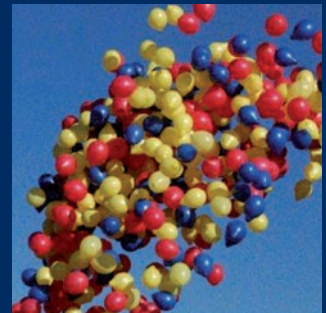
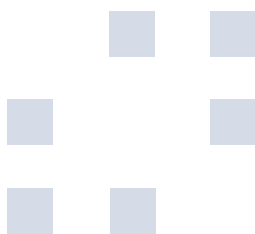
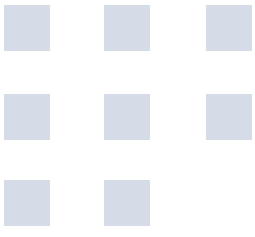


# ANNUAL REPORT 2012



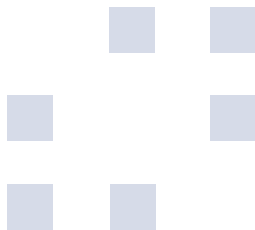
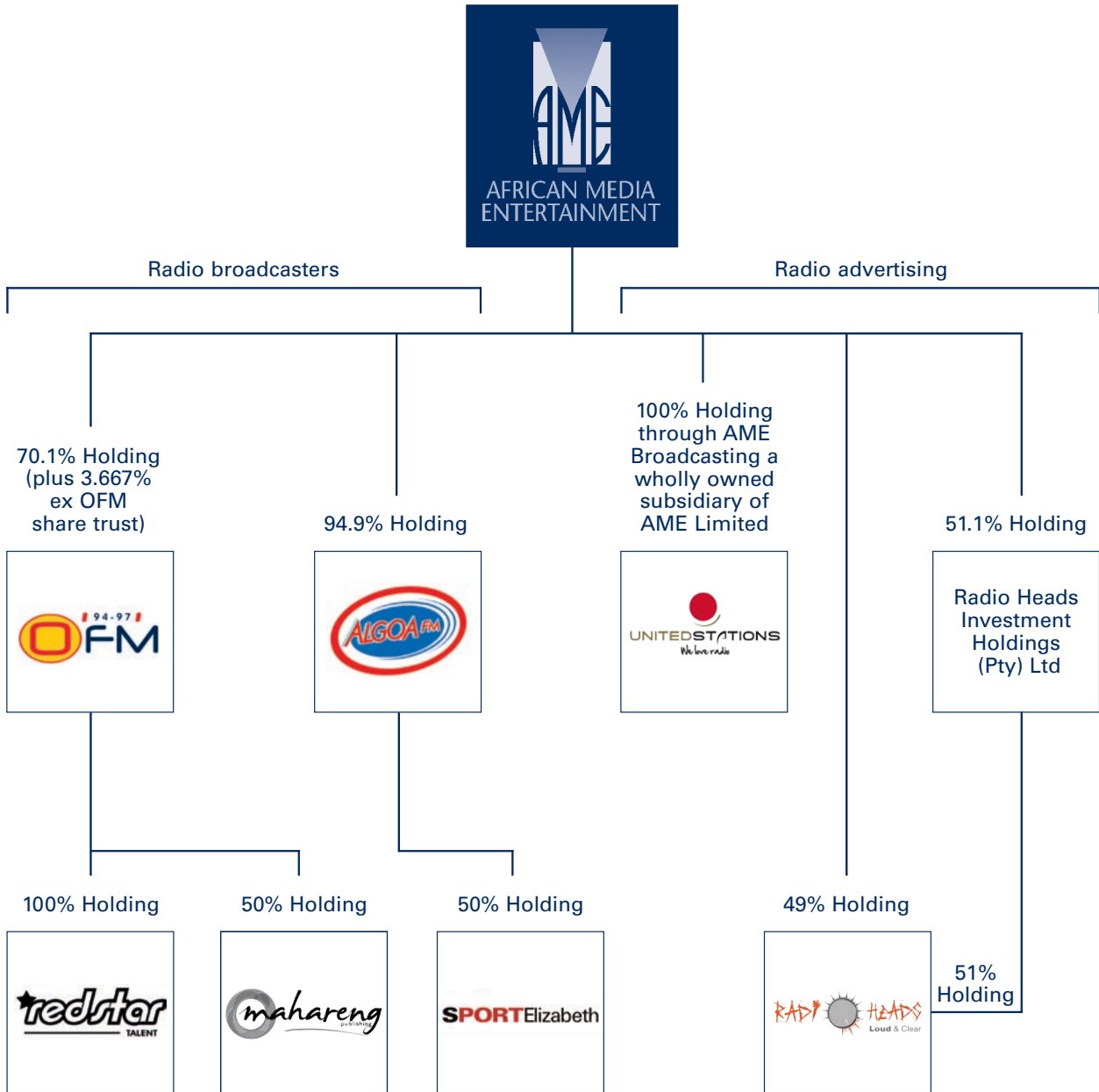


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# GROUP STRUCTURE



# DIRECTORATE AND EXECUTIVE

## BOARD OF DIRECTORS

**ACG ("Connie") Molusi (50)**  
*Independent Non-executive Chairman*  
BJournalism, MA  
Appointed 18 March 2004

Connie has been involved with the media industry for many years and holds a number of directorships.

**Lawrence K Dube (50)**  
*Independent Non-executive Director*  
Certificate of Management Advanced Programme (MAP) at Wits Business School  
Appointed 1 August 2011

Lawrence is a businessman and has spent the last 26 years in the broadcasting and media industries in various positions including being the CEO of the Music Union of South Africa (MUSA) and as director of Real Productions, a company that produces features for TV shows. During his career he has interviewed the likes of Bishop Tutu and Walter Sisulu.

In 1997 he was a founding member of KAYA FM.

**Marthinus J Prinsloo (57)**  
*Independent Non-executive Director*  
BCom (Law), CA(SA)  
Appointed 13 November 2003

Inus has spent many years in the merchant banking industry and now practises as a corporate advisor.

**Wilfred Tshuma (43)**  
*Independent Non-executive Director*  
BCom (Hons)  
Appointed 7 July 2004

Wilfred has held internal audit and financial positions with a number of banks. He now runs his own businesses in property, aviation and asset management.

**Navin Sooka (59)**  
*Non-executive Director*  
BCom, BCompt (Hons), CA(SA)  
Appointed 26 September 2008

Navin has extensive experience in financial positions in the manufacturing industry and within the corporate environment.

**Michelle Mynhardt (39)**  
*Executive Financial Director*  
BCom (Hons), CA(SA)  
Appointed 1 June 2010

Michelle joined the group in April 2009 to head up the Finance Department in Johannesburg. She completed her articles at PricewaterhouseCoopers and later joined KPMG's International Advisory Services department. She has experience in financial positions in security, market research and investment industries.

**Angela J Davies (32)**  
*Executive Director*  
CA(SA)  
Appointed 1 September 2010

Angela joined the group in April 2010. She completed her articles at Deloitte & Touche and worked for them in Johannesburg and San Francisco before moving to the UK where she worked in transactional services and as a financial analyst for a number of large organisations including the National Health Service.

## EXECUTIVE MANAGEMENT

The group is managed by the senior executives of its major subsidiaries:

**Rivak Bunce (50)**  
*United Stations and Radio Heads*

Rivak has a strong background in training, having run his own training franchise for several years. He joined Radio 702 in 1987, rising to the position of Sales Manager. He subsequently worked for Primedia group as group sales director until co-founding United Stations in March 2000. He joined the AME group when that company was acquired in November 2002.

**David Tiltmann (47)**  
*Umoya Communications – Algoa FM*

David obtained his BCom from UPE in 1986. He began working for Algoa FM as a freelance announcer in 1989 and has held positions as Music Manager, Programme Manager and Operations Manager since then. He was appointed Managing Director of the station in February 2000. David worked as Broadcast Liaison Officer (BLO) for the Host Broadcast Services at the 2010 FIFA World Cup, where he was the only South African BLO out of a total of 120.

**Gary Stroebel (38)**  
*Central Media Group – OFM*  
BA (Communication), MBA (UFS)

Gary joined OFM in 1996 as a presenter, and has worked as Programme Manager as well as Sales and Marketing Director. In March 2008 he was appointed CEO of the station. Gary obtained his MBA in April 2010.

## COMPANY SECRETARY

**Valerie-Joan Slabbert (38)**  
BCom (Hons), CA(SA), MBA (Wits), CIMA  
Appointed 31 March 2012

Valerie started her articles at Deloitte & Touche and completed them on the TOPP programme at Vodacom. She held financial positions in the telecommunications, manufacturing, FMCG and logistics industries before joining the group as Company Secretary.

# CORPORATE GOVERNANCE

AME supports the principles set out in the King III Report on Corporate Governance and, where appropriate to the group, is committed to the implementation of these principles. The company is listed on the Johannesburg Stock Exchange ("JSE") and complies with its Listings Requirements.

Set out below is an explanation of the measures introduced by the company pursuant to the King Code and the Listings Requirements.

## BOARD APPOINTMENTS

Appointments to the board are done in a formal and transparent manner and are a matter of deliberation by the board. In general, the appointment of a nomination committee is not appropriate.

## BOARD OF DIRECTORS

The board presently comprises three independent non-executive directors, one non-executive director, two executive directors and an independent non-executive chairman. AME does not have a CEO as the group is managed by the senior executives of its major subsidiaries as set out on page 3.

The board is scheduled to meet a minimum of four times in the year. During the period under review it met a total of five times.

## Board meeting attendance

	June 2011	July 2011	Aug 2011	Nov 2010	Mar 2012
ACG Molusi*	A	✓	✓	T	✓
LK Dube*	-	-	✓	A	✓
MJ Prinsloo*	✓	✓	✓	✓	✓
N Sooka**	✓	✓	✓	✓	✓
W Tshuma*	✓	✓	✓	A	✓
A J Davies***	✓	✓	✓	✓	✓
M Mynhardt***	✓	✓	✓	✓	✓

\* Independent non-executive director

\*\* Non-executive director

\*\*\* Executive director

A – apology T – by teleconference

## FINANCIAL

The directors acknowledge responsibility for the preparation of the annual financial statements which, in their opinion, fairly present the state of affairs of the company and the group at 31 March 2012 and their operations and cash flows for the year then ended. The external auditors are responsible for reporting on the fair presentation of these financial statements.

The financial statements set out in this report have been prepared by the directors in accordance with International Financial Reporting Standards and are consistent with those for the previous annual financial statements.

They are based on appropriate accounting policies, which have been consistently applied and which are supported by reasonable and prudent judgements and estimates.

The directors also prepare the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements. The financial statements have been audited by independent auditors, PKF (Jhb) Inc., who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board.

The directors believe that representations made to the independent auditors during their audit were valid and appropriate.

## RISK MANAGEMENT

The purpose of management is to identify risk and assess its impact on the group. This is a continuing process, commencing at board level and filtering down to all levels of management by reporting and checking mechanisms.

## AUDIT COMMITTEE

The committee presently comprises:

- MJ Prinsloo (Chairman)\*
- N Sooka (Member) – Non-executive director
- W Tshuma (Member)\*

\* Independent non-executive director

The audit committee has adopted a written charter based on the new Companies Act 71 of 2008 and the proposed new Memorandum of Incorporation. The audit committee members have considered and are of the opinion that they are adequately independent from the company and group and managements thereof, within the full spirit of the Code of Corporate Practices and Conduct.

The independent auditors have unrestricted access to the committee.

The committee meetings focus on financial reporting requirements, both internal and external, and review fees charged by the independent auditors (for audit and consulting assignments) and directors for their professional services beyond their roles as directors, and the appointment of the independent auditors.

The scope and objectivity of the external auditors were reviewed and the appointment of the external auditor complies with the Companies Act, 71 of 2008 ("the Companies Act"), as amended, and with the requirements of the JSE. The use of the independent auditors for non-audit services is reviewed to ensure that the independence of the auditors is maintained.

A dedicated company secretary has been appointed to ensure compliance with the Companies Act and JSE Listings Requirements.

At the date of this report, no complaints have been received relating to accounting practices and external audit of the group, or to the content of auditing of the group's financial statements, or to any related matter.

The audit committee is responsible for evaluating the expertise and experience of the financial director and M Mynhardt will continue as the Executive Financial Director.

#### Audit committee meeting attendance

	May 2011	Sep 2011	Nov 2011	Mar 2012
MJ Prinsloo *	✓	✓	✓	✓
N Sooka **	✓	✓	✓	✓
WTshuma *	✓	✓	✓	✓

\* Independent non-executive director

\*\* Non-executive director

#### Social and ethics committee

The committee presently comprises:

- LK Dube (Chairman) \*
- AJ Davies (Member) – Executive director
- R Bunce (Member)
- D Tiltmann (Member)
- G Stroebel (Member)

\* Independent non-executive director

The committee comprises one independent non-executive director, one executive director and representatives from the group's subsidiary companies.

The committee is set up in accordance with section 72 of the Companies Act and its main function is to monitor the group's activities having regards to any

relevant legislation, other legal requirements or prevailing Codes of Best Practice.

