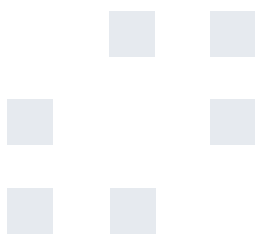
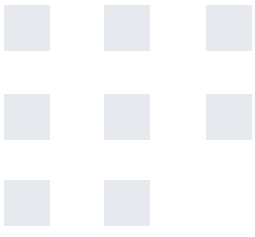


ANNUAL REPORT 2014





CONTENTS

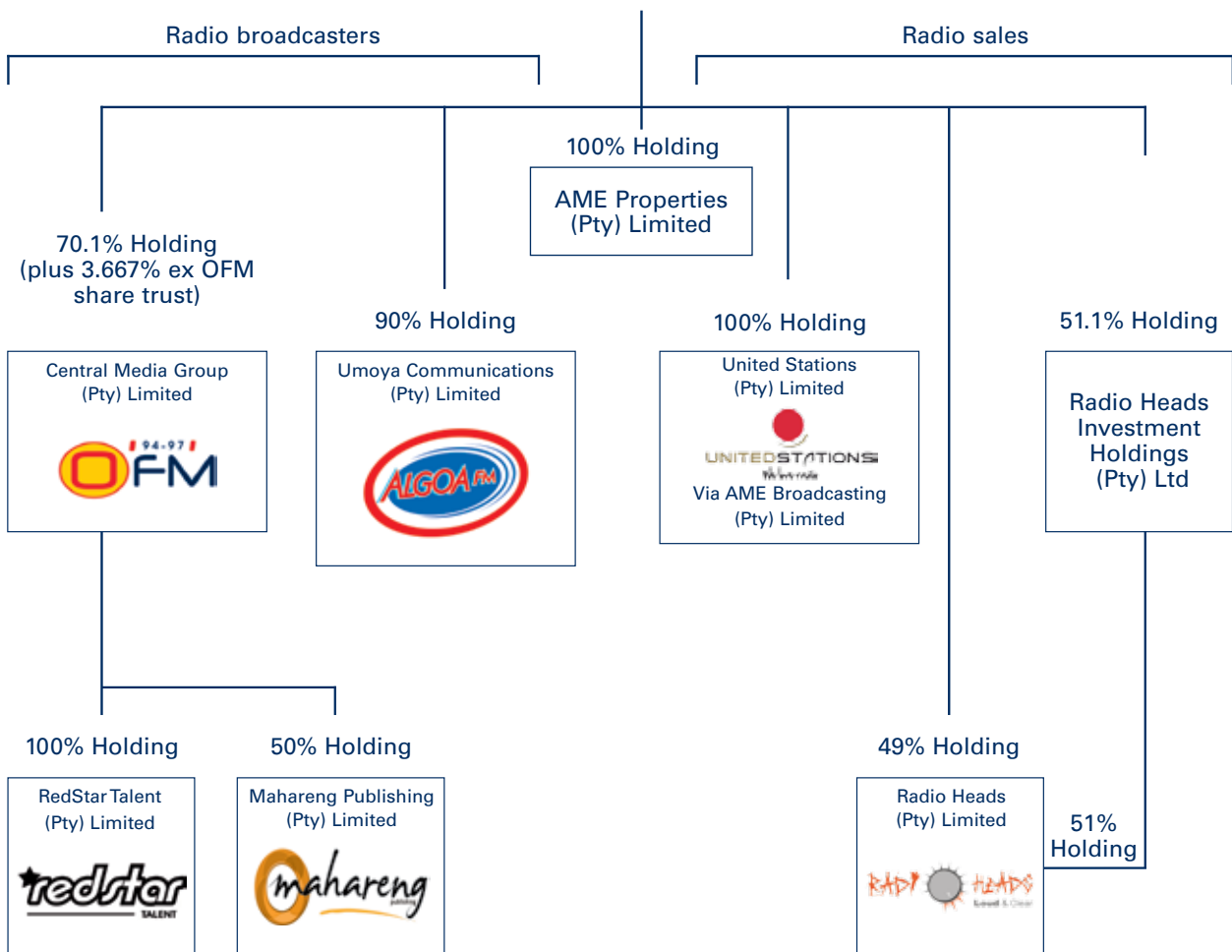
| | PAGE |
|--|----------|
| Group structure | 2 |
| Directorate and executive | 3 |
| Corporate governance | 4 – 6 |
| Chairman’s review | 7 |
| Administration | 8 |
| AUDITED FINANCIAL STATEMENTS | |
| Statement of responsibility and approval by the board of directors | 9 |
| Directors’ approval | 10 |
| Company secretary’s certificate | 10 |
| Directors’ report | 11 –13 |
| Audit committee’s report | 14 –15 |
| Independent auditor’s report | 16 |
| Statements of financial position | 17 |
| Statements of comprehensive income | 18 |
| Statements of changes in equity | 19 |
| Statements of cash flows | 20 |
| Notes to the financial statements | 21 – 52 |
| | |
| Analysis of shareholding | 53 |
| Notice of annual general meeting | 54 – 57 |
| Summary of rights | 58 |
| Form of proxy | Attached |

GROUP STRUCTURE

African Media Entertainment Limited ("AME") is a broadcast company listed in the "Media & Entertainment" sector of the Johannesburg Stock Exchange ("JSE")



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



DIRECTORATE AND EXECUTIVE

BOARD OF DIRECTORS

ACG ("Connie") Molusi (52)

Independent Non-executive Chairman

B Journalism, 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 (52)

Independent Non-executive Director

Certificate of Management Advanced Programme

(MAP) at Wits Business school

Appointed 1 August 2011

Lawrence is a business man and has spent the last 27 years in the broadcasting and media industries in various positions, including as 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 (59)

Independent Non-executive Director

BCom (Law), CA (SA)

Appointed 13 November 2003

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

Wilfred Tshuma (45)

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 (61)

Independent 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 (41)

Executive Financial Director

BCompt (Hons), CA (SA)

Appointed 1 June 2010

Michelle joined the group in April 2009. 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 Jane Isbister (née Davies) (34)

Executive Director

PGDA (UCT), 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 Services.

EXECUTIVE MANAGEMENT

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

Rivak Bunce (52)

United Stations

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 (50)

Umoya Communications – Algoa FM

BCom (Industrial Psychology, Business Economics)

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 World Cup, where he was the only South African BLO out of a total of 120.

Gary Stroebel (40)

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 (40)

BCompt (Hons), CA (SA), MBA (Wits), CIMA

Appointed 31 March 2012

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

CORPORATE GOVERNANCE

KING III

AME supports the principles set out in the King III Report on Corporate Governance and, where appropriate to the company and 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.

A full analysis of the King III application can be viewed on our website under the "Financial Information" heading at www.ame.co.za

Each year no less than one-third of the non-executive directors of the board retires, by rotation, as required by the Memorandum of Incorporation of the company.

Mr ACG Molusi and Mr N Sooka will retire by rotation at the next annual general meeting and, being eligible are available for re-election.

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 therefore not deemed appropriate.

BOARD OF DIRECTORS

The board presently comprises four independent non-executive directors, two executive directors and an independent non-executive chairman. With the JSE's approval, 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.

Mr ACG Molusi, Mr W Tshuma and Mr MJ Prinsloo have served on the board as independent non-executive chairman and members of the board and committees, respectively for the past 10 years. These individuals are directors of several other companies, are not involved in the company at any level, are there to give guidance only and have no dealings either directly or indirectly with the company or any of its subsidiaries. The board has assessed their service and independence and their judgement was not considered to be affected or impaired by the length of service.

