

**RADIO TODAY (ASSOCIATION INCORPORATED UNDER SECTION 21)
(REGISTRATION NUMBER 1996/011817/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2006**

MAHER & ASSOCIATES

CHARTERED ACCOUNTANTS (S.A.)

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MAHER & ASSOCIATES

CHARTERED ACCOUNTANTS (S.A.)

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RADIO TODAY (ASSOCIATION INCORPORATED UNDER SECTION 21)

We have audited the annual financial statements of Radio Today (Association incorporated under Section 21) set out on pages 4 to 11 for the year ended 28 February 2006. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Qualification

In common with similar organisations, it is not feasible for the company to institute accounting controls over cash collections from donations prior to initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Qualified audit opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements fairly present, in all material respects, the financial position of the company at 28 February 2006 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

K.C.P. MAHER C.A. (S.A.), T. THEOPHANOUS C.A. (S.A.)
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**RADIO TODAY (ASSOCIATION INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February 2006**

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

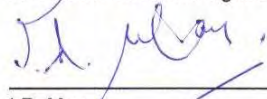
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The following supplementary schedule does not form part of the financial statements, and is unaudited.

Detailed income statement	12 - 13
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Approval

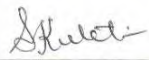
The financial statements which appear on pages 4 to 13 were approved by the board of directors on 20 October 2006 and signed on their behalf by:



I.R. May



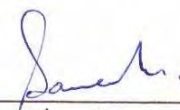
N.G. Collie



S. Kitleli



R.S. Mcrae



S. Sobantwana

Emphasis of matter

Without further qualifying our opinion above, we draw your attention to the note on going concern in the directors' report.

Supplementary information

The supplementary schedule set out on pages 12 to 13 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion on it.


Maher & Associates Inc
Chartered Accountants (S.A.)
Registered Accountants and Auditors

Johannesburg
20 October 2006






**RADIO TODAY (ASSOCIATION INCORPORATED UNDER SECTION 21)
REPORT OF THE DIRECTORS
for the year ended 28 February 2006**

The directors present their report for the year ended 28 February 2006. This report forms part of the audited financial statements.

1. Statements of responsibility

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The external auditors are responsible for independently auditing and reporting on the fair presentation of financial statements in conformity with South African Auditing Standards. The financial statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act, 1973.

The directors are also responsible for the company's system of internal financial 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. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future as discussed in note 2.

2. Financial results

The results of the company and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require further comments.

3. Property, plant and equipment

There have been no major changes in the property, plant and equipment during the period or any changes in the policy relating to their use.

4. Directors

The directors of the company during the accounting period and up to the date of this report were as follows:

E. Watt
I.R. May
N.G. Collie
P.K. Lotis
R.S. Mcrae
S. Kitleli

Resigned 1 June 2005

5. Auditors

Maheer & Associates Inc will continue in office in accordance with section 270(2) of the Companies Act.

6. Going concern

The company at year end has a net profit of R16 151, however the company's liabilities exceed its assets by R1 078 991. These conditions indicate the existence of a material uncertainty which may cast doubt about the company's ability to continue as a going concern. The company has made an unaudited profit of approximately R130 000 for the 7 months ended 30 September 2006.

RADIO TODAY (ASSOCIATION INCORPORATED UNDER SECTION 21)
BALANCE SHEET
at 28 February 2006

	Notes	2006	2005
Assets			
Non-current assets			
Property, plant and equipment	2	61 829	111 866
Current assets			
Trade and other receivables		292 391	431 333
Cash and cash equivalents		286 734	404 688
		5 657	26 645
Total assets		<u>354 220</u>	<u>543 199</u>
Equity and liabilities			
Capital and reserves			
Accumulated loss		(1 078 991)	(1 095 142)
Non-current liabilities			
Long term liabilities	3	308 705	301 557
Current liabilities			
Trade and other payables		1 124 506	1 336 784
Bank overdraft		1 073 630	1 283 666
		50 876	53 118
Total equity and liabilities		<u>354 220</u>	<u>543 199</u>