#### Social and ethics committee meeting attendance

	Mar 2012
LK Dube *	✓
AJ Davies **	✓
R Bunce #	✓
G Stroebel#	✓
D Tiltmann#	✓

\* Independent non-executive director

\*\* Executive director

# Prescribed officer

#### The remuneration committee

The committee presently comprises

- MJ Prinsloo (Chairman) \*
- N Sooka (Member) \*\*
- M Mynhardt (Member) \*\*\*
- K Reed (Member) #
- M Vermeulen (Member) #

\* Independent non-executive director

\*\* Non-executive director

\*\*\* Executive director

# Representatives of subsidiary companies

The committee comprises one independent non-executive chairman, one non-executive director, one executive director and two representatives of the subsidiary companies.

The committee is responsible for setting the remuneration policy within the group as well as the non-executive director's fees structures.

#### Remuneration committee meeting attendance

	Jun 2011	March 2012
MJ Prinsloo *	✓	✓
N Sooka **	✓	✓
WTshuma *	✓	✓
M Mynhardt ***	✓	✓
K Reed #	✓	✓
M Vermeulen #	✓	✓

\* Independent non-executive director

\*\* Non-executive director

\*\*\* Executive director

# Representatives of subsidiary companies



## CORPORATE GOVERNANCE (continued)

All board sub-committees are scheduled to meet twice in the current year, however, they will meet additionally if considered necessary to perform the functions for which they were established.

### INTERNAL CONTROLS

The system of internal controls established by management is considered sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of the group's assets, for the benefit of all stakeholders.

### EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT

Throughout the group, equitable employment policies are in place to ensure individuals from all demographic groupings are given the opportunity to be employed and trained by the group. The group places an increased emphasis on maintaining and training those members of staff who can provide excellent service in a small team environment. To this end, the staff incentive scheme will provide financial rewards appropriate to the personal performance of individual staff members.

### HIV/AIDS

The board has given consideration to the HIV/AIDS pandemic and its possible impact on the group's human resources and does not consider it a major risk.

### GOING CONCERN

The going concern basis has been adopted in preparing the financial statements. The current strong financial position and the continued tight control on expenditures and cash flows, give the directors reason to believe that the business of the group will continue to function as a going concern for the foreseeable future.

### COMPANY SECRETARIAL AND PROFESSIONAL ADVICE

All directors have unlimited access to the advice and services of the company secretary, who is responsible to the board for ensuring that board procedures are followed. All directors are entitled to seek independent professional advice, at the group's expense, concerning the affairs of the group, after obtaining the approval of the chairman.

### SUSTAINABILITY

#### Licence

The group's continued existence is dependent on a broadcasting licence being granted to OFM and Algoa FM. Both stations were granted a 10-year licence in 2008.

#### Needletime

On 30 May 2012 the Copyright Tribunal delivered its judgement on the negotiations between the National Association of Broadcasters ("NAB") and the South African Music Performers Rights Association ("SAMPRO") relating to the appropriate royalty for Needletime. The judgement favours the SAMPRO formula with a 30% discount. The NAB has lodged an appeal against this judgement.

#### New licences issued by ICASA

During the year ICASA issued an invitation to apply for new commercial licences. Two of these licences are for the Bloemfontein metropolitan area which would lead to additional competitors entering the OFM footprint. There are also two new licences for Umthata and Butterworths in the Eastern Cape which do not fall within Algoa's current footprint.



# CHAIRMAN'S REVIEW

## REVIEW OF THE YEAR

The year under review delivered an excellent performance with a 16% increase in revenue to R206,1 million (2011: R177,4 million). Comprehensive income increased by 44% to R40,7 million (2011: R28,3 million).

The comprehensive income attributable to equity holders of the parent amounted to R36,4 million (2011: R26,2 million) with earnings per share of 428,8 cents (2011: 307,4 cents). Headline earnings per share were 428,9 cents (2011: 310,3 cents).

After paying tax of R15,5 million (2011: R13,7 million), the group generated R41,3 million (2011: R39,1 million) in cash from its operating activities during the year. The group invested R1,8 million to acquire Bloemfontein Courant by the Central Media Group (Pty) Limited (previously Seyalemoya Communications (Pty) Limited), repurchased 367 597 AME shares for R18,5 million and spent R7,7 million (2011: R8,6 million) on capital expenditure. The group ended the year with cash resources of R57,1 million (2011: R46,6 million).

## Operations

Through innovative solutions our radio operations managed to minimise the effect of the general economic downturn and enjoyed a productive year with growth in revenue across all major platforms.

The diversification and expansion programmes of our radio platforms into other local media brands have been successful and revenues from website development and related activities have benefitted from the synergies achieved.

During the year WDB Investment Holdings (Pty) Limited acquired a controlling interest in a BEE company, which holds 10% of Algoa FM, and ICASA approved Algoa FM's licence amendment, which extends the broadcast footprint of Algoa FM to now include Knysna, George and Mossel Bay. This broadcast went live on 1 December 2011.

Central Media Group (Pty) Limited, which owns OFM, enjoyed a year of growth and while trading conditions were challenging, good cost management and innovative product development helped the company to achieve higher than expected profitability. Significant growth in non-traditional revenue and a very good pipeline for the Digital Platforms division necessitated investment in human capital. OFM continued to see strong growth, especially in direct advertising across a new array of digital, radio and experiential offerings. Mahareng Publishing has captured a significant portion of the Bloemfontein Local Newspaper market.

Both Algoa FM and OFM listenership remained stable during the year under review and the excellent performance was underpinned by effective cost control.

Group sales house, United Stations, delivered an improved set of results for the year under review. A year ago United Stations started handling the national sales of KAYA FM, which contributed to the growth in advertising revenue. KAYA FM and Capricorn FM have been the drivers of the new business development as they provide attractive audiences to categories of advertisers that United Stations was previously unable to reach. The increase in advertising platforms has further allowed the company to leverage existing resources and capacity. United Stations outperformed the national radio market, making significant revenue gains despite a difficult and uncertain climate and a cautious advertising industry. The increase in advertising revenue has allowed United Stations to increase resource and capacity in critical areas, positioning it well to accelerate growth in the new year.

Radio Heads has narrowed its focus to provide solutions in the area of radio production, branded content, creative and campaign management and is targeting marketers who seek higher levels of engagement with their target audiences. This business has performed below expectation.

## Subsequent events

There have been no matters, other than the Needletime royalty, which has been disclosed under the contingent liabilities note 31, between the group's year-end and the date of this report that require to be brought to the attention of shareholders.

## Dividends

The board believes that the group is well-positioned to acquire further radio interests and consequently no dividend has been proposed (2011: R Nil per share).

## Prospects

The new financial year has started on a reasonably positive note and the board is optimistic that the revenues for the 2013 year will compare favourably with those of the prior year.



**ACG Molusi**  
*Independent Non-executive Chairman*

26 July 2012



## ADMINISTRATION

### **AFRICAN MEDIA ENTERTAINMENT LIMITED**

Incorporated in the Republic of South Africa  
Registration number 1926/008797/06  
Share code: AME  
ISIN: ZAE000055802

### **AUDITORS**

PKF (Jhb) Inc.  
Chartered Accountants (SA)  
Registered Auditors  
42 Wierda Road West  
Wierda Valley  
Johannesburg, 2196

### **BANKERS**

ABSA Capital CIBW  
15 Alice Lane Towers  
Podium Floor  
Sandton, 2196

### **LEGAL ADVISORS**

#### **Martini-Patlansky Attorneys**

32 St John Road  
Houghton  
Johannesburg, 2198

#### **Fluxmans Attorneys**

11 Biermann Avenue  
Rosebank  
Johannesburg, 2196

### **SECRETARY AND REGISTERED OFFICE**

#### **V Slabbert**

Block A, Oxford Office Park  
No. 5, 8th Street  
Houghton Estate  
Johannesburg, 2198

PO Box 3014, Houghton, 2041

### **SPONSOR**

#### **Arcay Moela Sponsors (Pty) Limited**

Registration number 2006/033725/07  
Arcay House, 3 Anerley Road  
Parktown  
Johannesburg, 2193

PO Box 62397, Marshalltown, 2107

### **TRANSFER SECRETARIES**

Computershare Investor Services (Pty) Limited  
Ground Floor, 70 Marshall Street  
Johannesburg, 2001

PO Box 61051, Johannesburg, 2107

Telephone: +27 11 370 5000

Telefax: +27 11 668 7721

# STATEMENT OF RESPONSIBILITY AND APPROVAL BY THE BOARD OF DIRECTORS

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards, the AC 500 series of interpretation, the Companies Act and the JSE Listings Requirements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group.

While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within pre-determined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 March 2013 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors, PKF (Jhb) Inc., are responsible for independently reviewing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditors and their report is presented on page 11.

The annual financial statements set out on pages 12 to 46, which have been prepared on the going concern basis, were approved by the board of directors and are signed on its behalf by:



**ACG Molusi**  
*Independent Non-executive Chairman*



**M Mynhardt**  
*Executive Financial Director*

26 July 2012



## COMPANY SECRETARY'S CERTIFICATE

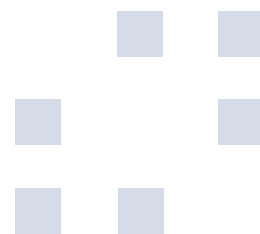
In terms of sections 88 and 89 of the South African Companies Act, 71 of 2008, as amended ("the Act") I, in my capacity as company secretary, hereby certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act and that all such returns are true, and up to date.

**V Slabbert**  
*Company Secretary*

26 July 2012

## PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The preparation of the company and group's consolidated annual financial statements was supervised by the financial director, Michelle Mynhardt (CA)SA.



# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AFRICAN MEDIA ENTERTAINMENT LIMITED

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of African Media Entertainment Limited, which comprise the consolidated and separate statements of financial position as at 31 March 2012, and the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 12 to 46.

## 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 the requirements of the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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.

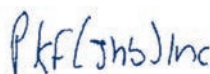
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 directors, 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 consolidated and separate financial position of African Media Entertainment Limited as of 31 March 2012, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act.



**PKF (Jhb) Inc.**

Registered Auditors  
Chartered Accountants (SA)  
Registration number 1994/001166/21

**DIRECTOR: MA da COSTA**

Sandton

26 July 2012

# DIRECTORS' REPORT

## NATURE OF BUSINESS

The group's main activities are set out on page 2 of this report.

## FINANCIAL RESULTS

The financial results of the group and of the company are set out on pages 14 to 46 of this report. A review of the group's results and performance of the business units is given in the Chairman's review on page 7.

## DIVIDENDS

No dividend was declared for the year (2011: Rnil per share).

## SHARE CAPITAL

### Authorised and issued share capital

In accordance with a general authority to repurchase shares granted to the directors of the company at annual general meetings of the company held on 22 October 2010 and 31 October 2011, AME repurchased and subsequently cancelled 340 000 ordinary shares.

The net result of the transaction reduced share capital by R0,3 million and share premium by R17 million.

AME Broadcasting (Pty) Limited, a 100% subsidiary of AME, purchased 27 597 ordinary AME shares for a value of R1,2 million.

## DIRECTORATE AND SECRETARY

Details of the directorate are given on page 3 of this report. Non-executive directors only receive remuneration for services as directors while executive directors have service contracts with the company and are salaried directors.

Details of their remuneration are set out below:

	Salary 2012 R'000	Salary 2011 R'000	Fees 2012 R'000	Fees 2011 R'000
ACG Molusi *			83	46
KL Dube *			21	–
MJ Prinsloo *			185	159
N Sooka – Non-executive director			94	70
W Tshuma *			99	41
Z Lacob* (deceased 22 April 2010)			–	9
AJ Davies **	680	300	–	–
M Mynhardt **	1 006	920	–	–
<b>Total remuneration</b>	<b>1 686</b>	<b>1 220</b>	<b>482</b>	<b>325</b>
Paid by the company	1 686	1 220	482	252
Paid by the subsidiaries	–	–	–	73
<b>Total remuneration</b>	<b>1 686</b>	<b>1 220</b>	<b>482</b>	<b>325</b>

## BREAKDOWN OF EXECUTIVE DIRECTORS' SALARY

2012	Salary	Bonus	Total
AJ Davies	630	50	680
M Mynhardt	756	250	1 005
	<b>1 386</b>	<b>300</b>	<b>1 686</b>
2011	Salary	Bonus	Total
AJ Davies	300	–	300
M Mynhardt	720	200	920
	<b>1 020</b>	<b>200</b>	<b>1 220</b>

# DIRECTORS' REPORT (continued)

SHARE OPTIONS GRANTED	2012 Options	2011 Options
AJ Davies	50 000	50 000
M Mynhardt	75 000	75 000

\* *Independent non-executive director*

\*\* *Executive director*

In terms of the articles of association of the company, not less than a third of the directors retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the independent non-executive directors of the company have a director's service contract with the company.

As at 31 March 2012, the aggregate, direct and indirect, beneficial interest of the directors in the fully paid issued share capital of the company, was nil (2011: nil). There has been no material change in the directors' interests in the issued share capital between 31 March 2012 and the date of this report.