The independence of all non-executive directors is reviewed each year regardless of their length of service. Independence is maintained by ensuring that there are no material transactions between the directors and the company, no loan accounts or share transactions, nor any operational involvement in the company.

There is a clear division of responsibilities at board level, with the various sub-committees tasked with executing their objectives independently from the board. Decision making at board level is on an equal voting basis and no one individual director has unfettered powers of decision making.

The board is scheduled to meet a minimum of four times in the year.

Board meeting attendance

| | June 2013 | Aug 2013 | Nov 2013 | Mar 2014 |
|----------------|-----------|----------|----------|----------|
| ACG Molusi * | ✓ | ✓ | ✓ | A |
| KL Dube * | ✓ | ✓ | ✓ | ✓ |
| MJ Prinsloo * | ✓ | ✓ | ✓ | T |
| N Sooka * | ✓ | ✓ | ✓ | ✓ |
| W Tshuma * | ✓ | ✓ | T | ✓ |
| AJ Isbister ** | ✓ | ✓ | ✓ | ✓ |
| M Mynhardt ** | ✓ | ✓ | ✓ | ✓ |

* Independent non-executive director

** Executive director

A: Apology

T: 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 2014 and their operations and cash flows for the year then ended. The external auditor is 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 auditor Grant Thornton (Jhb) Inc., who was 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 auditor during its 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 filtered down to all levels of management by reporting and checking mechanisms. Risk is addressed at board level and no risk committee has therefore been appointed.

Audit committee

The committee presently comprises:

- MJ Prinsloo (Chairman) *
- N Sooka (Member) *
- W Tshuma (Member) *

* Independent non-executive director

The audit committee has adopted a written charter based on the Companies Act 71 of 2008 ("the Companies Act") and the approved 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 management thereof, within the full spirit of the Code of Corporate Practices and Conducts.

The independent auditor has unrestricted access to the committee.

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

Due to the size of the company and its subsidiaries an internal audit department is not deemed functional or effective. The size of the company allows the senior management to oversee and control daily functions and manage risk on a hands-on basis.

The scope and objectivity of the external auditor were reviewed and the appointment of the external auditor complies with the Companies Act and with the requirements of the JSE. The use of the independent auditor for non-audit services is reviewed based on materiality of work done to ensure that the independence of the auditor is maintained.

During the year the JSE noted that the balance of power is not set out in the annual report. The policy round the maintenance of balance of power was explained to the JSE's satisfaction and has been noted in the annual report on page 4. At the date of this report, no queries have been received relating to accounting practices 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. It has also considered and found appropriate the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the finance function.

The audit committee has satisfied its responsibilities for the year in compliance with its charter.

Audit committee meeting attendance

| | May 2013 | Nov 2013 | Mar 2014 |
|---------------|----------|----------|----------|
| MJ Prinsloo * | ✓ | ✓ | ✓ |
| N Sooka * | ✓ | ✓ | ✓ |
| WTshuma * | ✓ | A | ✓ |

* Independent non-executive director
A: Apology

Social and ethics committee

The committee presently comprises:

- KL Dube (Chairman) *
- AJ Isbister (Member) **
- R Bunce (Member)
- D Tiltmann (Member)
- G Stroebel (Member)

* Independent non-executive director

** Executive director

The committee comprises one independent non-executive chairman, one executive director and three 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 company's activities with regard to any relevant legislation, other legal requirements or prevailing Codes of Best Practice.

The social and ethics committee has satisfied its responsibilities for the year in terms of the Companies Act.

Social and ethics committee meeting attendance

| | Jun 2013 | Aug 2013 |
|----------------|----------|----------|
| KL Dube * | ✓ | A |
| AJ Isbister ** | ✓ | ✓ |
| R Bunce # | ✓ | ✓ |
| G Stroebel # | ✓ | ✓ |
| D Tiltmann # | ✓ | ALT |

* Independent non-executive director

** Executive director

Prescribed officer and representative of subsidiary company

A: Apology

ALT: M Vermeulen attended as alternate to G Stroebel

Remuneration committee

The committee presently comprises

- MJ Prinsloo (Chairman) *
- N Sooka (Member) *
- WTshuma (Member) *
- K Reed (Member) #
- M Vermeulen (Member) #
- D Tiltmann (Member) #
- G Stroebel (Member) #
- R Bunce (Member) #

* Independent non-executive director

Representative of subsidiary companies

The committee comprises one independent non-executive chairman, two independent non-executive directors and representatives of the subsidiary companies. During the year a decision was taken to include both the managing and financial directors of the major subsidiary companies.

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

CORPORATE GOVERNANCE (continued)

Remuneration committee meeting attendance

| | May 2013 | Mar 2014 |
|---------------|----------|----------|
| MJ Prinsloo * | ✓ | ✓ |
| N Sooka * | ✓ | ✓ |
| WTshuma * | ✓ | ✓ |
| K Reed # | ✓ | ✓ |
| M Vermeulen # | ✓ | A |
| R Bunce # | – | ✓ |
| G Stroebel # | – | ✓ |
| D Tiltmann # | – | ✓ |

* Independent non-executive director

Representatives of subsidiary companies

A Apology

All board sub-committees are scheduled to meet at least twice a 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

A dedicated company secretary has been appointed to ensure compliance with the Companies Act and JSE Listings Requirements. She is not a director of the company and has no direct or indirect dealings with the company or any of its subsidiaries. Her remuneration is paid on an arm's length basis.

All directors have unlimited access to the advice and services of the company secretary. 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. The company secretary is responsible to the board to ensure that the board procedures are followed.

The annual certificate by the company secretary is reflected on page 10.

As required by the JSE, the board has considered the skills, qualifications and performance of the company secretary, Valerie Slabbert. The board is satisfied with her continuing suitability for the position. Her biographic details can be found on page 3.

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 14 March 2014 The Supreme Court of Appeal in Bloemfontein ("SCA") delivered its judgment on the National Association of Broadcasters ("NAB") appeal against the judgment of the Copyright Tribunal on the appropriate Needletime royalty (subsequently amended on 19 March 2014). The South African Music Performers Rights Association ("SAMPRO") lodged an application to appeal the ruling of the SCA to the Constitutional Court on 9 April 2014. The NAB lodged an application to oppose this appeal on 25 April 2014.

The directors consider that adequate provision has been made for this liability, under accruals note 14.

TRANSFORMATION

Transformation is an important core value. During 2013 an external consultant undertook research about transformation in the group and various recommendations are being implemented. This process will focus on growing the talent pool, identifying talent and suitable mentoring initiatives to groom these individuals into their future roles within the group. The group is also taking part in the South African Revenue Services Employment Tax Incentive Programme, whereby internships will be created for individuals between the ages of 18 and 29, receiving valuable on-the-job training and expanding the talent pool for the group.

NEW LICENCES ISSUED BY ICASA

New commercial radio licences in the Eastern Cape and Bloemfontein have been granted. The licensed broadcast area for the new secondary market station in the Eastern Cape falls outside of the Algoa FM footprint and the proposed music format does not conflict with that of Algoa FM. While the new licence in the central South African region will invariably bring some degree of competition, this new entrant's music format is unlikely to conflict with that of OFM.

CHAIRMAN'S REVIEW

REVIEW OF THE YEAR

The year under review presented many challenges but our businesses maintained the growth achieved in the previous financial years with a 12% increase in revenue to R242,5 million (2013: R216,7 million). Comprehensive income increased by 17% to R48,6 million (2013: R41,6 million).

The comprehensive income attributable to equity holders of the parent amounted to R42,9 million (2013: R37,9 million) with earnings per share of 524,9 cents (2013: 463,8 cents). Headline earnings per share were 524,3 cents (2013: 463,9 cents).