RADIO TODAY (ASSOCIATION INCORPORATED UNDER SECTION 21)
INCOME STATEMENT
for the year ended 28 February 2006

	Note	2006	2005
Gross revenue		2 361 069	2 818 035
Other income		53 772	89 815
Operating costs		<u>2 393 673</u>	<u>3 131 752</u>
Operating profit/(loss)	4	21 168	(223 902)
Interest received		63	1 739
Finance costs		<u>5 080</u>	<u>-</u>
Profit/(Loss)		<u>16 151</u>	<u>(222 163)</u>



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**RADIO TODAY (ASSOCIATION INCORPORATED UNDER SECTION 21)
STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2006**

	Accumulated loss
Balance at 01 March 2004	(872 979)
Net loss for the year	(222 163)
Balance at 01 March 2005	<u>(1 095 142)</u>
Net profit for the year	16 151
Balance at 28 February 2006	<u><u>(1 078 991)</u></u>



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RADIO TODAY (ASSOCIATION INCORPORATED UNDER SECTION 21)
CASH FLOW STATEMENT
for the year ended 28 February 2006

	Notes	2006	2005
Cash flows from operating activities		(17 042)	(184 391)
Cash receipts from customers		2 479 023	2 886 634
Cash paid to suppliers and employees		(2 491 048)	(3 072 764)
Cash utilised in operating activities	7.1	(12 025)	(186 130)
Interest received		63	1 739
Interest paid		(5 080)	-
Cash flows from investing activities			
<i>Expenditure to maintain operating capacity</i>			
Property, plant and equipment acquired		(8 852)	(62 307)
Cash flows from financing activities		7 148	(31 243)
Loans raised		7 148	-
Loans repaid		-	(31 243)
Decrease in cash and cash equivalents		(18 746)	(277 941)
Cash and cash equivalents at beginning of the year	7.2	(26 473)	251 468
Cash and cash equivalents at end of the year	7.2	(45 219)	(26 473)

**RADIO TODAY (ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS
AT 28 FEBRUARY 2006**

1 Basis of preparation

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost convention.

1.1 Revenue recognition

Revenue comprises income from advertising, functions, promotions, club member subscriptions, pledges and fees.

1.2 Property, plant and equipment

All property, plant and equipment are initially recorded at cost.

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives as follows:

- Furniture and fittings	6 years
- Broadcasting equipment	5 years
- Office equipment	5 years
- Computer equipment	3 years
- Computer software	2 years

2. Property, plant and equipment

	2006			2005		
	Cost / valuation	Accumulated depreciation	Carrying value	Cost / valuation	Accumulated depreciation	Carrying value
<i>Owned assets</i>						
Furniture and fittings	9 781	8 015	1 766	9 781	6 385	3 396
Broadcasting equipment	128 068	101 657	26 411	128 068	76 712	51 356
Office equipment	11 672	6 608	5 064	11 672	4 274	7 398
Computer equipment	88 079	72 193	15 886	91 748	63 951	27 797
Computer software	37 443	24 741	12 702	28 591	6 672	21 919
	<u>275 043</u>	<u>213 214</u>	<u>61 829</u>	<u>269 860</u>	<u>157 994</u>	<u>111 866</u>

**RADIO TODAY (ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS
AT 28 FEBRUARY 2006**

2. Property, plant and equipment continued

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Depreciation	Carrying value at end of year
2005				
<i>Owned assets</i>				
Furniture and fittings	5 026	-	(1 630)	3 396
Broadcasting equipment	76 970	-	(25 614)	51 356
Office equipment	5 173	4 146	(1 921)	7 398
Computer equipment	2 153	32 970	(7 326)	27 797
Computer software	3 117	25 191	(6 389)	21 919
	<u>92 439</u>	<u>62 307</u>	<u>(42 880)</u>	<u>111 866</u>
2006				
<i>Owned assets</i>				
Furniture and fittings	3 396	-	(1 630)	1 766
Broadcasting equipment	51 356	-	(24 945)	26 411
Office equipment	7 398	-	(2 334)	5 064
Computer equipment	27 797	-	(11 911)	15 886
Computer software	21 919	8 852	(18 069)	12 702
	<u>111 866</u>	<u>8 852</u>	<u>(58 889)</u>	<u>61 829</u>
		2006		2005