## PROPERTY, PLANT AND EQUIPMENT

The group acquired property, plant and equipment at a cost of R7,7 million (2011: R8,6 million) during the financial year under review. There have been no major changes in the nature of or the policy relating to the use of property, plant and equipment in the group.

## EVENTS SUBSEQUENT TO THE REPORTING PERIOD

There have been no matters between the group's year-end and the date of this report that require to be brought to the attention of shareholders.

## INVESTMENT IN SUBSIDIARY COMPANIES

The financial information in respect of the company's interests in its major subsidiary companies is set out in note 5 on page 31 of the financial statements.

The aggregate profits and losses after taxation of the subsidiaries attributable to the company amounted to R36,2 million (2011: R25,2 million); subsidiaries making profits amounted to R36,5 million (2011: R26,3 million) and subsidiaries making losses amounted to R0,3 million (2011: R1,1 million).

## GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## EMPLOYEE SHARE INCENTIVE SCHEMES

Details of options granted to employees, including any executive directors, are detailed in note 25 commencing on page 41. The share scheme presently holds 89 275 (2011: 89 275) ordinary shares, none of which have been allocated. Other than these shares, no further shares have been set aside for the scheme. In terms of the Trust Deed, up to 10% of the company's share capital, being 828 831 (2011: 862 831) ordinary shares, can be utilised for purposes of the scheme. At 31 March 2012, 739 556 (2011: 773 556) ordinary shares can still be issued to the share scheme.

# STATEMENTS OF FINANCIAL POSITION

as at 31 March 2012

	Notes	GROUP		COMPANY	
		31 March 2012 R'000	31 March 2011 R'000	31 March 2012 R'000	31 March 2011 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>		<b>89 028</b>	<b>80 753</b>	<b>90 541</b>	<b>87 647</b>
Property, plant and equipment	3	29 130	25 412	12 668	8 649
Goodwill	4	39 780	39 785	–	–
Investment in subsidiaries	5	–	–	62 136	66 386
Investment in associated companies	6	2 980	1 031	–	–
Other financial instruments	7	9 903	9 883	14 545	11 980
Deferred taxation	8	7 235	4 642	1 192	632
<b>Current assets</b>		<b>116 320</b>	<b>90 955</b>	<b>21 268</b>	<b>38 026</b>
Trade receivables	9	56 563	41 906	–	–
Other receivables		2 621	2 468	1 418	2 864
Tax paid in advance		26	–	26	–
Cash and cash equivalents		57 110	46 581	19 824	35 162
<b>Total assets</b>		<b>205 348</b>	<b>171 708</b>	<b>111 809</b>	<b>125 673</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Total equity</b>		<b>134 091</b>	<b>113 976</b>	<b>106 093</b>	<b>114 413</b>
Share capital	10	8 171	8 539	8 288	8 628
Share premium		13 742	31 909	15 392	32 356
Non-distributable reserve	11	–	2 073	20 244	22 112
Retained earnings		105 030	70 237	62 169	51 317
Equity attributable to equity holders of the company		126 943	112 758	106 093	114 413
Non-controlling interest holders		7 148	1 218	–	–
<b>Non-current liabilities</b>		<b>315</b>	<b>717</b>	<b>–</b>	<b>–</b>
Operating lease accrual	12	200	518	–	–
Interest-bearing borrowings	13	115	199	–	–
<b>Current liabilities</b>		<b>70 942</b>	<b>57 015</b>	<b>5 716</b>	<b>11 260</b>
Trade payables		33 531	28 498	179	4 902
Other payables	14	34 738	26 694	4 760	5 971
Dividend payable		777	387	777	387
Operating lease accrual	12	291	138	–	–
Interest-bearing borrowings	13	84	86	–	–
Taxation		1 521	1 212	–	–
<b>Total equity and liabilities</b>		<b>205 348</b>	<b>171 708</b>	<b>111 809</b>	<b>125 673</b>



# STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2012

	Notes	GROUP		COMPANY	
		Year ended 31 March 2012 R'000	Year ended 31 March 2011 R'000	Year ended 31 March 2012 R'000	Year ended 31 March 2011 R'000
Revenue	18	206 075	177 366	4 920	4 512
Cost of sales		(54 068)	(54 663)	–	–
Gross profit		152 007	122 703	4 920	4 512
Operating expenses	19	(102 020)	(86 118)	(5 222)	(5 725)
Operating profit/(loss)		49 987	36 585	(302)	(1 213)
Investment income	20	1 241	1 184	8 941	21 230
Finance income	20	2 942	3 901	1 707	1 458
Finance costs	20	(73)	(149)	–	–
Reversal of losses in subsidiaries		–	–	–	235
Losses attributable to associates		(201)	(425)	–	(1 694)
Profit before taxation		53 896	41 096	10 346	20 016
Taxation	21	(13 173)	(12 806)	506	(514)
<b>Total comprehensive income for the year</b>		<b>40 723</b>	<b>28 290</b>	<b>10 852</b>	<b>19 502</b>
<b>Attributable to:</b>					
Non-controlling interest holders		4 324	2 041	–	–
Equity holders of the parent		36 399	26 249	10 852	19 502
Earnings per share (cents)	22	428,8	307,4		
Diluted earnings per share (cents)	22	428,8	302,5		

# STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2012

	GROUP		COMPANY	
	31 March 2012 R'000	31 March 2011 R'000	31 March 2012 R'000	31 March 2011 R'000
<b>Issued capital</b>	<b>8 171</b>	<b>8 539</b>	<b>8 288</b>	<b>8 628</b>
Balance at beginning of the year	8 539	8 628	8 628	8 628
Shares repurchased	(28)	–	–	–
Shares cancelled	(340)	–	(340)	–
Consolidation of share trust	–	(89)	–	–
<b>Share premium</b>	<b>13 742</b>	<b>31 909</b>	<b>15 392</b>	<b>32 356</b>
Balance at beginning of the year	31 909	32 356	32 356	32 356
Shares repurchased	(1 203)	–	–	–
Shares cancelled	(16 964)	–	(16 964)	–
Consolidation of share trust	–	(447)	–	–
<b>Non-distributable reserve</b>	<b>–</b>	<b>2 073</b>	<b>20 244</b>	<b>22 112</b>
Balance at beginning of the year	2 073	1 869	22 112	22 016
Share-based payment reserve	–	204	–	96
Fair value adjustment on available for sale financial assets – loan to share incentive trust	–	–	(1 562)	–
Restatement as cash settled instrument	(2 073)	–	(306)	–
<b>Retained earnings</b>	<b>105 030</b>	<b>70 237</b>	<b>62 169</b>	<b>51 317</b>
Balance at beginning of the year	70 237	43 988	51 317	31 815
Change in shareholding	(1 606)	–	–	–
Comprehensive income for the year	36 399	26 249	10 852	19 502
<b>Non-controlling interest holders</b>	<b>7 148</b>	<b>1 218</b>	<b>–</b>	<b>–</b>
Balance at beginning of the year	1 218	1 655	–	–
Share of dividend	–	(2 504)	–	–
Change in shareholding	1 606	26	–	–
Comprehensive income for the year	4 324	2 041	–	–
<b>Total equity</b>	<b>134 091</b>	<b>113 976</b>	<b>106 093</b>	<b>114 413</b>

# STATEMENTS OF CASH FLOWS

for the year ended 31 March 2012

	Notes	GROUP		COMPANY	
		Year ended 31 March 2012 R'000	Year ended 31 March 2011 R'000	Year ended 31 March 2012 R'000	Year ended 31 March 2011 R'000
<b>Cash flows from operating activities</b>		<b>(41 273)</b>	<b>39 078</b>	<b>8 600</b>	<b>20 109</b>
Profit before taxation		53 896	41 096	10 346	20 016
Adjustments		(1 089)	(1 396)	(7 673)	(1 316)
– investment income		(1 241)	(1 184)	(941)	(1 484)
– finance income		(2 942)	(3 901)	(1 707)	(1 458)
– finance cost		73	149	–	–
– depreciation		3 968	3 260	66	40
– loss on disposal of property, plant and equipment		3	47	–	31
– rental smoothing		225	87	–	–
– non-cash income		(1 376)	(483)	(9 520)	–
– share-based payments reserve	25	–	204	–	96
– provision for impairment in subsidiaries		–	–	4 429	(235)
– impairment losses attributable to associates		201	425	–	1 694
Operating profit before working capital changes		52 807	39 700	2 673	18 700
		1 080	9 289	4 300	1 201
– (increase)/decrease in trade and other receivables		(15 219)	(10 230)	737	385
– increase in trade and other payables		16 299	19 519	3 563	816
Cash generated by operations		53 887	48 989	6 973	19 901
Net interest received		2 869	3 752	1 707	1 458
Taxation paid	23	(15 483)	(13 663)	(80)	(1 250)
Dividend paid to equity holders		–	(16 870)	–	(16 870)
<b>Cash flows from investing activities</b>		<b>(30 744)</b>	<b>(19 271)</b>	<b>(23 938)</b>	<b>(7 911)</b>
Increase in investments and loans	24	(6 170)	(11 085)	(4 199)	(7 733)
Purchase of property, plant and equipment		(7 722)	(8 572)	(4 091)	(453)
Dividends received		1 650	275	1 650	275
Repurchase of shares		(18 535)	–	(17 304)	–
Proceeds on disposal of property, plant and equipment		33	111	6	–
<b>Cash flows from financing activities</b>		<b>–</b>	<b>(2 504)</b>	<b>–</b>	<b>–</b>
Dividends paid to non-controlling interest holder		–	(2 504)	–	–
Net increase/(decrease) in cash and cash equivalents		10 529	433	(15 338)	(4 672)
Cash and cash equivalents at beginning of the year		46 581	46 148	35 162	39 834
<b>Cash and cash equivalents at end of the year</b>		<b>57 110</b>	<b>46 581</b>	<b>19 824</b>	<b>35 162</b>



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

## 1. ACCOUNTING POLICIES

### 1.1 Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), AC 500 series, the Companies Act, 71 of 2008, as amended, and the JSE Listings Requirements on a basis consistent with the policies and methods of computation as used in the annual financial statements for the year ended 31 March 2011.

The financial statements are prepared under the historical cost convention, except for financial instruments which are accounted for in terms of IAS 39.

The policies set out below have been consistently applied to all the periods presented:

### 1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company ("its subsidiaries"). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income, from the effective date of acquisition or up to the effective date of disposal, as appropriate. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. Identifiable assets, liabilities and contingent liabilities acquired or assumed are initially measured at their respective fair values at acquisition date.

All intra-group transactions, balances, income and expenses and unrealised gains and losses, are eliminated in full on consolidation.

Non-controlling interest holders' interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interest holders' interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest holders' share of changes in equity since the date of the combination.

Investments in associates are accounted for by way of the equity method and initially recognised at cost.

The group's investment includes goodwill identified on acquisition, net of any accumulated impairment loss and is adjusted for the group's share of the associates' post-acquisition reserve movements.

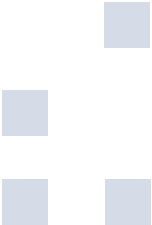
Costs associated with the acquisition are expensed. When the group's share of losses equals to or exceeds its interest in the associate, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains and losses are eliminated to the extent of the group's shareholding. Unrealised losses are only eliminated provided they do not indicate a potential impairment.

### 1.3 Significant judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Judgements made by management in applying the accounting policies are:

#### *Asset lives and residual values*

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at each reporting date and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.



## 1. ACCOUNTING POLICIES (CONTINUED)

### 1.3 Significant judgements (continued)

#### *Deferred tax assets*

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, inflation, taxation rates and competitive forces.

#### *Impairment of assets*

Property, plant and equipment as well as financial and non-financial assets are assessed at each reporting date for indications that impairment might exist. These assets are tested for impairment if there is reason to believe that an impairment may be necessary. The future cash flows expected to be generated by the assets are projected taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current carrying value and, if lower, the assets are impaired to the present value.

#### *Options granted*

Management used the Black-Scholes Merton Option Valuation Model to determine the fair value of the options. Additional details regarding the estimates are included in note 25 – Share-based payments.

### 1.4 Goodwill

Goodwill is initially measured as the excess of cost of the business combination over the group's interest of the fair value of the net identifiable assets, liabilities and contingent liabilities.

Subsequently, goodwill is carried at cost less any accumulated impairment. Goodwill is tested at least annually for impairment.

The excess of the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in the statement of comprehensive income.

### 1.5 Property, plant and equipment

Property, plant and equipment is initially recorded at cost. Impairment losses and reversal of impairment losses are recognised in the statement of comprehensive income. Costs include costs incurred initially to acquire an item of property, plant and equipment and costs incurred subsequently to add to, or replace part of it.

Costs are only capitalised to the extent that the cost can be measured reliably and it is probable that the cost will result in the inflow of future economic benefits to the group.

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. The depreciation rates applicable to each category of property, plant and equipment are as follows:

- |                          |                     |
|--------------------------|---------------------|
| • Land                   | not depreciated     |
| • Buildings              | 1,25%               |
| • Electronic equipment   | 20% – 33%           |
| • Motor vehicles         | 20% – 25%           |
| • Office equipment       | 10% – 20%           |
| • Leasehold improvements | period of the lease |

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

## 1. ACCOUNTING POLICIES (CONTINUED)

### 1.5 Property, plant and equipment (continued)

The carrying values of property, plant and equipment are reviewed at each financial reporting date for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. Impairment losses are recognised in the statement of comprehensive income immediately.