After paying tax of R19,3 million (2013: R18,8 million), the group generated R62,5 million (2013: R44,6 million) in cash from its operating activities during the year. The group invested R1,2 million in preparation for development of the site in Bloemfontein earmarked to be the new home of the Central Media Group and spent R3,2 million (2013: R2,8 million) on capital expenditure. The group ended the period with cash resources of R106,3 million (2013: R78,8 million).

Operations

Our subsidiaries continue to contribute positively to our bottom line through innovative sales initiatives and tight cost control.

Algoa FM's profitability increased in the second half of the financial year on the back of aggressive national marketing spend in the banking sector. Both National and Direct advertising revenues delivered results above expectation. Listenership increased marginally year on year. A strategic decision to dispose of the shareholding in Sport Elizabeth was taken after year-end. A new commercial licence has been awarded in the Eastern Cape, with a broadcast footprint covering Umthatha and Butterworth. This new licence will operate outside of Algoa FM's current coverage area.

Central Media Group was able to deliver results above expectation. All four business units delivered solid results, with significant new business for Digital Platforms and Redstar. OFM's revenues showed strong growth, and audience figures were stable despite a reshuffled on-air line-up. Mahareng also showed growth, and has established Bloemfontein Courant as the city's premier local newspaper. Capital projects were also approved and initiated which will see Central Media develop custom designed offices in a new business extension in Bloemfontein, giving the company a permanent address for the first time since privatisation.

A new secondary market licence in Bloemfontein has been awarded. While this will invariably bring some degree of competition, this new entrant is not licensed into OFM's ambit, in terms of format. The radio station will continue to engage with its core audiences and provide them with outstanding programming and great music to ensure loyalty towards the radio station.

RadioHeads' narrow focus on providing branded content, creative services and campaign management was rewarded by strong interest from blue chip advertisers, looking for greater levels of engagement with their prospects. The team executed a number of high profile campaigns during the year and is focused on leveraging these successes to renew commissions, attract new clients and ensure sustainability going forward.

Specialist media sales house United Stations delivered another strong performance and solid progress has been achieved in its strategy to increase the potential of its portfolio through innovating new non-traditional advertising opportunities. A New Business drive has resulted in the successful acquisition of two new station clients, in the form of Gagasi FM and Heart FM. These stations create more opportunities for growth as they provide access to the lucrative Western Cape and KZN markets as well as increasing United Stations' ability to deliver the highly sought after black middle-class market.

Dividends

An interim dividend (dividend no 4) of 100 cents per ordinary share (gross) was declared for the period ended 30 September 2013 (2013: 100 cents gross) and paid on 17 December 2013. The final dividend (dividend no 5) for the year ended 31 March 2014 is 200 cents per ordinary share (gross) (2013: 200 cents gross).

Prospects

The board is cautiously optimistic that the revenue for the 2015 year will compare favourably with that of the prior year.



ACG MOLUSI

Independent Non-executive Chairman

20 June 2014



ADMINISTRATION

AFRICAN MEDIA ENTERTAINMENT LIMITED

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

AUDITOR

Grant Thornton (Jhb) Inc.
Chartered Accountants (SA)
Registered Auditor
42 Wierda Road West
Wierda Valley
Sandton, 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
Ground Floor, One Health Building
Woodmead North Office Park
54 Maxwell Drive
Woodmead, 2191

PO Box 62397, Marshalltown, 2107

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Limited

Registration number 2004/003647/07
Ground Floor, 70 Marshall Street
Johannesburg, 2001

PO Box 61051, Johannesburg, 2107

Telephone: +27 11 370 5000

Telefax: +27 11 688 5238

STATEMENT OF RESPONSIBILITY AND APPROVAL BY THE BOARD OF DIRECTORS

The directors are required in terms of the Companies Act of South Africa 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 Companies Act and the Listings Requirements of the Johannesburg Stock Exchange.

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 company's and 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 company and 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 2015 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 auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework. The annual financial statements have been examined by the group's external auditor and its report is presented on page 16.

The annual financial statements set out on pages 17 to 52, 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

20 June 2014



DIRECTORS' APPROVAL

The annual financial statements set out on pages 17 to 52 have been prepared by the financial director, M Mynhardt CA(SA) in accordance with International Financial Reporting Standards the requirements of the Companies Act and the JSE Listings Requirements and include amounts based on judgements and estimates made by management.

The annual financial statements were approved by the board of directors on 20 June 2014 and are signed on its behalf by:



ACG Molusi
Independent Non-executive Chairman



M Mynhardt
Executive Financial Director

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

20 June 2014

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 17 to 52 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

An interim dividend of 100 cents (gross) was declared and paid during the year (2013: 100). A final dividend of 200 cents (gross) was declared after year-end for the period to 31 March 2014 (2013: 200).

SHARE CAPITAL

Authorised and issued

In accordance with a general authority to repurchase shares granted to the directors of the company at the annual general meeting of the company held on 30 August 2013, AME repurchased and subsequently cancelled 10 943 ordinary shares.

The net result of the transaction reduced share capital by R10 943 and share premium by R0,8 million.

Share repurchases and mandatory offer

The company has over a number of years proposed at its AGM a special resolution granting the board a general authority to repurchase shares in the company when deemed appropriate and the board has done so when opportune.

The board considers the approval of such an authority to be beneficial to the company and its shareholders and accordingly a resolution granting the authority is incorporated in the notice of AGM in this annual report.

However, a shareholder group (the Moolman & Coburn Partnership and parties acting in concert with the Moolman & Coburn Partnership, which holds just under 35% of the issued share capital of the company) has indicated that it would not support such a resolution as any additional repurchases could result in its shareholding exceeding the prescribed percentage (35%) stipulated in the Act. This would oblige it to make a mandatory offer to minority shareholders in accordance with the Act.

In the circumstances, the board has resolved to request independent shareholders at the AGM to approve an ordinary resolution in terms of which they waive the obligation on Moolman & Coburn Partnership to make such a mandatory offer and a resolution to this effect is included as ordinary resolution number 6 in the notice of AGM.

Special resolution number 1 granting a general authority to repurchase shares is therefore subject to approval of ordinary resolution number 6 by the requisite majority of shareholders.

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. Executive directors have service contracts with the company and are salaried directors. Details of their remuneration are set out below:

| | Remuneration 2014 R'000 | Remuneration 2013 R'000 | Fees 2014 R'000 | Fees 2013 R'000 |
|----------------------------|-------------------------------|-------------------------------|-----------------------|-----------------------|
| ACG Molusi * | | – | 79 | 119 |
| KL Dube * | | – | 47 | 74 |
| MJ Prinsloo * | | – | 236 | 206 |
| N Sooka * | | – | 99 | 110 |
| WTshuma * | | – | 97 | 115 |
| AJ Isbister ** | 814 | 693 | – | – |
| M Mynhardt ** | 2 284 | 1 774 | – | – |
| Total remuneration | 3 098 | 2 467 | 558 | 624 |
| Paid by the company | 3 098 | 2 467 | 558 | 624 |
| Total remuneration | 3 098 | 2 467 | 558 | 624 |

* Independent non-executive director

** Executive director

DIRECTORS' REPORT (continued)

Breakdown of executive directors' salaries

| | Share options cash settled R'000 | Salary R'000 | Bonus R'000 | Total R'000 |
|--------------------|---|-----------------|----------------|----------------|
| 2014 | | | | |
| AJ Isbister | – | 714 | 100 | 814 |
| M Mynhardt | 1 127 | 857 | 300 | 2 284 |
| Total remuneration | 1 127 | 1 571 | 400 | 3 098 |
| 2013 | | | | |
| AJ Isbister | – | 618 | 75 | 693 |
| M Mynhardt | 690 | 809 | 275 | 1 774 |
| Total remuneration | 690 | 1 427 | 350 | 2 467 |

| | 2014 Options | 2013 Options |
|------------------------|-----------------|-----------------|
| SHARE OPTIONS | | |
| AJ Isbister | 50 000 | 50 000 |
| M Mynhardt | 25 000 | 50 000 |
| Unit allocation | Units | |
| AJ Isbister | 25 000 | – |
| M Mynhardt | 25 000 | – |

In terms of the Memorandum of Incorporation of the company, no less than a third of the non-executive 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 2014, the aggregate direct and indirect, beneficial interests of the directors in the fully paid issued share capital of the company, were nil (2013: nil). There has been no material change in the directors' interests in the issued share capital between 31 March 2014 and the date of this report.

