

COMMENTARY

Basis of preparation

This report has been prepared in accordance with the group's accounting policies that comply with International Financial Reporting Standards, IAS 34, the AC 500 Series of Interpretation, the Companies Act and the Listings Requirements of the Johannesburg Stock Exchange, on a basis consistent with the policies and methods of computation as used in the Annual Financial Statements for the year ended 31 March 2010.

Review by Auditors

The results for the year to 31 March 2011 have been reviewed by the auditors, PKF (Jhb) Inc. and their unqualified review report is available for inspection at the company's registered office.

Financial results

Revenue for the year increased by 12% to R177,4 million. Comprehensive income increased by 17% over the previous year to R28,3 million.

The comprehensive income attributable to equity holders of the parent amounted to R26,2 million (2010: R21,4 million) with earnings per share of 307,4 cents (2010: 251,1 cents). Headline earnings per share were 310,3 cents (2010: 266,8 cents).

After paying tax of R13,7 million, the group generated R39,1 million in cash from its operating activities during the year. The group invested R9,2 million to acquire a 5% economic interest in Kaya FM (Pty) Limited, R0,7 million invested in Moneyweb Limited, R0,3 million invested in the acquisition of Free Sport (Pty) Limited and spent R8,6 million on capital expenditure. After paying dividends of R16,9 million, the group ended the year with cash resources of R46,6 million.

Algoa FM and OFM radio operations

In line with the industry our radio operators faced a number of challenges during the year. The World Cup provided some additional opportunities that our radio stations took full advantage of and managed to maintain a stable operating profit.

The radio stations continued to diversify into other local media brands and revenues from website development and related activities are starting to contribute to the revenue line.

Algoa FM acquired a 50% stake in a local monthly free-sheet newspaper, "Sport Elizabeth", with a distribution of approximately 35 000 in the Nelson Mandela Bay Metropolitan area. This is being treated as a joint venture and is proportionately consolidated.

Both radio stations' listenership during the period remained stable and they are well positioned to take full advantage of recovering markets.

Sales house operations

Specialist media sales house United Stations performed well during the current year.

The company entered into an agreement to represent Kaya FM (Pty) Limited in the national sales market. This combined with an aggressive brand specific sales strategy shielded the business from soft advertising demand throughout the period.

RadioHeads has a team of radio specialists offering radio skills specifically in the provision of advertiser-funded programming, station imaging, creative, campaign management and Direct Response Radio solutions. Under adverse economic conditions, the planned strategies for the period proved to be difficult to implement and as a result, the company performed well below expectation. The strategic plan for the current financial year is focused on revenue streams that have been largely unaffected by the prevailing business climate and that will take full advantage of the recovering markets.

Post year-end events

Subsequent to the year-end we settled a dispute by agreeing to pay an additional R4 million towards the 2002 acquisition of United Stations (Pty) Limited. This has been treated as an adjusting event and has increased the goodwill on consolidation.

OFM's 50% print media joint venture purchased Kramt, a local community free sheet with a distribution of 40 000 copies, that is distributed weekly in twenty four Free State towns.

Dividends

The board believes that the group is well positioned to acquire further radio interests and consequently no dividend has been proposed.

Prospects

The new financial year has started on a positive note and the board is optimistic that the earnings for the 2012 year will compare favourably with those of the prior year.

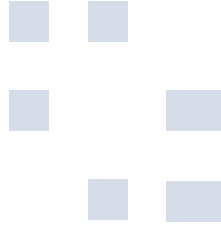
By order of the board

ACG Molusi *Chairman*

Johannesburg

2 June 2011

M Mynhardt *Director*



African Media Entertainment Limited

(Incorporated in the Republic of South Africa)

(Registration number 1926/008797/06)

Share code: AME ISIN: ZAE000055802

Website: www.ame.co.za

("AME" or "the company" or "the group")

Registered office

Unit Block A, Oxford Office Park

No. 5, 8th Street, Houghton Estate, Johannesburg, 2198

PO Box 3014, Houghton, 2041

Transfer secretaries

Computershare Investor Services (Proprietary) Limited

70 Marshall Street, Marshalltown, Johannesburg, 2001

PO Box 61051, Marshalltown, 2107

Sponsor

Arcay Moela Sponsors (Proprietary) Limited

3 Anerley Road, Parktown, Johannesburg, 2193

PO Box 62397, Marshalltown, 2107

Directors

ACG Molusi (*Chairman*)*

AJ Davies, M Mynhardt, MJ Prinsloo*

N Sooka*, W Tshuma*

*Independent non-executive

#Non-executive

REVIEWED RESULTS

for the year ended 31 March 2011



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CONSOLIDATED ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

	Reviewed year ended 31 March 2011	Reviewed year ended 31 March 2010	Audited year ended 31 March 2010
	R'000	R'000	R'000
Revenue	177 366	158 373	158 373
Cost of sales	(54 663)	(46 641)	(46 641)
Gross profit	122 703	111 732	111 732
Operating expenses	(86 118)	(75 628)	(75 628)
Operating profit	36 585	36 104	36 104
Investment income	1 184	—	—
Finance income	3 901	5 098	5 098
Finance cost	(149)	(203)	(203)
Losses attributable to associates	(425)	(2 207)	(2 207)
Net profit before taxation	41 096	38 792	38 792
Taxation	(12 806)	(14 663)	(14 663)
SA normal taxation	(12 160)	(11 477)	(11 477)
Deferred taxation	(396)	(1 222)	(1 222)
Secondary taxation on companies	(250)	(1 964)	(1 964)
Total comprehensive income for the year	28 290	24 109	24 109
Total comprehensive income attributable to:			
Non-controlling interest holders	2 041	2 668	2 668
Equity holders of the parent	26 249	21 441	21 441
Earnings per share (cents)	307.4	251.1	251.1
Headline earnings per share (cents)	310.3	266.8	266.8
Diluted earnings per share (cents)	302.5	249.4	249.4
Diluted headline earnings per share (cents)	305.3	265.0	265.0
Dividends per share (cents)	—	200	200
Number of shares in issue (000's)	8 539	8 539	8 539
Diluted average number of shares in issue (000's)	8 678	8 597	8 597
Headline earnings reconciliation			
Profit attributable to equity holders	26 249	21 441	21 441
Loss on disposal of fixed assets	47	42	42
Impairment of loans to associate	199	1 295	1 295
Headline earnings	26 495	22 778	22 778