Leasehold improvements are depreciated over the shorter of the lease term and the useful life of the asset.

The useful lives and residual values of property, plant and equipment are assessed annually and subsequently carried at cost less accumulated depreciation and impairment.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

### 1.6 Investments in subsidiaries

In the company's separate financial statements, investments in subsidiaries are carried at cost less impairment.

The cost of an investment in a subsidiary is measured at the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the company.

#### *Contingent consideration*

The fair value of contingent consideration at acquisition date is recognised as part of the consideration transferred in exchange for the acquiree.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

### 1.7 Investments in associates

Associates are entities over which the group has significant influence but no control, generally accompanying a shareholding between 20% and 50% of the voting right. Investments in associates are accounted for using the equity method of accounting and are recognised at cost, less amounts written off and accumulated impairment losses, at a stand-alone level.

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

The group's share of the associates' post-acquisition profits or losses is recognised in the statement of comprehensive income 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.

### 1.8 Impairment of assets

The group assesses at each reporting date whether there is any indication that objective evidence exists that might indicate that an asset or group of assets is impaired.

Irrespective of whether there is any indication of impairment, the group also tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

## 1. ACCOUNTING POLICIES (CONTINUED)

### 1.8 Impairment of assets (continued)

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of comprehensive income. Goodwill acquired in a business combination is allocated, from the acquisition date, to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units.

The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and then
- to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets, other than goodwill, may no longer exist or may have decreased.

If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset, other than goodwill, attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation, other than goodwill, is recognised immediately in the statement of comprehensive income.

In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value of the instrument below its cost is considered as an indicator of impairment. If such an indicator exists, the cumulative loss (measured as the difference between the acquisition cost and the current fair value less any impairment loss on that instrument previously recognised in the statement of comprehensive income) is removed from equity and recognised in the statement of comprehensive income.

### 1.9 Leased assets

Leases of property, plant and equipment, where the company assumes substantially all the benefits and risks of ownership, are classified as finance leases. Finance leases are recognised at the lower of the fair value of the asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charge is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the assets' useful life and the period of the lease.

Leases of property, plant and equipment where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.



# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

## 1. ACCOUNTING POLICIES (CONTINUED)

### 1.10 Taxation

#### *Current tax assets and liabilities*

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred taxation is provided using a statement of financial position liability method on all temporary differences between the carrying amounts, for financial reporting purposes, and the amounts used for taxation purposes, except for differences relating to goodwill which are not deductible for taxation purposes and the initial recognition of assets or liabilities in a transaction, other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax is provided on temporary differences arising on investments in subsidiaries 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.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.

Secondary Taxation on Companies is provided in respect of dividend payments, net of dividends received or receivable, and is recognised as a taxation charge for the year.

### 1.11 Financial instruments

#### *Initial recognition and measurement*

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised when the group becomes party to the contractual provisions of the instrument. Financial assets are initially measured at fair value plus transaction cost.

Transaction costs in respect of financial assets classified as, at fair value through profit or loss, are expensed. Financial liabilities are initially measured at fair value plus transaction cost.

Transaction costs in respect of financial liabilities classified as, at fair value through profit or loss, are expensed.

#### *Financial assets*

A financial asset is an asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Trade and other receivables are classified as loans and receivables and are measured at amortised cost, using the effective interest method, less provision for doubtful debts. Write downs of these assets are expensed in the statement of comprehensive income. The movement in the provision for doubtful debts is recognised in profit and loss and any subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.



## 1. ACCOUNTING POLICIES (CONTINUED)

### 1.11 Financial instruments (continued)

#### *Financial assets (continued)*

Other investments are classified as available-for-sale financial assets. These investments are carried at fair value with any gains or losses being recognised in other comprehensive income, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income. Fair value, for this purpose, is market value if listed or a value arrived at by using the present value of future cash flow valuation model, if unlisted.

Cash and cash equivalents comprise cash on hand and demand deposits and are measured at fair value.

#### *Financial liabilities*

A financial liability is a liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the other entity.

Non-derivative financial liabilities that are not designated on initial recognition as financial liabilities at fair value through profit or loss (including interest-bearing borrowings and bank overdrafts) are measured at amortised cost using the effective interest method.

Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the terms of the borrowings in accordance with the accounting policy for borrowing costs, using the effective interest method.

#### *Derecognition*

Financial assets (or a portion thereof) are derecognised when the group realises the rights to the benefits specified in the contract, the rights expire or the group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. In derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that have been reported as other comprehensive income are included in the statement of comprehensive income.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it are included in the statement of comprehensive income.

#### *Fair value methods and assumptions*

The fair value of financial instruments not traded in an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risks existing at reporting date, including independent appraisals and discounted cash flow methods. The fair value determined is adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their normal amounts as the effects of the time value of money are considered to be immaterial.

#### *Set-off*

Where a legally enforceable right to set-off exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the assets simultaneously, or to settle on a net basis, all related financial effects are set-off in the financial statements.

### 1.12 Employee benefits

#### *Short-term employee benefit costs*

The costs of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid annual leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.



# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

## 1. ACCOUNTING POLICIES (CONTINUED)

### 1.12 Employee benefits (continued)

#### *Short-term employee benefit costs (continued)*

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when absence occurs.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### *Defined contribution plans*

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

### 1.13 Share-based payments

The costs of goods or services received in a share-based payment transaction are recognised as the goods or services are received.

A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

For equity-settled share-based payment transactions, the goods or services received are measured, as well as the corresponding increase in equity, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments granted.

For cash-settled share-based payment transactions, the goods or services received and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognised in the statement of comprehensive income for the period. The estimate of the number of options expected to vest is carried out at each reporting date. Any adjustments are made through the statement of comprehensive income with a corresponding adjustment to equity.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the company accounts for those services as they are rendered by the counterparty during the vesting period, or on a straight-line basis over the vesting period.

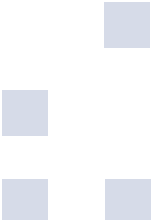
### 1.14 Translation of foreign currencies

Foreign currency transactions are recorded, on initial recognition in Rand, by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the transaction.

#### *At each reporting date:*

- foreign currency monetary items are reported using the closing rate;
- non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction; and
- non-monetary items, which are carried at fair value denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or expenses in the period in which they arise.



### 1.15 Revenue recognition

Revenue comprises the invoiced value for the sale of services, net of value-added tax and discounts and after eliminating sales within the group. Revenue from the sale of airtime is recognised upon broadcasting of the advertising material. Revenue from management fees is recognised evenly throughout the year.

Revenue from training and development is recognised when the training and development takes place.

### 1.16 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred. To the extent that they are incurred in respect of a qualifying asset, they are capitalised.

### 1.17 Provisions

*Provisions are recognised when:*

- there is 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 is minimal. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the increases specific to the liability. The increase in the provision due to the passage of time is recognised as finance expenses.

### 1.18 Segmental reporting

*An operating segment is a component of an entity:*

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segments and assesses its performance;
- for which discrete financial information is available.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

## 2. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

*The following standards and interpretations have been applied by the group from 1 April 2011:*

		Details of amendment	Effective from
IFRS 1:	First-time Adoption of International Financial Reporting Standards	Amendment clarifies that changes in accounting policies in the year of adoption fall outside the scope of IAS 8  Amendment permits the use of revaluation carried out after the date of transaction as a basis for deemed cost  Amendment permits the use of carrying amount under previous GAAP as deemed cost for operations subject to rate of regulation	1 January 2011
IFRS 3:	Business Combinations	Amendments to transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS  Clarification of the measurement of non-controlling interests  Additional guidance provided on unreplaced and voluntarily replaced share-based payment awards	1 January 2011
IFRS 7:	Financial Instruments: Disclosures	Amendment clarifies the intended interaction between qualitative and quantitative disclosure of the nature and extent of risk arising from financial instruments and remove some disclosure items which were seen to be superfluous or misleading	1 January 2011
IAS 1:	Presentation of Financial Statements	Clarification of statement of changes in equity	1 January 2011
IAS 24:	Related Party Disclosure	Simplification of the disclosure requirements for government-related entities  Clarification of the definition of related party	1 January 2011
IAS 34:	Interim Financial Reporting	Clarification of disclosure requirements around significant events and transactions including financial instruments	1 January 2011

*The following standards and interpretations became effective from 1 April 2011 but were not relevant:*

IFRIC 13:	Customer Loyalty Programmes	Clarification on the intended meaning of the terms "Fair value" in respect of award credits	1 January 2011
IFRIC 14:	The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Amendments relating to the recognition as assets of some voluntary pre-payments for minimum funding contributions	1 January 2011

## 2. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE (CONTINUED)

*At the date of the authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:*

		Details of amendment	Effective from
IFRS 1:	First-time Adoption of International Financial Reporting Standards	Standard amended to provide guidance for entities emerging from severe hyperinflation and resuming presentation of IFRS-compliant financial statements or presenting IFRS-compliant financial statements for the first time	1 July 2011
		Standard amended to remove the fixed date of 1 January 2004 relating to the retrospective application of the derecognition requirements of IAS 39 and relief for first-time adopters from calculating day 1 gains on transactions that occurred before the date of adoption	1 July 2011
IFRS 7:	Financial Instruments: Disclosures	Amendments require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosure if a disproportionate amount of transfer transactions are undertaken around the end of the reporting period	1 July 2011
		Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set-off in accordance with accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set-off in its balance sheet and the effect of rights of set-off on the entity's rights and obligations	1 January 2013
IFRS 9:	Financial Instruments	New standard that forms the first part of a three-part project to replace IAS 39, Financial Instruments: Recognition and Measurement	1 January 2015
IFRS 10:	Consolidated Financial Statements	New standard that replaces the consolidation requirements in SIC-12, Consolidation – Special Purpose Entities, and IAS 27, Consolidated and Separate Financial Statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess	1 January 2013

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

## 2. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE (CONTINUED)

*At the date of the authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:*

		Details of amendment	Effective from
IFRS 11:	Joint Arrangements	New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method of accounting for interests in jointly controlled entities	1 January 2013
IFRS 12:	Disclosure of Interests in Other Entities	New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles	1 January 2013
IFRS 13:	Fair Value Measurement	New guidance on fair value measurement and disclosure requirements	1 January 2013
IAS 1:	Presentation of Financial Statements	New requirements to group together items within OCI that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity	1 July 2012
IAS 12:	Income Taxes	Rebuttable presumption introduced that an investment property will be recovered in its entirety through sale	1 July 2012
IAS 19:	Employee Benefits	Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans	1 January 2013
IAS 27:	Consolidated and Separate Financial Statements	Consequential amendments resulting from the issue of IFRS 10, 11 and 12	1 January 2013
IAS 28:	Investments in Associates	Consequential amendments resulting from the issue of IFRS 10, 11 and 12	1 January 2013
IAS 32:	Financial Instruments: Presentation	Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set-off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set-off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations	1 January 2013
IFRIC 20:	Stripping Costs in the Production Phase of a Surface Mine	Stripping costs in the production phase of a surface mine	1 January 2013

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the group and of the company.

	Electronic equipment R'000	Office equipment R'000	Motor vehicles R'000	Leasehold improve- ments R'000	Freehold land and buildings R'000	Total R'000
<b>3. PROPERTY, PLANT AND EQUIPMENT GROUP</b>						
<b>Year ended 31 March 2012</b>						
Opening net book value	5 754	1 303	301	4 295	13 759	25 412
Additions	1 768	1 064	612	206	4 072	7 722
Depreciation	(1 941)	(764)	(97)	(1 166)	–	(3 968)
Disposals/Transfers	(16)	(6)	(14)	–	–	(36)
Closing net book value	5 565	1 597	802	3 335	17 831	29 130
<b>At 31 March 2012</b>						
Cost	14 644	4 324	1 732	5 639	17 831	44 170
Accumulated depreciation	(9 079)	(2 727)	(930)	(2 304)	–	(15 040)
Net book value	5 565	1 597	802	3 335	17 831	29 130
<b>Year ended 31 March 2011</b>						
Opening net book value	3 839	1 195	410	1 241	13 573	20 258
Additions	3 935	615	–	3 836	186	8 572
Depreciation	(1 847)	(496)	(109)	(808)	–	(3 260)
Disposals/Transfers	(173)	(11)	–	26	–	(158)
Closing net book value	5 754	1 303	301	4 295	13 759	25 412
<b>At 31 March 2011</b>						
Cost	13 765	3 394	1 214	5 433	13 759	37 565
Accumulated depreciation	(8 011)	(2 091)	(913)	(1 138)	–	(12 153)
Net book value	5 754	1 303	301	4 295	13 759	25 412
<b>COMPANY</b>						
<b>Year ended 31 March 2012</b>						
Opening net book value	–	426	–	963	7 260	8 649
Additions	–	85	–	–	4 006	4 091
Depreciation	–	(66)	–	–	–	(66)
Disposals/Transfers	–	(6)	–	–	–	(6)
Closing net book value	–	439	–	963	11 266	12 668
<b>At 31 March 2012</b>						
Cost	–	549	–	963	11 266	12 778
Accumulated depreciation	–	(110)	–	–	–	(110)
Net book value	–	439	–	963	11 266	12 668
<b>Year ended 31 March 2011</b>						
Opening net book value	–	90	–	917	7 260	8 267
Additions	–	438	–	15	–	453
Depreciation	–	(40)	–	–	–	(40)
Disposals/Transfers	–	(62)	–	31	–	(31)
Closing net book value	–	426	–	963	7 260	8 649
<b>At 31 March 2011</b>						
Cost	–	473	–	963	7 260	8 696
Accumulated depreciation	–	(47)	–	–	–	(47)
Net book value	–	426	–	963	7 260	8 649

Freehold buildings have not been depreciated as their residual value at the reporting date exceeds their original purchase price.