PROPERTY, PLANT AND EQUIPMENT

The group acquired property, plant and equipment at a cost of R4,4 million (2013: R9,8 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

The board declared a final dividend of 200 cents (gross) per ordinary share on 12 June 2014 for the year ended 31 March 2014.

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

INVESTMENT IN SUBSIDIARY COMPANIES

The financial information in respect of the company's interest in its major subsidiary companies is set out in note 5 to the financial statements on page 34.

The aggregate profits and losses after taxation of the subsidiaries attributable to the company amounted to R47,8 million (2013: R47,2 million); subsidiaries making profits amounted to R48,9 million (2013: R45,4 million) and subsidiaries making losses amounted to R1,2 million (2013: R2,7 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.

The share scheme presently holds 89 275 (2013: 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 827 737 (2013: 828 831) ordinary shares, can be utilised for purposes of the scheme. At 31 March 2014, 738 462 (2013: 739 556) ordinary shares can still be issued to the share scheme.



AUDIT COMMITTEE'S REPORT

The audit committee ("the committee") is pleased to present this report on its activities during the financial year ended 31 March 2014.

BACKGROUND

The committee was established in line with the requirements of the Companies Act, 2008 ("the Act"), it is an independent statutory committee appointed by the board of directors and approved by the shareholders.

TERMS OF REFERENCE

The committee has adopted a written charter based on the Companies Act 71 of 2008 ("the Companies Act") and the Memorandum of Incorporation that have been approved by the board of directors.

The committee has conducted its affairs and discharged all its responsibilities during the financial year under review, in compliance therewith.

The charter is available on request from the company secretary.

OBJECTIVE AND SCOPE

The purpose of the committee is to assist the board in carrying out its duties relating to accounting policies, internal controls, financial reporting practices, identification of exposure to significant risk and setting principles for recommending the use of external auditors for non-audit services.

MEMBERSHIP

The committee comprises Messrs. MJ Prinsloo (Chairman), N Sooka and W Tshuma. All the members are independent non-executive directors.

The committee members have considered and are of the opinion that they are adequately independent from the company and group and management thereof, within the full spirit of the Code of Corporate Practices and Conducts.

The external auditor has unrestricted access to the committee, and attend all meetings dealing with the external audit and annual financial statements by standing invitation.

The financial director attend all meetings by standing invitation.

EXTERNAL AUDIT

The committee has evaluated the independence of the external auditor and is satisfied that the external auditor has remained independent as defined by the Act.

Both audit and non-audit services performed by the external auditor were reviewed and approved. There is a formal procedure that governs the process whereby the auditor is considered for non-audit services, and each letter for such work is reviewed by the committee.

The committee, in consultation with executive management, agreed to an audit fee for the 2014 financial year. The fee is considered appropriate for the work that was done. Audit fees are disclosed in note 19 to the financial statements.

Meetings were held with the external auditor and no matters of material concern were raised.

The committee reviewed the performance of the external auditor and nominated and recommend for approval at the annual general meeting, Grant Thornton (Jhb) Inc., as the external auditor for the 2015 financial year and Ms M Da Costa as the designated lead auditor. This will be her fourth year as auditor of the company and group.

FINANCIAL DIRECTOR

As required in terms of the JSE listings requirements, the committee has satisfied itself that the company's financial director, Mrs M Mynhardt, has the appropriate expertise and experience to meet the responsibilities of her position and confirmed her suitability for the appointment as financial director in terms of the JSE Listings Requirements.

COMMITTEE ACTIVITIES

During the financial year ended 31 March 2014 the committee performed its duties in terms of its charter and a summary of its main activities are set out below.

- Nominated the appointment and retention of the external auditor, Grant Thornton (Jhb) Inc., with the designated partner Ms M Da Costa after satisfying itself, through enquiry, that Grant Thornton (Jhb) Inc. is independent.
- Managed the external audit function, including:
 - nature and scope of the audit engagement;
 - determined the fees for the audit; and
 - determined the nature and extent of any other non-audit services, ensuring they are not material and do not have any impact on their independence.
- Reviewed the going-concern assumptions as prepared by management for the company and the group.
- Reviewed the accounting practices and internal controls of the company and group.
- Reviewed the annual report and annual financial statements taken as a whole to ensure they fairly present a balanced and understandable assessment of the company and group's financial position, performance and prospects.
- To review the external auditor's management letters and management's response to these letters.
- Received and dealt appropriately with any concerns or queries.
- Considered and satisfied itself on the appropriateness of the experience and expertise of the financial director as well as the adequacy of the finance functions and its resources.

RECOMMENDATION OF ANNUAL FINANCIAL STATEMENTS

The committee evaluated the annual financial statements for the year ended 31 March 2014 and considered that they comply in all material aspects with the requirements of the Act and International Financial Reporting Standards. The committee has therefore recommended the approval of the annual financial statements by the board. The board has subsequently approved the annual financial statements.

Grant Thornton, the external auditor, has provided the shareholders with an unqualified independent audit opinion on the annual financial statements for the year ended 31 March 2014 and these fairly present, in all material respects, the financial results for the year and the position of the company and the group as at 31 March 2014.



MJ Prinsloo
Chairman

Audit committee
20 June 2014



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AFRICAN MEDIA ENTERTAINMENT LIMITED

TO THE SHAREHOLDERS OF AFRICAN MEDIA ENTERTAINMENT LIMITED

We have audited the consolidated and separate financial statements of African Media Entertainment Limited set out on pages 17 to 52, which comprise the statements of financial position as at 31 March 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of African Media Entertainment Limited as at 31 March 2014, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



Grant Thornton (Jhb) Inc.

