

## Media Release

### For Immediate Release

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#### **Black Consortium bids for Top TV**

**Johannesburg, Monday, 29 April 2013** - Dynamic TV Consortium, a broad-based consortium led by Given Mkhari of MSG Afrika Media and Malose Kekana of Falk Trading confirmed that it has submitted an alternative plan for the business rescue of On Digital Media (Pty) Ltd (“ODM”), the operator of Top TV.

On 29 October 2012, ODM resolved to commence business rescue proceedings after experiencing financial distress for an extended period of time. On 17 April 2013, a rescue plan was published. The plan provided for StarTimes Communications Network Technology Co. Ltd (“StarTimes”), to acquire and operate the business of ODM.

The total amount of investment by South African Development Funding Institutions and investors in ODM is in excess of R1,4 billion of which StarTimes has, in terms of the Business Rescue Proposal, proposed to acquire for a cash consideration of R98,4 million. This implies that the first R1,4 billion in profits must be repaid to StarTimes and repatriated offshore, tax free, before local shareholders can benefit.

One of the primary objectives of the Electronic Communications Act is to “promote the empowerment of historically disadvantaged persons”. As a result of this objective, ICASA awarded Pay-TV licences to four new players, including ODM who was the only licensee that launched a satellite subscription service, in Top TV. It therefore follows that a turnaround of ODM’s fortunes presents the only realistic opportunity for the Pay-TV market to have a credible second player providing diverse content and choice for the average South African. This also represents a rare opportunity for Black people to own a commercial broadcasting licence, generally considered to be a scarce resource and asset of national interest.

According to Andile Khumalo, Chief Investment Officer at MSG, “It would appear that the shareholding structure of the StarTimes plan circumvents the foreign ownership restriction provisions of the Electronic Communications Act. StarTimes claims to enable 65% black shareholding, however with only a 20% black economic interest in the business. This sophisticated version of “fronting” undermines the strategic objectives of BEE as it will probably not result in any meaningful value to the black shareholders. To further entrench this mirage, StarTimes refers to a new BEE partner but does not identify this partner, making it unclear and uncertain who the ultimate beneficiaries are.”

Dynamic TV Consortium’s approach to the business rescue of ODM is informed by the strategic desire to promote a successful South African business; support local manufacturers, distributors and installers; and to stimulate the independent production of locally developed, home-grown African content. Having analysed ODM and the market, Dynamic TV believes there is a gap for another viable Pay TV operator. The business rescue plan is designed to be implemented in a way that promotes the developmental objectives of South Africa.

Khumalo adds that, "The StarTimes plan may also adversely affect local manufacturers and content providers. StarTimes is likely to source its decoders and other technology products from its holding company and affiliated offshore foreign subsidiaries. We are concerned that their plan may not result in any skills transfer, but instead become a displacement of local skills. In short, we seek to build a credible and sustainable South African Pay-TV broadcaster.

To this end the Dynamic TV Consortium approached the leading South African Pay-TV operator, MultiChoice South Africa for Enterprise Development support to ensure the commercial sustainability of ODM post-business rescue.

On 24 April 2013 the board of MultiChoice approved funding in the amount of R500 000 000, for the purposes of implementing a credible business rescue plan and securing the on-going sustainability of ODM. The loan is consistent with the objectives of Enterprise Development and meets the requirements of both the generic and ICT Codes of Good Practice.

"The Dynamic TV Consortium has the capacity, expertise, support, know-how and commitment to turn around the business of ODM. We believe that our plan represents a realistic opportunity to retain a South African owned and operated Pay TV operator that would be commercially viable and complies with the regulatory framework of the country," concludes Khumalo.

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Issued on behalf of MSG Afrika Media and Falk Trading by The Communications Firm (TCF)

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**About MSG Afrika Media**

MSG Afrika Media is a black-owned media and communications group with interests in The Jupiter Drawing Room (Johannesburg & Cape Town) (Advertising), Metropolitan Republic (Advertising), The Communications Firm (Public Relations), Capricorn FM (Radio), Power FM (Radio), Continental Outdoor Media (Outdoor Advertising), Quizzical Pictures (TV Production), and Quarto Press (Printing), amongst others. Given Mkhari, Simphiwe Mdlalose and Andile Khumalo comprise the executive team and shareholders of MSG Afrika.

**About Falk Trading**

Falk Trading Proprietary Limited is wholly owned by the Kekana Trust represented by Malose Kekana. Malose is one of the founders of Prodigy Asset Management based in Cape Town and was appointed Managing Director of Prodigy Capital, which was a Venture Capital Fund that invested Pension's socially responsible funds in unlisted companies and infrastructure projects. He was CEO of Umsobomvu Youth Fund (UYF) by Cabinet. UYF was a R1billion fund which set up set up strong systems (with ISO 9001:2001 certification) and programmes for assisting young and women entrepreneurs. Malose was appointed in 2011 by Cabinet to be the Chairman of National Development Agency and serves as Deputy Chairman of KZN Ithala Finance Development Corporation and serves on the board of the JSE-AltX listed Muvhoni Ltd. Malose owns and runs an investment holding company/trust which is invested in construction and property development ("Tri-Star Group Holdings") and Coal Mining ("Black Spear Coal").