Office equipment with a carrying value of R168 863 (2011: R263 892) is held in terms of Finance leases – see note 13.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>				
Johannesburg				
Freehold land and buildings consists of:				
Remaining extent of Erf 1946 Houghton Estate	7 260	7 260	7 260	7 260
Portion 2 of Erf 1946 Houghton Estate	4 006	–	4 006	–
Erf 1947 Houghton Estate	4 915	4 849	–	–
Bloemfontein				
Erf 2692 Sunny Ridge Part 1	1 650	1 650	–	–
	<b>17 831</b>	<b>13 759</b>	<b>11 266</b>	<b>7 260</b>
<b>4. GOODWILL</b>				
Cost <i>less</i> accumulated impairment				
Umoya Communications (Pty) Limited	20 309	20 309		
Central Media Group (Pty) Limited	16 605	16 605		
AME Broadcasting (Pty) Limited	2 512	2 512		
Redstar Talent (Pty) Limited – <i>less than R1 000</i>	–	5		
Freesport (Pty) Limited	354	354		
Carrying value at end of the year	<b>39 780</b>	<b>39 785</b>	–	–
Movement for the period				
Carrying value at beginning of year	39 785	35 431	–	–
Redstar Talent (Pty) Limited	(5)			
Investment in Freesport (Pty) Limited*	–	354	–	–
United Stations (Pty) acquisition settlement**	–	4 000	–	–
Carrying value at end of period	<b>39 780</b>	<b>39 785</b>	–	–

In accordance with the group's accounting policy, an impairment test was performed on goodwill at year-end. Budgeted operating cash flows for the related business units were projected based on revenue growth of 2% per annum and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that the goodwill did not require impairment.

\* *Freesport (Pty) Limited is a local monthly free-sheet newspaper distributed in the Nelson Mandela Bay Metropolitan area. Algoa FM acquired 50% of the shares in the company on 1 August 2010 as part of their expansion in new media platforms. The goodwill represents the excess of the amount paid over the net asset value.*

\*\* *Goodwill on United Stations arose due to the R4 million settlement paid towards the 2002 acquisition of United Stations, and has been accounted for in terms of the old IFRS 3.*



	COMPANY	
	2012 R'000	2011 R'000
<b>5. INVESTMENT IN SUBSIDIARIES</b>		
AME Broadcasting (Pty) Limited (holding company)		
– 100 shares representing a 100% holding*	–	–
– Loan	1 955	724
United Stations (Pty) Limited (Radio Advertising sales house)		
– 1 000 shares representing a 100% holding*	4 000	4 000
– Loan	3 690	9 169
Central Media Group (Pty) Limited (t/a OFM)		
– 77 525 shares representing a 70,1% holding	28 968	28 968
Umoya Communications (Pty) Limited (t/a Algoa FM)		
– 1 000 shares representing a 90% (2011: 100%) holding	23 683	23 683
Radio Heads Investment Holdings (Pty) Limited (holding company)		
– 511 shares (2011: 1 share) representing a 51,1% (2011: 0,1%) holding*	–	–
– Loan	14	15
Radio Heads (Pty) Limited (Radio Advertising sales house)		
– 490 shares representing a 49% holding*	–	–
– Loan	5 973	1 545
	<b>68 283</b>	<b>68 104</b>
Provision for impairment in subsidiaries	<b>(6 147)</b>	<b>(1 718)</b>
	<b>62 136</b>	<b>66 386</b>

\* Less than R1 000.

The loans to subsidiaries are unsecured and interest-free. The subsidiary companies have an unconditional right to defer settlement of the loan for 12 months. The company has subordinated R2,9 million (2011: R1,5 million) of one of its loans to a subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>6. INVESTMENT IN ASSOCIATED COMPANIES</b>				
M-Power Radio (Pty) Limited (t/a Mpower FM)				
– 498 shares representing a 24,9% holding	1 494	1 494	1 494	1 494
– Impairment of investment	–	–	(1 494)	(1 494)
– Share of post-acquisition loss	(1 494)	(1 494)	–	–
– Loan	1 494	1 494	1 494	1 494
– Impairment of loan	(1 494)	(1 494)	(1 494)	(1 494)
Mahareng Publishing (Pty) Limited				
– 500 shares representing a 50% holding	1	1	–	–
– Loan	5 050	2 900	–	–
Share of post-acquisition loss	(2 071)	(1 870)	–	–
Algoa FM Radio Empowerment Company (Pty) Limited				
– 49 shares representing a 49% holding *	–	–	–	–
	<b>2 980</b>	<b>1 031</b>	<b>–</b>	<b>–</b>
<i>* Less than R1 000.</i>				
M-Power Radio has a June financial year-end; March 2012 management accounts information was used in the preparation of the financial statements.				
Summary of the financial information:				
Total assets	3 058	4 515		
Total liabilities	15 362	7 414		
Accumulated loss	12 304	14 477		
Mahareng Publishing has a March financial year-end.				
Summary of the financial information:				
Total assets	6 737	2 926		
Total liabilities	10 943	6 667		
Accumulated loss	4 207	3 738		
<b>7. OTHER FINANCIAL INSTRUMENTS</b>				
Available for sale financial assets				
Loan to Share Incentive Trust	–	–	6 329	6 865
Provision for diminution in value	–	–	(1 686)	(4 767)
Chestnut Hill Investments 265 (Pty) Limited				
– 1 247 cumulative redeemable preference shares	1 247	1 247	1 247	1 247
– Provision for diminution in value	(1 246)	(1 246)	(1 246)	(1 246)
Before The Wind Investments 160 (Pty) Limited				
– 1 300 cumulative redeemable preference shares	1 300	1 300	1 300	1 300
– Provision for diminution in value	(1 299)	(1 298)	(1 299)	(1 299)
Mokgosi Holdings (Pty) Limited				
– 10 "B" ordinary shares, at cost	9 200	9 200	9 200	9 200
– Loan	21	–	20	–
Moneyweb Limited				
– 1 000 000 ordinary shares, at cost	680	680	680	680
	<b>9 903</b>	<b>9 883</b>	<b>14 545</b>	<b>11 980</b>
Level 1	680	680	5 323	2 778
Level 2	9 223	9 203	9 222	9 202
	<b>9 903</b>	<b>9 883</b>	<b>14 545</b>	<b>11 980</b>

The loan to the Share Incentive Trust is interest-free and there are no fixed terms of repayment. At the date of this report, none of the 89 275 shares held in the Share Incentive Trust have been allotted and no options in respect of these shares have been granted. Dividends payable to the Trust have been utilised to reduce the loan amount.

*Basis of valuation:*

The carrying values of the investments were evaluated and there have been no indications of further impairment.

The investments in Moneyweb Limited and the loan to the Share Incentive Trust are level 1 investments and the remainder are level 2 investments in terms of IFRS 7.

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>8. DEFERRED TAXATION</b>				
Balance at beginning of the year	4 642	5 038	632	1 146
Movements during the year attributable to:				
– Temporary differences	3 291	809	1 008	(22)
– Computed tax losses	(698)	(1 205)	(448)	(492)
Balance at end of the year	7 235	4 642	1 192	632
<i>The balance comprises:</i>				
Provision for leave pay	298	247	35	30
Income received in advance	404	426	–	–
Pre-paid expenditure	(7)	(29)	–	–
Accelerated tax allowances	(249)	(210)	–	–
Lease accrual	137	193	–	–
Provisions other	4 375	1 138	1 157	154
Provision for doubtful debts	710	612	–	–
Computed tax losses	1 567	2 265	–	448
	7 235	4 642	1 192	632

The group expects that, with the profits expected to be generated in future years, the computed tax losses will be utilised.

Deferred tax assets have been recognised for all unused tax losses.

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>9. TRADE RECEIVABLES</b>				
Trade accounts receivable	60 524	45 060	–	–
Allowance for impairment of receivables	(3 961)	(3 154)	–	–
	56 563	41 906	–	–
Exposure to credit risk:				
The maximum exposure to credit risk at the reporting date was	60 524	45 060	–	–
The maximum exposure to credit risk for gross trade receivables at the reporting date by type of customer was:				
	Average debtor's terms (days)			
Parastatals/Government	30	2 060	930	–
Corporates	30/60	47 152	23 424	–
SMMEs	30	11 312	20 704	–
Individuals	30	–	2	–
		60 524	45 060	–

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

	Average debtors' terms (days)	GROUP		COMPANY	
		2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>9. TRADE RECEIVABLES (CONTINUED)</b>					
The maximum exposure to credit risk for gross trade receivables at the reporting date by geographical region was:					
South Africa	30/60	60 524	45 060	–	–
		60 524	45 060	–	–
Within terms:					
Current		34 031	29 558	–	–
Due 30 days and less		19 960	9 356	–	–
Past due					
Due 30 to 60 days		1 775	703	–	–
Due 60 to 90 days		4 106	4 691	–	–
Due 90 days +		652	752	–	–
		60 524	45 060	–	–

Credit risk is minimised through an initial new client acceptance procedure whereby potential customers are individually assessed before an appropriate credit limit is allocated. The subsidiaries use a vetting agency which maintains current credit data on most companies in South Africa. R2,8 million (2011: R3,1 million) of the group's trade and other receivables has been ceded as security for Media Credit Co-ordination's accreditation.

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Allowance for impairment of receivables:				
Balance at beginning of the year	(3 154)	(2 550)	–	–
Impairment loss recognised	695	(1 535)	–	–
Impairment loss reversed	(1 502)	931	–	–
	(3 961)	(3 154)	–	–
The reason for recognising the following impairment losses were:				
Financial difficulties/Bankruptcy	3 079	2 837	–	–
Absconded	14	25	–	–
Dispute	868	292	–	–
	3 961	3 154	–	–

Listings of overdue customer balances are reviewed monthly and against their credit terms/limits. Customers exceeding their credit terms/limits must settle their overdue balances before any further credit is extended.

Appropriate action is taken to recover long overdue debts.

Balance past due are not impaired, except to the extent that financial difficulty of the customer has been identified.

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>10. SHARE CAPITAL</b>				
<i>Authorised</i>				
15 000 000 ordinary shares of R1,00 each	15 000	15 000	15 000	15 000
<i>Issued</i>				
8 288 308 (2011: 8 628 308) ordinary shares of R1,00 each	8 288	8 628	8 288	8 628
Held by the AME Share Incentive Trust	(89)	(89)	-	-
Held by AME Broadcasting (Pty) Limited	(28)	-	-	-
	<b>8 171</b>	<b>8 539</b>	<b>8 288</b>	<b>8 628</b>

In accordance with a general authority to repurchase shares granted to the directors of the company at annual general meetings of the company held on 22 October 2010 and 31 October 2011, AME repurchased and subsequently cancelled 340 000 ordinary shares.

The net result of the transaction reduced share capital by R0,34 million and share premium by R17 million.

AME Broadcasting (Pty) Limited, a 100% subsidiary of AME, purchased 27 597 ordinary AME shares for a value of R1,23 million, resulting in a reduction of share premium of R1,2 million.

#### Unissued shares

The 6 711 692 (2011: 6 371 692) unissued shares are under the control of the directors in terms of a resolution of members passed at the annual general meeting of shareholders on 31 October 2011. The authority is valid until the next annual general meeting.

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>11. NON-DISTRIBUTABLE RESERVE</b>				
Restatement of investment in subsidiaries	-	-	15 624	15 624
Share-based payment reserve	-	2 073	-	306
Fair value adjustment on available for sale financial assets reserve	-	-	4 620	6 182
	-	2 073	20 244	22 112
<b>12. OPERATING LEASE ACCRUAL</b>				
Liabilities for future rental payments	491	656	-	-
Less: Current portion included in current liabilities	291	138	-	-
	200	518	-	-
<b>13. INTEREST-BEARING BORROWINGS</b>				
Finance leases	199	285	-	-
Less: Current portion included in current liabilities	84	86	-	-
	115	199	-	-

The capitalised finance lease liability is secured by office equipment (note 3). Interest is charged at 13,62% (2011: 13.62%) per annum. The lease agreements provide for 60 monthly payments of R9 945 (2011: 9 945). The agreements do not provide for contingent payments.