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

Director: MA da Costa

Sandton
20 June 2014

42 Wierda Road West
Wierda Valley
Sandton, 2196

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2014

| | Notes | GROUP | | COMPANY | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| ASSETS | | | | | |
| Non-current assets | | 99 570 | 95 314 | 96 100 | 85 972 |
| Property, plant and equipment | 3 | 35 758 | 34 881 | 12 566 | 12 617 |
| Goodwill | 4 | 39 780 | 39 780 | – | – |
| Investment in subsidiaries | 5 | – | – | 66 983 | 57 292 |
| Investment in associated companies | 6 | 3 046 | 2 953 | – | – |
| Other financial instruments | 7 | 9 226 | 9 225 | 15 264 | 15 028 |
| Deferred taxation | 8 | 11 760 | 8 475 | 1 287 | 1 035 |
| Current assets | | 163 840 | 146 552 | 82 648 | 68 425 |
| Trade receivables | 9 | 49 394 | 64 230 | – | – |
| Other receivables | 10 | 8 125 | 2 454 | 4 251 | 924 |
| Dividends receivable | | – | 950 | – | 9 950 |
| Tax paid in advance | | 42 | 134 | 42 | – |
| Cash and cash equivalents | | 106 279 | 78 784 | 78 355 | 57 551 |
| Total assets | | 263 410 | 241 866 | 178 748 | 154 397 |
| EQUITY AND LIABILITIES | | | | | |
| Total equity | | 175 842 | 161 007 | 171 297 | 148 225 |
| Share capital | 11 | 8 160 | 8 171 | 8 277 | 8 288 |
| Share premium | | 12 921 | 13 742 | 14 571 | 15 392 |
| Non-distributable reserve | 12 | – | – | 20 244 | 20 244 |
| Retained earnings | | 152 749 | 134 663 | 128 205 | 104 301 |
| Equity attributable to equity holders of the company | | 173 830 | 156 576 | 171 297 | 148 225 |
| Non-controlling interest holders | | 2 012 | 4 431 | – | – |
| Non-current liabilities | | – | 41 | – | – |
| Interest-bearing borrowings | 13 | – | 41 | – | – |
| Current liabilities | | 87 568 | 80 818 | 7 451 | 6 172 |
| Trade payables | | 24 962 | 37 215 | 80 | 167 |
| Other payables | 14 | 58 326 | 41 828 | 6 351 | 4 922 |
| Dividend payable | | 1 020 | 915 | 1 020 | 915 |
| Operating lease accrual | | 105 | 62 | – | – |
| Interest-bearing borrowings | 13 | – | 74 | – | – |
| Taxation | | 3 155 | 724 | – | 168 |
| Total equity and liabilities | | 263 410 | 241 866 | 178 748 | 154 397 |

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2014

| | Notes | GROUP | | COMPANY | |
|--|-------|---------------|---------------|---------------|---------------|
| | | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| Revenue | 18 | 242 524 | 216 688 | 4 890 | 4 920 |
| Cost of sales | | (62 275) | (56 065) | – | – |
| Gross profit | | 180 249 | 160 623 | 4 890 | 4 920 |
| Operating expenses | 19 | (119 684) | (107 249) | (8 456) | (9 842) |
| Operating profit/(loss) | | 60 565 | 53 374 | (3 566) | (4 922) |
| Investment income | 20 | 1 750 | 1 930 | 49 408 | 53 870 |
| Finance income | 20 | 4 508 | 3 070 | 2 834 | 1 867 |
| Finance costs | 20 | (53) | (73) | – | – |
| Share of profits/(losses) attributable to associates | | 343 | (27) | – | – |
| Net profit before taxation | | 67 113 | 58 274 | 48 676 | 50 815 |
| Taxation | 21 | (18 490) | (16 670) | 82 | (395) |
| Total comprehensive income for the year | | 48 623 | 41 604 | 48 758 | 50 420 |
| Attributable to: | | | | | |
| Non-controlling interest holders | | 5 766 | 3 710 | – | – |
| Equity holders of the parent | | 42 857 | 37 894 | 48 758 | 50 420 |
| Earnings per share (cents) | 22 | 524,9 | 463,8 | | |

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2014

| | GROUP | | COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| Issued capital | 8 160 | 8 171 | 8 277 | 8 288 |
| Balance at beginning of year | 8 171 | 8 171 | 8 288 | 8 288 |
| Shares repurchased and cancelled | (11) | – | (11) | – |
| Share premium | 12 921 | 13 742 | 14 571 | 15 392 |
| Balance at beginning of year | 13 742 | 13 742 | 15 392 | 15 392 |
| Shares repurchased and cancelled | (821) | – | (821) | – |
| Non-distributable reserve | – | – | 20 244 | 20 244 |
| Balance at beginning of year | – | – | 20 244 | 20 244 |
| Retained earnings | 152 749 | 134 663 | 128 205 | 104 301 |
| Balance at beginning of year | 134 663 | 105 030 | 104 301 | 62 169 |
| Comprehensive income for year | 42 857 | 37 894 | 48 758 | 50 420 |
| Dividend paid | (24 771) | (8 261) | (24 854) | (8 288) |
| Non-controlling interest holders | 2 012 | 4 431 | – | – |
| Balance at beginning of year | 4 431 | 7 148 | – | – |
| Comprehensive income for year | 5 766 | 3 710 | – | – |
| Share of dividend | (8 185) | (6 427) | – | – |
| Total equity | 175 842 | 161 007 | 171 297 | 148 225 |

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2014

| | Notes | GROUP | | COMPANY | |
|--|-------|-----------------|-----------------|-----------------|----------------|
| | | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| Cash flows from operating activities | | 62 546 | 44 579 | (1 535) | (302) |
| Profit before taxation | | 67 113 | 58 274 | 48 676 | 50 815 |
| Adjustments | | (3 065) | (567) | (51 735) | (53 084) |
| – investment income | | (1 750) | (1 930) | (49 408) | (53 870) |
| – finance income | | (4 508) | (3 070) | (2 834) | (1 867) |
| – finance cost | | 53 | 73 | – | – |
| – depreciation | | 3 500 | 4 074 | 62 | 66 |
| – (profit)/loss on disposal of property, plant and equipment | | (61) | 9 | – | – |
| – rental smoothing | | 44 | (429) | – | – |
| – non-cash expenditure /(income) | | – | 679 | 445 | (559) |
| – provision for impairment in subsidiaries | | – | – | – | 3 146 |
| – (profits)/losses attributable to associates | | (343) | 27 | – | – |
| Operating profit before working capital changes | | 64 048 | 57 707 | (3 059) | (2 269) |
| – decrease/(increase) in trade and other receivables | | 9 165 | (8 000) | (2 377) | (6) |
| – increase in trade and other payables | | 4 130 | 10 690 | 1 447 | 150 |
| Cash generated/(utilised) by operations | | 77 343 | 60 397 | (3 989) | (2 125) |
| Net interest received | | 4 455 | 2 997 | 2 834 | 1 867 |
| Taxation paid | 23 | (19 252) | (18 815) | (380) | (44) |
| Cash flows from investing activities | | (2 200) | (8 356) | 47 193 | 46 179 |
| Decrease/(increase) in investments and loans | 24 | 248 | (3) | (10 372) | 1 774 |
| Purchase of property, plant and equipment | | (4 443) | (9 833) | (11) | (15) |
| Proceeds on disposal of property, plant and equipment | | 127 | – | – | – |
| Dividends received | | 2 700 | 1 480 | 58 408 | 44 420 |
| Repurchase of shares | | (832) | – | (832) | – |
| Cash flows from financing activities | | (32 851) | (14 549) | (24 854) | (8 150) |
| Dividend paid to equity holders | | (24 666) | (8 122) | (24 854) | (8 150) |
| Dividend paid to non-controlling interest holder | | (8 185) | (6 427) | – | – |
| Net increase in cash and cash equivalents | | 27 495 | 21 674 | 20 804 | 37 727 |
| Cash and cash equivalents at beginning of year | | 78 784 | 57 110 | 57 551 | 19 824 |
| Cash and cash equivalents at end of year | | 106 279 | 78 784 | 78 355 | 57 551 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee, the Companies Act 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 2013.

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, except for new standards and interpretations disclosed in note 2 to the financial statements.

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company, entities controlled by the company ("its subsidiaries") and entities over which the company exerts significant influence ("its associates"). Control is achieved when the company is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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' interest 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.

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.

Costs associated with the acquisition are expensed.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

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 cash-settled options and units at the reporting date. 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 those 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 | shorter of useful life or remaining period of the lease |

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 remaining 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 accumulated 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. 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 other comprehensive income 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.

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.



NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

1. ACCOUNTING POLICIES (CONTINUED)

1.8 Impairment of assets (continued)

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 with the difference between this amount and the contracted amount being recognised as a liability.

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 tax assets and liabilities

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.

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.

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 allowance 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.

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 of investments if listed or a value arrived at by using the present value of future cash flow valuation model, if unlisted.



NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

1. ACCOUNTING POLICIES (CONTINUED)

1.11 Financial instruments (continued)

Financial assets continued

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 when 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 has 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 amounts 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 fair values, 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.

ACCOUNTING POLICIES (CONTINUED)

1.12 Employee benefits

Short-term employee benefit costs

The cost 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.

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 cost 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.

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 re-measured 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.

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 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 and rental is recognised evenly throughout the year.



NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

1. ACCOUNTING POLICIES (CONTINUED)

1.14 Revenue recognition (continued)

Other income

Finance income is recognised in the statement of comprehensive income using the effective interest rate method.

Investment income is recognised in the statement of comprehensive income when the company's right to receive payment has been established.

1.15 Borrowing cost

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.

1.16 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, who has been identified as the executive management, to make decisions about resources to be allocated to the segments, and assesses its performance; and
- for which discrete financial information is available.

Operating segments are identified with reference to their contribution to the group. Due to the nature of the financial information inter segmental transactions are eliminated.

2. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The following standards and interpretations have been applied by the company and group from 1 April 2013:

| | | Details of amendment | Effective from annual periods beginning on or after |
|----------|--|---|---|
| IFRS 7: | Financial Instruments: Disclosures | 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 extend 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 10: | Consolidated Financial Statements | New standard that replaces the consolidation requirements in SIC-12 Consolidation – <i>Special Purpose Entities</i> and IAS 27 <i>Consolidated and Separate Financial Statements</i> . 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 Amendments to the transition guidance of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Venture Arrangements and IFRS 12 Disclosure of Interests in Other entities, thus limiting the requirements to provide adjusted comparative information | 1 January 2013 1 January 2013 |
| 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 Amendments to the transition guidance of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Venture Arrangements and IFRS 12 Disclosure of Interests in Other entities, thus limiting the requirements to provide adjusted comparative information | 1 January 2013 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 Amendments to the transition guidance of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Venture Arrangements and IFRS 12 Disclosure of Interests in Other entities, thus limiting the requirements to provide adjusted comparative information | 1 January 2013 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 Annual Improvements 2009 – 2011 Cycle: Amendments clarifying the requirements for comparative information including minimum and additional comparative information required | 1 July 2013 1 January 2013 |
| IAS 16: | Property, Plant and Equipment | Annual Improvements 2009 – 2011 Cycle: Amendments to the recognition and classification of servicing equipment | 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 |

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

2. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE (CONTINUED)

The following standards and interpretations have been applied by the company and group from 1 April 2013:

| | | Details of amendment | Effective from annual periods beginning on or after |
|---------|-------------------------------------|---|---|
| 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 accounting standards followed, and the net related 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 Annual Improvements 2009 – 2011 Cycle: Amendments to clarify the tax effect of distribution to holders of equity instruments | 1 January 2013 1 January 2013 |
| IAS 34: | Interim Financial Reporting | Annual Improvements 2009 – 2011 Cycle: Amendments to improve the disclosure for interim financial reporting and segment information for total assets and liabilities | 1 January 2013 |

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

| | | | |
|----------|---|--|-----------------------------------|
| IFRS 9: | Financial Instruments | New standard arising from a three-part project to replace IAS 39: Financial Instruments: Recognition and Measurement Most of the requirements for financial liabilities were carried forward unchanged from IAS 39. However, some changes were made to the fair value option for the financial liabilities to address the issue of Annual Improvements 2010 – 2012 Cycle: Amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9 | 1 January 2018 1 July 2014 |
| IFRS 10: | Consolidated Financial Statements | IFRS 10 exception to the principle that all subsidiaries must be consolidated. Entities meeting the definition of "Investment Entities" must account for investments in subsidiaries at fair value under IFRS 9: Financial Instruments, or IAS 39: Financial Instruments; Recognition and Measurement | 1 January 2014 |
| IFRS 12: | Disclosure of Interests in Other Entities | New disclosure required for Investment Entities (as defined in IFRS 10) | 1 January 2014 |
| IFRS 13: | Fair Value Measurement | Annual Improvements 2010 – 2012 Cycle: Amendments to clarify the measurement requirements for those short-term receivables and payables Annual Improvements 2010 – 2012 Cycle: Amendments to clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with IAS 39 or IFRS 9 | 1 July 2014 1 July 2014 |

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 (continued)

| | | Details of amendment | Effective from annual periods beginning on or after |
|----------|--|--|---|
| IFRS 15: | Revenue from Contracts with Customers | New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods and services to customers at an amount that reflects that consideration the entity expects to be entitled to in exchange for those goods and services | 1 January 2017 |
| IAS 16: | Property, Plant and Equipment | Annual Improvements 2010 – 2012 Cycle: Amendments to the Revaluation method-proportional restatement of accumulated depreciation | 1 July 2014 |
| IAS 24: | Related Party Disclosure | Annual Improvements 2010 – 2012 Cycle: Amendments to the definitions and disclosure requirements for key management personnel | 1 July 2014 |
| IAS 27: | Consolidated and Separate Financial Statements | Requirement to account for interest in “Investment Entities” at fair value under IFRS 9, Financial Instruments or IAS 39, Financial Instruments Recognition and Measurement, in the separate financial statements of a parent | 1 January 2014 |
| IAS 38: | Intangible Assets | Annual Improvements 2010 – 2012 Cycle: Amendments to the Revaluation method-proportionate restatement of accumulated depreciation | 1 July 2014 |
| IAS 40: | Investment Property | Annual Improvements 2010 – 2012 Cycle: Amendments to clarify the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property | 1 July 2014 |

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

| | Electronic equipment R'000 | Office equipment R'000 | Motor vehicles R'000 | Leasehold improve- ments R'000 | Freehold land and building R'000 | Total R'000 |
|---|----------------------------------|------------------------------|----------------------------|---|---|----------------|
| 3. PROPERTY, PLANT AND EQUIPMENT GROUP | | | | | | |
| Year ended 31 March 2014 | | | | | | |
| Opening net book value | 5 521 | 1 430 | 535 | 2 564 | 24 831 | 34 881 |
| Additions | 2 022 | 706 | 517 | 3 | 1 195 | 4 443 |
| Depreciation | (2 224) | (509) | (57) | (710) | – | (3 500) |
| Disposals | (14) | (52) | – | – | – | (66) |
| Closing net book value | 5 305 | 1 575 | 995 | 1 857 | 26 026 | 35 758 |
| At 31 March 2014 | | | | | | |
| Cost | 17 660 | 3 907 | 2 249 | 5 852 | 26 026 | 55 694 |
| Accumulated depreciation | (12 355) | (2 332) | (1 254) | (3 995) | – | (19 936) |
| Net book value | 5 305 | 1 575 | 995 | 1 857 | 26 026 | 35 758 |
| Year ended 31 March 2013 | | | | | | |
| Opening net book value | 5 565 | 1 597 | 802 | 3 335 | 17 831 | 29 130 |
| Additions | 2 335 | 288 | – | 210 | 7 000 | 9 833 |
| Depreciation | (2 165) | (661) | (267) | (981) | – | (4 074) |
| Disposals | (214) | 206 | – | – | – | (8) |
| Closing net book value | 5 521 | 1 430 | 535 | 2 564 | 24 831 | 34 881 |
| At 31 March 2013 | | | | | | |
| Cost | 16 422 | 3 789 | 1 732 | 5 849 | 24 831 | 52 623 |
| Accumulated depreciation | (10 901) | (2 359) | (1 197) | (3 285) | – | (17 742) |
| Net book value | 5 521 | 1 430 | 535 | 2 564 | 24 831 | 34 881 |
| COMPANY | | | | | | |
| Year ended 31 March 2014 | | | | | | |
| Opening net book value | – | 388 | – | 963 | 11 266 | 12 617 |
| Additions | – | 11 | – | – | – | 11 |
| Depreciation | – | (62) | – | – | – | (62) |
| Closing net book value | – | 337 | – | 963 | 11 266 | 12 566 |
| At 31 March 2014 | | | | | | |
| Cost | – | 515 | – | 963 | 11 266 | 12 744 |
| Accumulated depreciation | – | (178) | – | – | – | (178) |
| Net book value | – | 337 | – | 963 | 11 266 | 12 566 |
| Year ended 31 March 2013 | | | | | | |
| Opening net book value | – | 439 | – | 963 | 11 266 | 12 668 |
| Additions | – | 15 | – | – | – | 15 |
| Depreciation | – | (66) | – | – | – | (66) |
| Closing net book value | – | 388 | – | 963 | 11 266 | 12 617 |
| At 31 March 2013 | | | | | | |
| Cost | – | 564 | – | 963 | 11 266 | 12 793 |
| Accumulated depreciation | – | (176) | – | – | – | (176) |
| Net book value | – | 388 | – | 963 | 11 266 | 12 617 |

