution number 1 are to grant the company, or a subsidiary, a general approval in terms of the Act for the acquisition of shares in the company.

Such general authority will provide the board with flexibility, subject to the requirements of the Act and the JSE, to repurchase shares should it be in the interest of the company. This general authority shall be valid until the next annual general meeting, provided that this general authority shall not be extended beyond 15 (fifteen) months from the date of passing this special resolution.

A 75% majority of the votes cast by the shareholders present or represented by proxy will be required to approve this resolution.

9. Authorisation

Ordinary resolution number 8

"Resolved that any director of the company be and is hereby authorised to do all such things as are necessary and to sign all such documents as may be necessary for the implementation of the above special and ordinary resolutions as proposed at the annual general meeting."

A majority of the votes cast by the shareholders present or represented by proxy will be required to approve this resolution.

By order of the board

S Pienaar
Company secretary
Illovo
19 September 2007

Form of proxy

To be completed by certificated and "own name" dematerialised shareholders only

Kagiso Media Limited
Incorporated in the Republic of South Africa
(Registration number 1957/000036/06)
("Kagiso Media" or "the company" or "the group")
Share code: KGM
ISIN: ZAE000014007

For the annual general meeting, to be held at the offices of Kagiso Media, 1st Floor, Kagiso House, 16 Fricker Road, Illovo, 2196, on Friday, 23 November 2007 at 14:00.

I/We (please print) ______________________________

of (please print) ______________________________

being a member of the company and entitled to __________ votes, do hereby appoint:

1. ______________________ of ______________________, or failing him/her

2. ______________________ of ______________________, or failing him/her

3. the chairman of the annual general meeting

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting to be held at the boardroom of Kagiso Media, 1st Floor, Kagiso House, 16 Fricker Road, Illovo, 2196 on Friday, 23 November 2007 at 14:00 and any adjournment thereof, for the purpose of considering and if deemed fit, passing, with or without modifications, the resolutions to be proposed thereat and to vote for me/us on my/our behalf or to abstain from voting as indicated below (see notes):

Voting instructions			
Number of votes on a poll	For	Against	Abstain
Ordinary business			
1 The adoption of the annual financial statements for the year ended 30 June 2007			
2(a) To re-elect Mr MJN Njeke as director of the company			
2(b) To re-elect Mr OC Essack as director of the company			
3 To elect Mr WC Ross as director of the company			
4 To re-appoint PricewaterhouseCoopers Inc. as auditors to the company for the ensuing year			
Special business			
5 Ordinary resolution to approve the remuneration of the non-executive directors			
6 Ordinary resolution to place 477 329 of the unissued shares under the control of the directors			
7 Ordinary resolution to place 20% of the remaining unissued shares under the control of the directors			
8 Special resolution to authorise the company to acquire its own shares			
9 Ordinary resolution to give any director of the company authority to give effect to ordinary resolutions 1, 4, 5, 6 and 7 and special resolution 1			

(Please indicate instruction to proxy, by way of a cross in the space provided and/or the relevant number of votes exercisable)

Signed at ______________________ on ______________________ 2007

Signature(s) of member(s) ______________________________

Assisted by (where applicable) (state capacity and full name) ______________________________

Please read the notes appearing on the reverse hereof

Form of proxy *continued*

Instructions and notes

1. A shareholder may insert the name of a proxy or the name of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote or to abstain from voting at the annual general meeting as the chairman deems fit, in respect of all the ordinary shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. Shareholders who hold certificated shares in their own names must lodge their completed proxy forms at Link Market Services South Africa (Proprietary) Limited, 5th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to be received by not later than 14:00 on Wednesday, 21 November 2007.
4. All beneficial owners of ordinary shares who hold or who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker and all beneficial owners of ordinary shares, who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions. Voting instructions must reach the CSDP, broker or nominee in sufficient time to allow the CSDP, broker or nominee to advise the company or Link Market Services South Africa (Proprietary) Limited of this instruction by not later than 14:00 on Wednesday, 21 November 2007.
5. Should you as the beneficial owner, however, wish to attend the meeting in person, you may do so by requesting your CSDP, broker or nominee to issue you with a letter of representation in terms of the custody agreement entered into with your CSDP, broker or nominee. Letters of representation must be lodged with Link Market Services South Africa (Proprietary) Limited or at the registered office of the company by not later than 14:00 on Wednesday, 21 November 2007.
6. Shareholders who hold certificated shares in their own name and shareholders who hold or who have dematerialised their shares in "own name" registrations must lodge their completed proxy forms with Link Market Services South Africa (Proprietary) Limited or at the registered office of the company by not later than 14:00 on Wednesday, 21 November 2007.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person, to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
10. The chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these instructions and notes.
11. A minor must be assisted by his/her parents or guardian, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.