3. Long term liabilities

PG Recording Studios (Proprietary) Limited	287 112	287 112
Loans from directors	<u>21 593</u>	<u>14 445</u>
	<u>308 705</u>	<u>301 557</u>

These loans are unsecured, interest free and have no specific terms of repayment.

**RADIO TODAY (ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS
AT 28 FEBRUARY 2006**

	2006	2005
4. Operating profit/(loss)		
Operating profit/(loss) is stated after:		
Expenditure		
Auditors' remuneration	17 110	20 670
- Audit fee	15 500	14 900
- Other services	1 610	5 770
Depreciation		
- Property, plant and equipment	58 889	42 880
Lease rentals		
- Premises	115 415	101 327
	<u> </u>	<u> </u>
5. Directors' emoluments		
Emoluments received		
Directors - executive		
- For services as directors	<u>340 568</u>	<u>332 433</u>
6. Comparative figures		
Certain comparative figures have been reclassified.		
7. Notes to the cash flow statement		
7.1 Cash utilised in operating activities		
Net profit/(loss)	16 151	(222 163)
Adjustments for:		
Depreciation	58 889	42 880
Interest received	(63)	(1 739)
Finance costs	5 080	-
	<u>80 057</u>	<u>(181 022)</u>
Movements in working capital		
Decrease in accounts receivable	117 954	68 599
Decrease in accounts payable	(210 036)	(73 707)
	<u>(12 025)</u>	<u>(186 130)</u>
7.2 Cash and cash equivalents		
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Cash and cash equivalents	5 657	26 645
Bank overdraft	(50 876)	(53 118)
	<u>(45 219)</u>	<u>(26 473)</u>

**RADIO TODAY (ASSOCIATION INCORPORATED UNDER SECTION 21)
 DETAILED INCOME STATEMENT
 for the year ended 28 February 2006**

	2006	2005
Gross revenue	2 361 069	2 818 035
Sales	2 359 069	2 807 269
Donations received	2 000	10 766
Other income	53 835	91 554
Interest received	63	1 739
Club membership fees	53 772	44 127
Sundry income	-	45 688
Total income	2 414 904	2 909 589
Expenditure (Refer to page 13)	2 398 753	3 131 752
Profit/(loss)	16 151	(222 163)





RADIO TODAY (ASSOCIATION INCORPORATED UNDER SECTION 21)
DETAILED INCOME STATEMENT
for the year ended 28 February 2006

	2006	2005
Expenditure	2 398 753	3 131 752
Accounting fees	-	86 523
Auditors' remuneration	17 110	20 670
Bad debts	13 604	-
Bank charges	11 639	10 814
Cleaning	20	-
Commission paid	35 622	96 977
Computer expenses	5 289	12 290
Consulting fees	32 125	-
Depreciation	58 889	42 880
Directors' emoluments	340 568	332 433
Entertainment	24 776	46 489
Fines and penalties	23 316	28 116
Functions	168 396	497 410
Gifts	709	2 197
Insurance	9 339	10 840
Interest	5 080	-
Lease rentals	115 415	101 327
Legal expenses	-	68 500
Motor vehicle expenses	4 028	195
Postage	1 681	1 513
Printing and stationery	23 791	17 243
Production costs	27 515	32 000
RSC levies	9 569	39 475
Repairs and maintenance	26 438	21 412
Salaries	1 104 199	1 184 051
Samro royalties	(18 373)	138 162
Secretarial fees	450	-
Security	15 477	4 684
Sentech - landline costs	228 440	186 887
Staff welfare	14 268	15 149
Subscriptions	10 808	-
Telephone and fax	82 515	133 515
Training	6 050	-