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 Rnil (2013: R93 305) is held in terms of Finance leases – see note 13.

| | GROUP | | COMPANY | |
|---|---------------|---------------|---------------|---------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED) | | | | |
| Johannesburg | | | | |
| Freehold land and buildings consist 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 | 4 006 | 4 006 |
| Erf 1947 Houghton Estate | 4 934 | 4 915 | – | – |
| Bloemfontein | | | | |
| Erf 2692 Sunny Ridge Part 1 | 1 650 | 1 650 | – | – |
| Erf 30374 Ext 213 Wild Olive Estate | 8 176 | 7 000 | – | – |
| | 26 026 | 24 831 | 11 266 | 11 266 |
| 4. GOODWILL | | | | |
| Cost less accumulated impairment: | | | – | – |
| Umoya Communications (Pty) Limited | 20 309 | 20 309 | – | – |
| Central Media Group (Pty) Limited (t/a OFM) | 16 605 | 16 605 | – | – |
| AME Broadcasting (Pty) Limited | 2 512 | 2 512 | – | – |
| RedStar Talent (Pty) Limited – less than R1 000 | – | – | – | – |
| Freesport (Pty) Limited (t/a SportElizabeth) | 354 | 354 | – | – |
| Carrying value at end of year | 39 780 | 39 780 | – | – |
| Movement for year | | | | |
| Carrying value at beginning of year | 39 780 | 39 780 | – | – |
| Carrying value at end of year | 39 780 | 39 780 | – | – |

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 for five years and discounted at the group's weighted average pre-tax cost of capital. The impairment calculation performed, based on the value in use, indicated that the goodwill was not impaired.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

| | COMPANY | |
|--|----------------|----------------|
| | 2014 R'000 | 2013 R'000 |
| 5. INVESTMENT IN SUBSIDIARIES | | |
| Algoa FM Radio Empowerment Company (Pty) Ltd | | |
| – 49 shares representing a 49% holding * | – | – |
| AME Broadcasting (Pty) Limited | | |
| – 100 shares representing a 100% holding * | – | – |
| United Stations (Pty) Limited | | |
| – Loan | 4 620 | 4 620 |
| AME Properties (Pty) Limited | | |
| – 10 shares representing a 100% holding * | – | – |
| – Loan | 9 685 | – |
| 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% holding | 23 683 | 23 683 |
| Radio Heads Investment Holdings (Pty) Limited | | |
| – 511 shares representing a 51,1% holding * | – | – |
| – Loan | 27 | 21 |
| Radio Heads (Pty) Limited | | |
| – 490 shares representing a 49% holding* (effective 75,1%) | – | – |
| – Loan | 9 293 | 9 293 |
| | 76 276 | 66 585 |
| Provision for impairment in subsidiaries | (9 293) | (9 293) |
| | 66 983 | 57 292 |

* Less than R1 000

All subsidiaries share the year end of the company and are incorporated in South Africa.

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 R6,7 million (2013: R5,6 million) of one of its loans to a subsidiary.

| | GROUP | | COMPANY | |
|--|---------------|---------------|---------------|---------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| 6. INVESTMENT IN ASSOCIATED COMPANIES | | | | |
| Mahareng Publishing (Pty) Limited | | | | |
| – 500 shares representing a 50% holding | 1 | 1 | | |
| – Loan | 4 800 | 5 050 | | |
| Share of post-acquisition loss | (1 755) | (2 098) | | |
| | 3 046 | 2 953 | | |

Mahareng Publishing has a March financial year-end.

Summary of the financial information:

| | | |
|-------------------|--------|--------|
| Total assets | 6 996 | 6 710 |
| Total liabilities | 10 569 | 10 970 |
| Accumulated loss | 3 575 | 4 260 |

The loan is unsecured and interest-free with no fixed terms of repayment. The associate have an unconditional right to defer settlement of the loan for 12 months.

| | GROUP | | COMPANY | |
|---|---------------|---------------|---------------|---------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| 7. OTHER FINANCIAL INSTRUMENTS | | | | |
| Available for sale financial assets: | | | | |
| Loan to Share Incentive Trust | – | – | 6 038 | 6 249 |
| Provision for diminution in value | – | – | – | (446) |
| 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 | (1 247) | (1 246) | (1 247) | (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 | (1 300) | (1 300) | (1 300) | (1 300) |
| Mokgosi Holdings (Pty) Limited | | | | |
| – 10 “B” ordinary shares at cost | 9 200 | 9 200 | 9 200 | 9 200 |
| – Loan | 26 | 24 | 26 | 24 |
| Moneyweb Limited | | | | |
| – 1 000 000 ordinary shares at cost | 680 | 680 | 680 | 680 |
| – Provision for diminution in value | (680) | (680) | (680) | (680) |
| M-Power Radio (Pty) Limited (t/a M-Power FM) | | | | |
| – 498 shares representing a 7,05% (2013: 24,9%) holding * | – | – | – | – |
| – Loan | – | 1 494 | – | 1 494 |
| – Impairment of loan | – | (1 494) | – | (1 494) |
| | 9 226 | 9 225 | 15 264 | 15 028 |

* Less than R1 000

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

7. OTHER FINANCIAL INSTRUMENTS (CONTINUED)

Level 1:

The loan to the share incentive trust is denominated in Rands and the shares it relates to are publicly traded in South Africa on the Johannesburg Stock Exchange.

Fair value of these securities have been estimated by reference to quoted prices in active markets at the reporting date and is categorised within level 1 of the fair value hierarchy.

Level 2:

The investment held in Moneyweb (Pty) Limited is denominated in Rands.

The fair value is estimated using market prices of the underlying securities. There is an active market for these securities at reporting date and is categorised within level 2 of the fair value hierarchy.

Level 3:

The unlisted securities in Chestnut Hill Investments 265 (Pty) Limited, Before The Wind Investments 160 (Pty) Limited and Mokgosi Holdings (Pty) Limited are denominated in Rands.

The investments held are valued independently based on either market price, where applicable, or on valuation multiples of similar companies at the reporting date and is categorised within level 3 of the fair value hierarchy.

| | GROUP | | COMPANY | |
|---------|---------------|---------------|---------------|---------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| Level 1 | – | – | 6 038 | 5 803 |
| Level 3 | 9 226 | 9 225 | 9 226 | 9 225 |
| | 9 226 | 9 225 | 15 264 | 15 028 |

The loan to the Share Incentive Trust is interest free and there are no fixed terms of repayment. The company does not have the intention to demand payment on these loans within the next 12 months. 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.