CONSOLIDATED ABRIDGED STATEMENT OF CASH FLOWS

	Reviewed year ended 31 March 2011	Reviewed year ended 31 March 2010	Audited year ended 31 March 2010
	R'000	R'000	R'000
Cash generated by operating activities	39 700	37 947	37 947
Net interest received	3 752	4 895	4 895
Taxation paid	(13 663)	(14 634)	(14 634)
Decrease in working capital	9 289	117	117
Cash flows from operating activities	39 078	28 325	28 325
Dividends paid	(16 870)	(17 257)	(17 257)
Cash flows from investing activities	(19 271)	(12 838)	(12 838)
Cash flows from financing activities	(2 504)	(5 700)	(5 700)
Net increase/(decrease) in cash and cash equivalents	433	(7 470)	(7 470)
Cash and cash equivalents at beginning of year	46 148	53 618	53 618
Cash and cash equivalents at end of year	46 581	46 148	46 148

CONSOLIDATED ABRIDGED STATEMENT OF FINANCIAL POSITION

	Reviewed 31 March 2011	Reviewed 31 March 2010	Audited 31 March 2010
	R'000	R'000	R'000
ASSETS			
Non-current assets	80 753	61 362	61 362
Property, plant and equipment	25 412	20 258	20 258
Investments	10 914	635	635
Goodwill	39 785	35 431	35 431
Deferred taxation	4 642	5 038	5 038
Current assets	90 955	79 383	79 383
Trade receivables	41 906	31 520	31 520
Other receivables	2 488	1 715	1 715
Cash and cash equivalents	46 581	46 148	46 148
Total assets	171 708	140 745	140 745
EQUITY AND LIABILITIES			
Total equity	113 976	87 960	87 960
Non-current liabilities	717	939	939
Operating lease accrual	518	647	647
Interest-bearing borrowings	199	292	292
Current liabilities	57 015	51 846	51 846
Trade payables	28 498	16 719	16 719
Other payables	26 694	14 954	14 954
Dividend payable	387	17 257	17 257
Operating lease accrual and interest-bearing borrowings	224	451	451
Taxation	1 212	2 465	2 465
Total equity and liabilities	171 708	140 745	140 745

SEGMENTAL REPORTING

	Radio broadcasters		Sales houses		Company		Group total	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	160 030	147 292	30 249	21 587	4 513	4 569	194 792	173 448
Total revenue	160 030	147 292	17 336	11 081	(4 513)	(4 569)	(17 426)	(15 075)
External revenue	37 023	37 567	774	1 233	(1 212)	(2 686)	36 585	36 104
Profitability	69 223	66 234	33 425	18 847	21 448	9 516	124 086	94 597
Segment profit from operations	1 031	1 031	—	—	—	—	1 031	—
Unallocated/eliminated corporate expenses and intercompany consolidation	—	—	—	—	—	—	(425)	(2 207)
Investment income	—	—	—	—	—	—	36 180	33 897
– Finance income	—	—	—	—	—	—	1 184	—
– Finance cost	—	—	—	—	—	—	3 901	5 098
Taxation	—	—	—	—	—	—	(149)	(203)
Total comprehensive income for the year	19 821	16 321	27 617	12 868	10 294	23 596	57 732	52 785
Assets	69 223	66 234	33 425	18 847	21 448	9 516	124 086	94 597
Segment assets	1 031	1 031	—	—	—	—	1 031	—
Investment in associates	—	—	—	—	—	—	—	—
Cash and cash equivalents	19 821	16 321	27 617	12 868	10 294	23 596	57 732	52 785
Total assets	4 686	1 820	3 433	5 350	453	40	8 572	7 210
Liabilities	2 478	1 657	742	446	40	7	3 260	2 110
Segment liabilities	—	—	—	—	—	—	—	—
Capital expenditure	—	—	—	—	—	—	—	—
Depreciation	—	—	—	—	—	—	—	—

CONSOLIDATED ABRIDGED STATEMENT OF CHANGES IN EQUITY

	Reviewed year ended 31 March 2011	Reviewed year ended 31 March 2010	Audited year ended 31 March 2010
	R'000	R'000	R'000
Issued capital	8 539	8 539	8 539
Balance at beginning and end of year	—	—	—
Share premium	31 909	31 909	31 909
Balance at beginning and end of year	—	—	—
Retained profit	43 988	39 803	39 803
Balance at beginning of year	26 249	21 441	21 441
Total comprehensive income for the year	—	(17 256)	(17 256)
Dividend	—	—	—
Balance at end of year	70 237	43 988	43 988
Non-distributable reserve	1 869	1 608	1 608
Balance at beginning of year	204	261	261
Share-based payment expense	2 073	1 869	1 869
Balance at end of year	1 655	4 687	4 687
Non-controlling interests	(2 478)	(5 700)	(5 700)
Balance at beginning of year	2 041	2 668	2 668
Share of total comprehensive income for the year	1 218	1 655	1 655
Balance at end of year	113 976	87 960	87 960