Reconciliation between the total minimum lease payments and their present value:

Minimum lease payments due

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
- within one year	105	120	-	-
- in second to fifth year inclusive	127	224	-	-
	232	344	-	-
Future finance charges	(33)	(59)	-	-
Present value of minimum lease payments	199	285	-	-

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>14. OTHER PAYABLES</b>				
Amounts received in advance	1 526	791	–	–
Share-based bonuses	5 788	–	1 530	–
Receiver or revenue VAT	2 015	2 416	–	1 032
Accruals and provisions	25 409	23 487	3 230	4 939
	<b>34 738</b>	<b>26 694</b>	<b>4 760</b>	<b>5 971</b>

## 15. BANK FACILITIES

The banking facilities for debit order transactions of the group are secured by limited suretyships by each individual subsidiary for its own facility.

## 16. FINANCIAL ASSETS BY CATEGORY

	Loans and receivables R'000	Fair value through profit or loss – held for trading R'000	Non- financial instruments R'000	Available- for-sale R'000	Total R'000
<b>Group</b>					
<b>2012</b>					
Other financial instruments	–	–	–	9 903	9 903
Trade receivables	56 563	–	–	–	56 563
Other receivables	795	–	1 826	–	2 621
Cash and cash equivalents	57 110	–	–	–	57 110
	<b>114 468</b>	<b>–</b>	<b>1 826</b>	<b>9 903</b>	<b>126 197</b>
<b>2011</b>					
Other financial instruments	–	–	–	9 883	9 883
Trade receivables	41 906	–	–	–	41 906
Other receivables	1 182	–	1 286	–	2 468
Cash and cash equivalents	46 581	–	–	–	46 581
	<b>89 669</b>	<b>–</b>	<b>1 286</b>	<b>9 883</b>	<b>100 838</b>
<b>Company</b>					
<b>2012</b>					
Other financial instruments	–	–	–	14 545	14 545
Trade receivables	–	–	–	–	–
Other receivables	919	–	499	–	1 418
Cash and cash equivalents	19 824	–	–	–	19 824
	<b>20 743</b>	<b>–</b>	<b>499</b>	<b>14 545</b>	<b>35 787</b>
<b>2011</b>					
Other financial instruments	–	–	–	11 980	11 980
Trade receivables	–	–	–	–	–
Other receivables	2 469	–	395	–	2 864
Cash and cash equivalents	35 162	–	–	–	35 162
	<b>37 631</b>	<b>–</b>	<b>395</b>	<b>11 980</b>	<b>50 006</b>

17. FINANCIAL LIABILITIES BY CATEGORY

	Non- financial instruments R'000	Amortised cost R'000	Total R'000
<b>Group</b>			
<b>2012</b>			
Interest-bearing borrowings	–	199	199
Trade payables	–	33 531	33 531
Other payables	3 541	31 688	35 229
Dividend payable	–	777	777
	<b>3 541</b>	<b>66 195</b>	<b>69 736</b>
<b>2011</b>			
Interest-bearing borrowings	–	285	285
Trade payables	–	28 498	28 498
Other payables	2 285	24 409	26 694
Dividend payable	–	387	387
	<b>2 285</b>	<b>53 579</b>	<b>55 864</b>
<b>Company</b>			
<b>2012</b>			
Trade payables	–	179	179
Other payables	–	4 760	4 760
Dividend payable	–	777	777
	<b>–</b>	<b>5 716</b>	<b>5 716</b>
<b>2011</b>			
Trade payables	–	4 902	4 902
Other payables	170	5 801	5 971
Dividend payable	–	387	387
	<b>170</b>	<b>11 090</b>	<b>11 260</b>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

	GROUP		COMPANY	
	Year ended 31 March 2012 R'000	Year ended 31 March 2011 R'000	Year ended 31 March 2012 R'000	Year ended 31 March 2011 R'000
<b>18. REVENUE</b>				
Commercial advertising	206 075	177 366	–	–
Management fees and rental received from subsidiaries	–	–	4 920	4 512
<b>19. OPERATING EXPENSES</b>				
are stated after taking the following into account:				
<b>Expenses</b>				
Administration and management fees paid				
– other companies	413	300	–	–
Auditors' remuneration				
– audit fees	771	631	225	260
– other services	9	25	–	–
Consulting fees	471	553	211	229
Depreciation	3 968	3 260	66	40
Directors' remuneration				
– fees for services as directors	737	325	482	252
– other services	1 686	1 220	1 686	1 220
Legal fees	(1 134)	1 472	(1 638)	1 186
Loss on disposal of property, plant and equipment	3	47	–	31
Operating lease charges				
– premises	2 018	2 731	–	–
– office equipment	483	815	–	–
Secretarial fees	10	7	9	4
Staff costs	53 702	52 669	1 455	627
Defined contribution plans	2 335	2 473	52	146
<b>20. INVESTMENT INCOME AND FINANCE COSTS</b>				
Investment income				
– dividends received from subsidiary companies	–	–	8 000	19 746
– dividends received from other companies	1 241	1 184	1 241	1 184
– preference dividends receivable from associate companies	–	–	(300)	300
	1 241	1 184	8 941	21 230
<b>Finance income</b>				
– interest received from bank	2 795	2 026	1 689	1 274
– interest received from debtors	–	1 792	–	–
– other	147	83	18	184
	2 942	3 901	1 707	1 458
<b>Finance costs</b>				
Interest paid to				
– other	73	149	–	–
	73	149	–	–



	GROUP		COMPANY	
	Year ended 31 March 2012 R'000	Year ended 31 March 2011 R'000	Year ended 31 March 2012 R'000	Year ended 31 March 2011 R'000
<b>21. TAXATION</b>				
South African normal taxation				
– current	15 998	12 160	54	–
– prior year adjustment	(232)	–	–	–
– deferred	(2 593)	396	(560)	514
Secondary Tax on Companies	–	250	–	–
	<b>13 173</b>	<b>12 806</b>	<b>(506)</b>	<b>514</b>
Tax rate reconciliation:	%	%	%	%
Statutory tax rate	28,0	28,0	28,0	28,0
Non-deductible expenditure	1,1	3,8	16,5	4,3
Exempt income	(3,2)	(0,8)	(49,4)	(29,7)
Prior year overprovision	(1,5)	–	–	–
Secondary Tax on Companies	–	0,2	–	–
Effective tax rate	<b>24,4</b>	<b>31,2</b>	<b>4,9</b>	<b>2,6</b>

The company has an estimated tax loss of R nil (2011: R1,6 million) and the group has an estimated tax loss of R5,6 million (2011: R6,7 million) available for set-off against future taxable income. These amounts have not yet been assessed and their recoverability is dependent on the company and the group earning future taxable income. Deferred tax assets have been raised to the extent that it is reasonably certain that the estimated tax losses will be utilised against future taxable income.

The company has unutilised STC credits of R242 500 (2011: R118 409) available to set-off against future dividends declared.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

	GROUP		COMPANY	
	Year ended 31 March 2012 R'000	Year ended 31 March 2011 R'000	Year ended 31 March 2012 R'000	Year ended 31 March 2011 R'000
<b>22. EARNINGS AND HEADLINE EARNINGS PER SHARE</b>				
The earnings and headline earnings per share information is based on the following:				
Profit attributable to the equity holders of the company	36 399	26 249	–	–
Loss on disposal of property, plant and equipment	3	47	–	–
Impairment of loans to associates	–	199	–	–
<b>Headline earnings</b>	<b>36 402</b>	<b>26 495</b>	<b>–</b>	<b>–</b>
Earnings per share (cents)	428,8	307,4		
Headline earnings per share (cents)	428,9	310,3		
Diluted earnings per share (cents)	428,8	302,5		
Diluted headline earnings per share (cents)	428,9	305,3		
Weighted average number of shares in issue ('000)	8 488	8 539	–	–
Diluted average number of shares in issue ('000)	8 488	8 678	–	–
The movement between weighted average and diluted average number of shares, relates to the following:				
Weighted average number of shares in issue ('000)	8 488	8 539		
<i>Add:</i> Dilution effect of options exercised ('000)	–	139		
Diluted average number of shares in issue ('000)	8 488	8 678		
<b>23. TAXATION PAID</b>				
Amount unpaid at beginning of the year	(1 212)	(2 465)	–	(1 250)
Amount charged to statement of comprehensive income	(15 766)	(12 410)	(54)	–
Amount unpaid at end of the year	1 495	1 212	(26)	–
	<b>(15 483)</b>	<b>(13 663)</b>	<b>(80)</b>	<b>(1 250)</b>
<b>24. INCREASE IN INVESTMENTS AND LOANS</b>				
Acquisition of Freesport (Pty) Limited		(380)	–	–
(Increase)/Decrease in investment in subsidiaries	(4 000)	–	(1 634)	2 347
Increase in investments in associates	(2 150)	(824)	–	(199)
Increase in financial instruments	(20)	(9 881)	(2 565)	(9 881)
	<b>(6 170)</b>	<b>(11 085)</b>	<b>(4 199)</b>	<b>(7 733)</b>

	GROUP		COMPANY	
	Year ended	Year ended	Year ended	Year ended
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
<b>25. SHARE-BASED PAYMENTS</b>				
Expense arising from share-based payment transactions	3 715	204	1 225	96
	Number of options		Number of options	
Balance at beginning of the year	466 668	500 001	141 667	108 334
Number settled (grant 1)	(158 334)	(83 333)	(16 667)	(16 667)
Number settled (grant 2)	(33 334)	–	–	–
Number granted (grant 4)	–	50 000	–	50 000
Balance at end of the year	275 000	466 668	125 000	141 667
	Grant 1	Grant 2	Grant 3	Grant 4
	1 August	7 May	3 September	1 October
	2006	2008	2009	2010
Date of grant:				Total
Number of options:				
Number at beginning of the year	241 668	100 000	75 000	466 668
Number cash settled	(158 334)	(33 334)	–	(191 668)
Number granted	–	–	–	–
Number at end of the year	83 334	66 666	75 000	275 000
Contractual life:	5 years	5 years	5 years	5 years
Vesting conditions:	after 3 years	33,3%	33,3%	33,3%
	after 4 years	33,3%	33,3%	33,3%
	after 5 years	33,3%	33,3%	33,3%

Executive directors and management of certain subsidiary companies received share options as part of the group's share bonus scheme. There were 275 000 (2011: 466 668) options outstanding at the end of the financial period. No additional options were granted during the year.

The incentive scheme functions as a bonus scheme for executive management. Since the outstanding options will be cash settled, the board decided to revalue the bonus scheme on that basis.

The weighted average share price at the date of cash settlement was R47,95 (2011: R34,00).

The values of the share options were determined using the Black-Scholes Merton Option Valuation Model, for cash-settled instruments. The model inputs were as follows:

2012	Grant 1	Grant 2	Grant 3	Grant 4
Share price at reporting date	R52,00	R52,00	R52,00	R52,00
Exercise price	R17,50	R26,50	R24,50	R33,00
Expected volatility	34,03%	34,03%	34,03%	34,03%
Risk-free interest rate	6,70%	6,70%	6,70%	6,70%
Dividend yield	0%	0%	0%	0%
Fair value	R34,60	R26,54	R30,35	R24,08

The volatility is based on statistical analysis of the daily share prices over the last two years, prior to the reporting date.

The group expects the future volatility of its share price to be in line with the historical volatility.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

## 25. SHARE-BASED PAYMENTS (CONTINUED)

The values of the share options were determined using the Black-Scholes Merton Option Valuation Model. The model inputs were as follows:

2011	Grant 1	Grant 2	Grant 3	Grant 4
Share price at grant date	R18,00	R26,50	R24,50	R33,00
Exercise price	R17,50	R26,50	R24,50	R33,00
Expected volatility	25,6%	39,5%	43,1%	46,7%
Risk-free interest rate	8,54%	10,31%	7,42%	7,34%
Dividend yield	0%	7,5%	8,2%	6,1%
Fair value	R6,56	R6,72	R5,67	R9,65

The volatility is based on statistical analysis of the daily share prices over the last five years, prior to issue date.

The group expects the future volatility of its share price to be in line with the historical volatility.

## 26. BORROWING POWERS

In terms of the company's articles of association, the borrowing powers of the company are unlimited.

At 31 March 2012 the company's borrowings totalled R nil (2011: R nil) and its subsidiaries' borrowings totalled R0,2 million (2011: R0,29 million).

## 27. RETIREMENT BENEFITS

Certain subsidiary companies presently contribute to defined contribution retirement benefit plans, being either provident funds or pension funds governed by the Pension Funds Act, 1956 which, due to the nature of the funds, do not require actuarial valuations.

It is compulsory for the employees of the subsidiary companies to be a member of a fund. The subsidiaries and members of the funds contribute to the funds in equal proportions.

The group has no obligations to fund post-retirement medical benefits.

## 28. RELATED PARTIES

### Identity of related parties

The subsidiaries of the group are identified in note 5 and the associates in note 6. Significant shareholders are detailed on page 47. The directors are listed in the Directors' report. Details of Key management are listed on page 3.

### Related party transactions

Details of the directors' remuneration are listed in the Directors' report. Trading transactions occur between subsidiaries and divisions within the group companies and are reversed on consolidation of the accounts.

Details of such transactions, including loans, other receivables, management fees, rental and dividends are detailed below:

	COMPANY	
	2012 R'000	2011 R'000
<i>Loan Accounts – Owing by related parties</i>		
AME Broadcasting (Pty) Limited	5 955	724
United Stations (Pty) Limited	3 690	9 169
Radio Heads (Pty) Limited	5 973	1 545
Radio Heads Investment Holdings (Pty) Limited	14	15
<i>Amounts included in Other receivables regarding related parties</i>		
Umoya Communications (Pty) Limited	228	190
Central Media Group (Pty) Limited	182	85

	Year ended 31 March 2012 R'000	Year ended 31 March 2011 R'000
<b>28. RELATED PARTIES (CONTINUED)</b>		
<i>Management fees received from related parties</i>		
Umoya Communications (Pty) Limited	2 400	2 277
Central Media Group (Pty) Limited	1 920	1 822
United Stations (Pty) Limited	240	282
Radio Heads (Pty) Limited	–	132
<i>Rental received from related parties</i>		
United Stations (Pty) Limited	360	720
Radio Heads (Pty) Limited	–	100
<i>Interest received from related party</i>		
Radio Heads (Pty) Limited	18	146
<i>Dividends received from related parties</i>		
Umoya Communications (Pty) Limited	8 000	12 000
Central Media Group (Pty) Limited	–	7 745

Key management personnel (being the executive management as per page 3) remuneration for the year amounted to R4,5 million (2011: R4,4 million), together with share-based bonus payments of R2,7 million (2011: R1,1 million).

Details of guarantees between the holding company and its subsidiaries are contained in note 31.

None of the directors or major shareholders of the group, nor their families, had any direct or indirect interests in any transaction concluded with the group in the current or prior financial years, other than as disclosed in this note.

## 29. FINANCIAL INSTRUMENTS

### Credit risk

Financial assets which potentially subject the group to concentrations of credit 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 are presented net of the allowance for doubtful receivables. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the group's customer base and their dispersion across different industries and geographical areas. Accordingly, the group has no significant concentration of credit risk.

In regard to the company, loans to subsidiaries are impaired when necessary, trade receivables are presented net of allowances for impairment. Credit risk with regard to loans to associates is not material to the company.

The carrying amounts of financial assets included in the consolidated statement of financial position represent the group's exposure to credit risk in relation to these assets.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

### Fair values

At 31 March 2012 and 31 March 2011, the carrying amounts of cash and short-term deposits, receivables, payables and accrued expenses and short-term borrowings approximated their fair values due to the short-term maturities of these assets and liabilities. The carrying value of available-for-sale assets also approximates their fair values.

### Liquidity risk

The group and company's exposure to liquidity risk is as a result of the availability of funds to cover future commitments. The group manages its liquidity risk through an ongoing review of future commitments and by monitoring cash flow forecasts.

The only financial instruments which expose the group to liquidity risk are interest-bearing borrowings and trade payables, all of which will be paid within agreed credit terms.

The table below analyses the group and company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying value as the impact of discounting is not significant.

Group	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000
<b>At 31 March 2012</b>			
Borrowings	84	74	41
Trade and other payables	69 337	200	–
<b>At 31 March 2011</b>			
Borrowings	120	120	104
Trade and other payables	55 192	–	–
<b>Company</b>			
<b>At 31 March 2012</b>			
Borrowings	–	–	–
Trade and other payables	5 716	–	–
<b>At 31 March 2011</b>			
Borrowings	–	–	–
Trade and other payables	10 873	–	–

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

### Interest rate risk

The group and company's exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date were:

Floating interest rate instruments	56 911	46 296	19 824	35 162
Cash and cash equivalents	57 110	46 581	19 824	35 162
Interest-bearing borrowings	(199)	(285)	–	–
Weighted average effective interest rate (%)	4,9	5,4	4,9	5,4

Surplus cash flows exposed to interest rate risk are placed with institutions and facilities which yield the highest rate of return.

At 31 March 2012 and 31 March 2011, if interest rates had been 1% higher with all other variables held constant, post-tax profit of the group for the year would have increased by approximately R0,4 million (2011: R0,27 million) and for the company by approximately R0,2 million (2011: R0,17 million).

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

### Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the returns to stakeholders through the optimisation of the debt and equity balance.

The group's overall strategy remains unchanged from previous reporting period.

The capital structure of the group consists of debt, which includes interest-bearing liabilities disclosed in note 13, cash and cash equivalents and equity attributable to holders of the parent, comprising issued capital, reserves and retained earnings, respectively.

In order to maintain or adjust the capital structure, the group may adjust the dividend distribution to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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	GROUP		COMPANY	
	Year ended 31 March 2012 R'000	Year ended 31 March 2011 R'000	Year ended 31 March 2012 R'000	Year ended 31 March 2011 R'000

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## 30. COMMITMENTS

Future operating lease charges for premises and office equipment:

Payable within one year

1 509      1 316      –      –

Premises

1 509      1 231      –      –

Office equipment

–      85      –      –

Payable within two to five years

931      1 747      –      –

Premises

931      1 619      –      –

Office equipment

–      128      –      –

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2 440      3 063      –      –

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Operating lease payments represent rentals payable by the group for certain of its premises and office equipment. Leases are negotiated for an average of two to five years. No contingent rent is payable.

## 31. CONTINGENT LIABILITIES

The company stands surety for the liabilities amounting to R4 million (2011: R3 million) of one of its subsidiary companies for the benefit of Media Credit Co-ordination. The suretyship will remain in force for an indefinite period.

On 30 May 2012 the Copyright Tribunal delivered its judgement on the negotiations between the National Association of Broadcasters ("NAB") and the South African Music Performers Rights Association ("SAMPRO") relating to the appropriate royalty for Needletime. The judgement favours the SAMPRO formula with a 30% discount. The NAB has lodged an appeal against this judgement.

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# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2012

	Radio broadcasters		Sales houses		Company		Group total	
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>32. SEGMENTAL REPORTING</b>								
<b>Revenue</b>								
Total revenue	178 682	160 030	41 537	30 249	4 920	4 513	225 139	194 792
Internal revenue	–	–	(14 144)	(12 913)	(4 920)	(4 513)	(19 064)	(17 426)
External revenue	178 682	160 030	27 393	17 336	–	–	206 075	177 366
<b>Profitability</b>								
Segment profit from operations	39 348	37 023	10 941	775	(302)	(1 213)	49 987	36 585
Unallocated/ Eliminated corporate net expense and inter-company consolidation							(201)	(425)
							49 786	36 160
Investment income							1 241	1 184
Finance income							2 942	3 901
Finance cost							(73)	(149)
Taxation							(13 173)	(12 806)
Profit for the year							40 723	28 290
<b>Assets</b>								
Segment assets	52 465	69 223	49 543	33 425	43 250	21 448	145 258	124 096
Investment in associates	2 980	1 031					2 980	1 031
							148 238	125 127
Cash and cash equivalents							57 110	46 581
							205 348	171 708
<b>Liabilities</b>								
Segment liabilities	29 670	19 821	35 871	27 617	5 716	10 294	71 257	57 732
Capital expenditure	3 023	4 686	608	3 433	4 091	453	7 722	8 572
Depreciation	2 927	2 478	975	742	66	40	3 968	3 260



# ANALYSIS OF SHAREHOLDING

for the year ended 31 March 2012

	Number of shares held '000	Shares held %	Number of share- holders	Share- holder %
<b>SIZE OF SHAREHOLDING</b>				
1 – 1 000	110	1,3	435	74,0
1 001 – 10 000	411	5,0	108	18,4
10 001 – 100 000	1 042	12,6	27	4,6
100 001 +	6 725	81,1	18	3,0
<b>Total</b>	<b>8 288</b>	<b>100,0</b>	<b>588</b>	<b>100,0</b>
<b>CATEGORY</b>				
Private individuals	1 346	16,2	459	78,1
Nominee companies or trusts	6 521	78,7	81	13,8
Investment companies	316	3,8	16	2,7
Limited companies	33	0,4	1	0,2
Other corporate bodies	72	0,9	31	5,2
<b>Total</b>	<b>8 288</b>	<b>100,0</b>	<b>588</b>	<b>100,0</b>
<b>SHAREHOLDER SPREAD</b>				
Non-public shareholders:				
AME Broadcasting (Pty) Limited	28	0,3	1	0,2
AME Share Incentive Trust	89	1,1	1	0,2
Shareholders holding more than 5% of the issued ordinary shares:				
– Moolman and Coburn Partnership	2 053	24,8	1	0,2
– Golden Hind Partnership	970	11,7	1	0,2
– Frances Elizabeth Coburn	800	9,7	1	0,2
– MGM Family Trust	497	6,0	1	0,2
	4 437	53,6	6	1,2
Public shareholders:	3 851	46,4	582	98,8
<b>Total</b>	<b>8 288</b>	<b>100,0</b>	<b>588</b>	<b>100,0</b>

## DIRECTORS' INTERESTS

There are no directors holding, directly or indirectly, in excess of 1% of the issued shares of the company on 31 March 2012.

# NOTICE OF ANNUAL GENERAL MEETING



## AFRICAN MEDIA ENTERTAINMENT

(Incorporated in the Republic of South Africa)  
(Registration number 1926/008797/06)  
(Share code: AME) (ISIN: ZAE000055802)

Notice is hereby given that the fourteenth annual general meeting ("meeting") of shareholders of African Media Entertainment Limited ("AME" or "the company") will be held in the boardroom, Block B, Oxford Office Park, No 5, 8th Street, Houghton Estate, Johannesburg at 10:00 on Tuesday, 11 September 2012.

### RECORD DATE, ATTENDANCE AND VOTING

The record date for determining which shareholders are entitled to notice of the meeting is 6 August 2012 and the record date for determining which shareholders are entitled to participate in and vote at the meeting is 4 September 2012. The last day to trade in order to be eligible to vote at the meeting is, accordingly, 28 August 2012.

### PURPOSE OF MEETING

The purpose of this meeting is to present the Directors' report and the audited financial statements of the company and the group for the year ended 31 March 2012, and to consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out below.

### ORDINARY RESOLUTIONS

To consider, and, if deemed fit, approve the following ordinary resolutions with or without modification:

**Voting rights:** In order to be adopted, all ordinary resolutions require the support of a majority of the votes cast by shareholders present or represented by proxy at this meeting. The quorum for the meeting is 25% of the issued share capital of the company.

#### 1. Ordinary resolution number 1: adoption of the annual financial statements

"Resolved that:

the annual financial statements of the company and the group for the year ended 31 March 2012 be and are hereby adopted."

**Explanation:** The reason for and effect of ordinary resolution number 1 is to receive and adopt the annual financial statements for the company and the group for the year ended 31 March 2012.

#### 2. Ordinary resolution number 2: to place the unissued shares of the company under the control of the directors

"Resolved that:

all the unissued shares in the capital of the company be placed under the control of the directors in terms of article 3 of the articles of association of AME, as a general authority in terms of the Companies Act, 2008 (Act 71 of 2008), as amended ("the Act"), who are hereby authorised to allot and issue shares in the capital of the company to those persons, upon such terms and conditions, as the directors in their sole discretion deem fit, until the next annual general meeting subject to the provisions of the Act and the Listings Requirements of the Johannesburg Stock Exchange ("JSE")."

**Explanation:** In terms of article 3 of the articles of association of AME, and in terms of the general authority of the Act, the authority given at the meeting needs to be renewed.

#### 3. Ordinary resolution number 3: re-election of director

"Resolved that:

Mr N Sooka, who retires by rotation in terms of the articles of association of the company and who is eligible and available for re-election, be and is hereby re-elected as a director of the company."

**Explanation:** To re-elect Mr N Sooka, who is recommended by the board and whose appointment automatically terminates on the day of the meeting in terms of articles 12.2 and 13.1 of the articles of association of the company. A brief biography of this director appears on page 3.

#### 4. Ordinary resolution number 4: appoint Mr LK Dube to the board of directors

"Resolved that:

Mr LK Dube be appointed to the board of directors."

# NOTICE OF ANNUAL GENERAL MEETING

**Explanation:** The articles of association require that directors appointed during the year retire at the annual general meeting. This director, if eligible may also be re-elected. A brief biography of this director appears on page 3.

**5. Ordinary resolution number 5: re-appointment of independent auditors**

“Resolved that:

PKF (Jhb) Inc. be and is hereby re-appointed as independent auditors of the company from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the company.”

**Explanation:** The reason for this ordinary resolution is that the company, being a listed public company, must appoint an independent auditor and have its annual financial statements audited.

**6. Ordinary resolution number 6: re-election of the audit and risk committee members and chairman**  
Resolved that:

6.1 Mr MJ Prinsloo be and is hereby re-elected as a member and chairman of the audit and risk committee until the conclusion of the next annual general meeting.

6.2 Mr N Sooka be and is hereby re-elected as a member of the audit and risk committee until the conclusion of the next annual general meeting.

6.3 Mr W Tshuma be and is hereby re-elected as a member of the audit and risk committee until the conclusion of the next annual general meeting.”

**Explanation:** To re-elect Messrs MJ Prinsloo, N Sooka and W Tshuma as members of the audit and risk committee who are recommended by the board and whose appointment automatically terminates on the day of the annual general meeting. The reason for this ordinary resolution is that, at each annual general meeting, a public company must elect an audit and risk committee comprising at least three members.

Brief biographies of these directors appear on page 3.

The ordinary resolutions numbers 6.1, 6.2 and 6.3 will be considered separately.

**7. Ordinary resolution number 7: authority to sign documentation**

“Resolved that:

any director of the company or the company secretary be and is hereby authorised to take all

actions necessary and sign all documentation required to give effect to the ordinary and special resolutions which have been passed at the annual general meeting.”

**SPECIAL RESOLUTIONS**

To consider and, if deemed fit, approve the following special resolutions with or without modifications:

**Voting rights:** In order to be adopted, all special resolutions require the support of 75% or more of the votes cast by shareholders present or represented by proxy at this meeting. The quorum for the meeting is 25% of the issued share capital of the company.

**1. Special resolution number 1: general authority for company and/or subsidiary to acquire the company's own shares**

“Resolved that:

the company and/or a subsidiary of the company be and is hereby authorised to repurchase or purchase, as the case may be, ordinary shares issued by the company on such terms and conditions and in such amounts as the directors of the company may decide, but subject always to the provisions of section 48 of the Act and the Listings Requirements of the JSE, which currently stipulate that:

- the repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- at any point in time the company may only appoint one agent to effect any repurchases on the company's behalf;
- the company or any of its subsidiaries may not repurchase securities during a prohibited period as defined in the Listings Requirements of the JSE;
- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- a paid press announcement will be published as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% (three per cent) of the number of ordinary shares in issue, at the time of passing of this special resolution, and any 3% (three per cent) increments thereafter which announcements shall contain full details of such acquisitions;

# NOTICE OF ANNUAL GENERAL MEETING

(continued)

- acquisitions of ordinary shares by the company in terms of this general authority in the aggregate in any one financial year may not exceed 20% (twenty per cent) of the company's issued ordinary share capital nor may any subsidiary hold more than 10% (ten per cent) of the company's issued share capital at any one time; and
- in determining the price at which ordinary shares issued by the company are to be acquired in terms of this general authority, the maximum price at which such ordinary shares may be acquired may not be greater than 10% (ten per cent) above the weighted average of the market price at which such ordinary shares traded on the JSE over the 5 (five) business days immediately preceding the date on which the transaction is effected.

The general authority to repurchase the company's shares will be acted upon within the parameters laid down by the JSE, as and when the directors deem it to be appropriate. After considering the effect of a general repurchase within these parameters, the directors are of the view that, for a period of at least 12 months after the date of this notice of meeting:

- AME and the group will be able in the ordinary course of business to pay its debts;
- the assets of AME and the group, fairly valued in accordance with accounting policies used in the latest audited report, will be in excess of the liabilities of the company and the group;
- the ordinary capital and reserves of AME and the group will be adequate for the purposes of the company's and the group's businesses, respectively; and
- the working capital of AME and the group will be adequate for their requirements."

The company will provide the sponsor and the JSE with all documentation as required in Schedule 25 of the Listings Requirements of the JSE and will not recommence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved such documentation.

The reason for this special resolution is to grant a general approval in terms of the Act and the Listings Requirements of the JSE for the acquisition by the company or its subsidiaries of shares issued by the company, subject to statutory and regulatory limitations and controls.

The effect of this special resolution is to enable the company and/or a subsidiary, by way of a general approval, to repurchase up to a maximum of 20% of its share capital in any one financial year.

Additional disclosure requirements in terms of the Listings Requirements of the JSE:

As per Section 11.26(b) of the Listings Requirements of the JSE, shareholders are referred to the following sections in the annual report to which this notice of annual general meeting is attached:

- Details of directors on page 3;
- Directors' interests in securities commencing on page 12 (which beneficial interests have not changed since 31 March 2012. There are no non-beneficial interests);
- Major shareholders on page 47;
- Material changes in the nature of the company's trading or financial position post-31 March 2012 on page 14; and
- The Share Capital note on page 35.

**Explanation:** The reason for and effect of special resolution number 1 is to give a mandate to the directors to repurchase or purchase ordinary shares issued by the company.

## 2. Special resolution number 2: approval of non-executive directors' fees

"Resolved that:

the remuneration of the non-executive directors be and is hereby increased with effect from 1 April 2012 as set out below:

Directors' fees are payable per meeting attended:

	R
<b>Board</b>	
Chairman	16 000
Other	11 200
<b>Audit and risk committee</b>	
Chairman	10 700
Other	7 500
<b>Remuneration, human resources and transformation committees</b>	
Chairman	10 700
Other	7 500
<b>Social and ethics committee</b>	
Chairman	10 700
Other	7 500

**Explanation:** The reason for and effect of special resolution number 2 is to grant the company the authority to pay fees to non-executive directors for their services as directors.

### 3. Special resolution number 3: adoption of Memorandum of Incorporation

"Resolved that:

the existing Memorandum and Articles of Association of the company, adopted in accordance with the provisions of the Companies Act, No. 61 of 1973, be and hereby are deleted in their entirety and substituted by a new Memorandum of Incorporation approved by the JSE (a copy of which has been tabled at this meeting and initialed by the Chairman of the meeting for purposes of identification) in accordance with the provisions of the Companies Act, No 71 of 2008 ("the MOI") and with effect from the date of registration of the MOI by the Companies and Intellectual Property Commission."

The new MOI, so initialed, will be available for inspection at the company's registered address from 6 August 2012 to 11 September 2012.

**Explanation:** Special resolution number 3 is required in terms of the Companies Act, No 71 of 2008, to replace the Memorandum and Articles of Association with a Memorandum of Incorporation and it will have this effect.

#### Litigation statement

The directors are not aware of any legal or arbitration proceedings active, pending or threatened against or being brought by the company, which may have a material effect on the group's financial position or which have had a material effect during the 12 months preceding the date of this notice of meeting.

#### Directors' responsibility statement

The directors, whose names have been given on page 3 of this annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to special resolutions 1, 2 and 3 certify that, to the best of their knowledge and belief, there are no facts which 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 resolutions contain all information relevant to special resolutions, numbers 1, 2 and 3.

#### Material changes

Other than the facts and developments reported on in the annual financial statements, 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 of meeting.

#### Voting and proxies

Each shareholder who, being a natural person, is present in person, by proxy or agent, or, being a company, is presented by representative proxy or agent at the meeting is entitled to one vote on show of hands. On a poll, each shareholder, whether present in person or by proxy or by representation, is entitled to one vote for each share held.

A form of proxy is attached for use by certificated or own name shareholders who are unable to attend the meeting but wish to be represented thereat. They are required to complete and return the form of proxy so as to be received by the transfer secretaries of the company, Computershare Investor Services (Proprietary) Limited (Ground Floor, 70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107) not later than 10:00 on Friday, 7 September 2012.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, other than by own name registration who wish to attend the meeting, must instruct their CSDP or broker to issue them with the necessary letter or representation to attend the meeting, in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration and who wish to vote by way of proxy should provide their CSDP or broker with their voting instructions by the cut-off time or date advised by their CSDP or broker for transactions of this nature.

Each certificated or own name dematerialised shareholder entitled to attend and vote at the meeting may appoint one or more proxies (none of whom need be an AME shareholder) to attend, speak and vote in his/her stead. The completion and lodging of a form of proxy will not preclude a shareholder from attending the meeting and speaking and voting thereat to the exclusion of the proxy so appointed.

By order of the board



V Slabbert  
Company Secretary

26 July 2012



## SUMMARY OF RIGHTS ESTABLISHED BY SECTION 58 OF THE COMPANIES ACT, AS REQUIRED IN TERMS OF SUB-SECTION 58(8)(B)(I)

1. A shareholder may at any time appoint any individual, including a non-shareholder of the Company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).
2. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 below (section 58(2)).
3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).
4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3)(b)).
5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3)(c)) and in terms of the Memorandum of Incorporation ("MOI") of the Company at least 48 hours before the meeting commences.
6. Irrespective of the form of instrument used to appoint a proxy:
  - 6.1 the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58(4)(a));
  - 6.2 the appointment is revocable unless the proxy appointment states otherwise (section 58(4)(b)); and
  - 6.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).
7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5)).
8. If the proxy instrument has been delivered to the Company, as long as that appointment remains in effect, any notice required by the Companies Act or the Company's MOI to be delivered by the Company to the shareholders must be delivered by the Company to the shareholders (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (section 58(6)(b)).
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).
10. If the Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument:
  - 10.1 the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a));
  - 10.2 the invitation or form of proxy instrument supplied by the Company must:
    - 10.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b)(i));
    - 10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and
    - 10.2.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s), to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii));
  - 10.3 the Company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
  - 10.4 the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8)(d)).

# FORM OF PROXY



## AFRICAN MEDIA ENTERTAINMENT

(Incorporated in the Republic of South Africa)  
(Registration number 1926/008797/06)  
(JSE code: AME)  
(ISIN: ZAE 000055802)  
("AME" or "the company")

For use by certificated shareholders and dematerialised shareholders with own name registration at the fourteenth annual general meeting of the holders of ordinary shares in the company ("AME shareholders") to be held in the boardroom, Block B, Oxford Office Park, No. 5, 8th Street, Houghton Estate, Johannesburg, at 10:00 on 11 September 2012 ("the annual general meeting").

I/We

being the registered holder/s of  ordinary shares in the capital of the company, of (address):

hereby appoint (see note 1):

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her,

3. the chairman of the annual general meeting,

as my/our proxy to act for me/us at the annual general meeting for the purposes of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat, and at each adjournment thereof, and to vote for or against such resolutions or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions (see note 2).

Resolution number	For	Against	Abstain
<b>Ordinary resolutions</b>			
1 To adopt the annual financial statements of the company and group for the year ended 31 March 2012			
2 To place the unissued ordinary shares of the company under the control of the directors			
3 To re-elect Mr N Sooka as a director of the company			
4 To appoint Mr LK Dube as an independent non-executive director of the company			
5 To re-appoint PKF (Jhb) Inc. as the independent auditors of the company			
6.1 To re-elect Mr MJ Prinsloo as member and chairman of the audit and risk committee			
6.2 To re-elect Mr N Sooka as member of the audit and risk committee			
6.3 To re-elect Mr WTshuma as member of the audit and risk committee			
7 To authorise the directors or company secretary to sign documentation to give resolutions passed			
<b>Special resolutions</b>			
1 To approve the general authority for the company and/or a subsidiary to acquire the company's own shares			
2 To approve the remuneration of the non-executive directors			
3 To approve the adoption of the Memorandum of Incorporation			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2012

Signature \_\_\_\_\_

Assisted by (where applicable state capacity and full name) \_\_\_\_\_

Each AME shareholder is entitled to appoint one or more proxy/ies (who need not be a shareholder/s of the company) to attend, speak and vote in his/her stead at the annual general meeting.

Please read the notes on the reverse side hereof.



## NOTES

1. An AME shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space/s provided, with or without deleting "the chairman of the annual general meeting"; but any such deletion must be initialled by the AME shareholder concerned. The person whose name appears first on this form of proxy and who is present at the annual general meeting, will be entitled to act as proxy to the exclusion of those persons whose names follow.
2. An AME shareholder's instruction to the proxy must be shown by indicating in the appropriate boxes provided the manner in which that AME shareholder wishes to vote by inserting an "X" in the relevant box unless a shareholder wishes to split his/her votes. In this case the relevant number of shares to be so voted must be indicated in the relevant box. Failure to comply with the above will be deemed to authorise the proxy to vote, or abstain from voting, at the annual general meeting as he/she deems fit in respect of all the AME shareholder's votes exercisable thereat.
3. An AME shareholder or his/her proxy is not obliged to use all the votes exercisable by the member or to cast all these votes exercised in the same way, 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 member. Failure to comply with the above will be deemed to be authority to the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary and/or special resolutions proposed at the annual general meeting or any other proxy to vote or abstain from voting, at the annual general meeting as he/she deems fit, in respect of the shares concerned.
4. Forms of proxy and any power of attorney by virtue of which such proxy is signed (or a notarially certified copy of such power of attorney) must be lodged at or posted to the transfer secretaries of the company, Computershare Investor Services (Proprietary) Limited (Ground Floor, 70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107), to be received by not later than 10:00 on Friday, 7 September 2012.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
6. 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 Company Secretary or waived by the chairman of the annual general meeting.
7. If you are a dematerialised shareholder, other than by own name registration, you must inform your appointed Central Securities Depository Participant ("CSDP") or broker of the manner in which you wish to vote in order for them to notify the Company Secretary by not later than 10:00 on Friday, 7 September 2012. Only registered certificated shareholders recorded in the main register of members of the company or under own names in the dematerialised register, may complete a form of proxy or alternatively attend the annual general meeting. Those dematerialised shareholders who are not registered under their own names who wish to attend the annual general meeting or vote by proxy must contact their CSDP or broker who will provide them with the necessary authority to do so, or carry out their instructions.
8. This must be done in terms of the agreement between the shareholder and his/her CSDP, as applicable.
9. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with the articles of association of the company or these notes.







AFRICAN MEDIA  
ENTERTAINMENT

[WWW.AME.CO.ZA](http://WWW.AME.CO.ZA)