In 2013 the investment in M-Power FM was reclassified from an associate to an available for sale investment due to African Media Entertainment Limited ("AME") no longer having board representation and no longer having significant influence over the company. During the 2014 financial year M-Power FM was placed into business rescue and part of the business rescue process required the capitalisation of the existing shareholders' loan accounts. A new shareholder bought into the company resulting in the dilution of existing shareholder interest. AME's investment diluted from 24,9% down to 7,05%.

Basis of valuation

The carrying values of the investments were evaluated and that the current carrying value approximates fair value have no indications of further impairment.

| | GROUP | | COMPANY | |
|--|---------------|---------------|---------------|---------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| 8. DEFERRED TAXATION | | | | |
| Balance at beginning of year | 8 475 | 7 235 | 1 035 | 1 192 |
| Movements during year attributable to: | | | | |
| – Temporary differences | 2 793 | 581 | 252 | (157) |
| – Computed tax losses | 492 | 659 | – | – |
| Balance at end of year | 11 760 | 8 475 | 1 287 | 1 035 |
| <i>The balance comprises:</i> | | | | |
| Provision for leave pay | 309 | 356 | 34 | 46 |
| Income received in advance | 159 | 429 | – | – |
| Pre-paid expenditure | (31) | (18) | – | – |
| Accelerated capital allowances | (343) | (227) | – | – |
| Operating lease accrual | – | 23 | – | – |
| Provisions other | 8 203 | 5 126 | 1 253 | 989 |
| Allowance for doubtful debts | 745 | 560 | – | – |
| Computed tax losses | 2 718 | 2 226 | – | – |
| | 11 760 | 8 475 | 1 287 | 1 035 |

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 | |
|---|---------------|---------------|---------------|---------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| 9. TRADE RECEIVABLES | | | | |
| Trade accounts receivable | 53 319 | 67 554 | – | – |
| Allowance for impairment of receivables | (3 925) | (3 324) | – | – |
| | 49 394 | 64 230 | – | – |

The maximum exposure to credit risk for gross trade receivables at the reporting date by type of customer was:

| | Average debtors terms (days) | 2014 | 2013 | 2014 | 2013 |
|------------------------|------------------------------|--------|--------|-------|-------|
| | | R'000 | R'000 | R'000 | R'000 |
| Parastatals/government | 30 | 618 | 2 176 | – | – |
| Corporates | 30/60 | 36 906 | 47 441 | – | – |
| SMMEs | 30 | 15 591 | 17 795 | – | – |
| Individuals | 30 | 204 | 142 | – | – |
| | | 53 319 | 67 554 | – | – |

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

| | GROUP | | COMPANY | |
|---|---------------|---------------|---------------|---------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| 9. TRADE RECEIVABLES (CONTINUED) | | | | |
| Average debtors' terms (days) 30/60 | | | | |
| Within terms: | | | | |
| Current | 29 231 | 37 524 | - | - |
| Due 30 days and less | 16 748 | 22 604 | - | - |
| Past due: | | | | |
| Due 30 to 60 days | 1 499 | 3 011 | - | - |
| Due 60 to 90 days | 3 396 | 3 408 | - | - |
| Due 90 days + | 2 445 | 1 007 | - | - |
| | 53 319 | 67 554 | - | - |

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 who maintains current credit data on most companies in South Africa. R2,5 million (2013: R0,9 million) of the group's trade and other receivables have been ceded as security for Media Credit Co-ordination's accreditation.

| | GROUP | | COMPANY | |
|--|----------------|----------------|---------------|---------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| Allowance for impairment of receivables: | | | | |
| Balance at beginning of year | (3 324) | (3 961) | - | - |
| Impairment loss utilised/reversed | 128 | 795 | - | - |
| Impairment loss provided | (729) | (158) | - | - |
| | (3 925) | (3 324) | - | - |
| The reason for recognising the following impairment losses were: | | | | |
| Financial difficulties/bankruptcy | 1 476 | 2 515 | - | - |
| Absconded | 1 620 | 2 | - | - |
| Dispute | 829 | 807 | - | - |
| | 3 925 | 3 324 | - | - |

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

Appropriate action is taken to recover long overdue debts.

Balances past due are only impaired to the extent that it is likely that the debtor will not be recovered.

| | GROUP | | COMPANY | |
|--|---------------|---------------|---------------|---------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| 10. OTHER RECEIVABLES | | | | |
| Monies paid in advance | 1 956 | 2 295 | 376 | 397 |
| Deposits | 4 443 | – | 3 000 | – |
| Other | 581 | 159 | 875 | 527 |
| VAT receivable | 1 145 | – | – | – |
| | 8 125 | 2 454 | 4 251 | 924 |
| 11. SHARE CAPITAL | | | | |
| <i>Authorised</i> | | | | |
| 15 000 000 ordinary shares of R1 each | 15 000 | 15 000 | 15 000 | 15 000 |
| <i>Issued</i> | | | | |
| 8 277 366 (2013: 8 288 309) ordinary shares of R1 each | 8 277 | 8 288 | 8 277 | 8 288 |
| Held by the AME Share Incentive Trust | (89) | (89) | – | – |
| Held by AME Broadcasting (Pty) Limited | (28) | (28) | – | – |
| | 8 160 | 8 171 | 8 277 | 8 288 |

Unissued shares

The 6 722 634 (2013: 6 711 691) 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 30 August 2013. The authority is valid until the next annual general meeting.

Issued shares

In accordance with a general authority to repurchase shares granted to the directors of the company at the annual general meeting of the company held on 30 August 2013, AME repurchased and subsequently cancelled 10 943 ordinary shares.

The net result of the transaction reduced share capital by R10 943 and the share premium by R0,8 million.

| | GROUP | | COMPANY | |
|--|---------------|---------------|---------------|---------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| 12. NON-DISTRIBUTABLE RESERVE | | | | |
| Restatement of investment in subsidiaries | – | – | 15 624 | 15 624 |
| Fair value adjustment on available for sale financial assets reserve | – | – | 4 620 | 4 620 |
| | – | – | 20 244 | 20 244 |

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

| | GROUP | | COMPANY | |
|---|---------------|---------------|---------------|---------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| 13. INTEREST-BEARING BORROWINGS | | | | |
| Finance leases | – | 115 | – | – |
| <i>Less: Current portion included in current liabilities</i> | – | 74 | – | – |
| | – | 41 | – | – |
| <p>The finance lease was settled during the year for the outstanding balance.</p> <p>The capitalised finance lease liability was secured by office equipment (note 3). Interest was charged at 13,62% (2013:13,62%) per annum. The lease agreements provided for 60 monthly payments of R7 100 (2013: R7 100) per month. The agreements did not provide for contingent payments.</p> <p><i>Reconciliation between the total minimum lease payments and their present value:</i></p> <p>Minimum lease payments due</p> <p>– within one year</p> <p>– in second to fifth year inclusive</p> | | | | |
| | – | 85 | – | – |
| | – | 42 | – | – |
| | – | 127 | – | – |
| Future finance charges | – | (12) | – | – |
| Present value of minimum lease payments | – | 115 | – | – |
| 14. OTHER PAYABLES | | | | |
| Amounts received in advance | 529 | 1 494 | – | – |
| Share-based bonuses | 8 632 | 7 202 | 3 778 | 2 260 |
| Receiver of Revenue VAT | 2 099 | 1 318 | 28 | 51 |
| Accruals | 47 066 | 31 814 | 2 545 | 2 611 |
| | 58 326 | 41 828 | 6 351 | 4 922 |
| 15. BANK FACILITIES | | | | |
| <p>The banking facilities for debit order transactions of the group are secured by limited suretyships by each individual subsidiary for its own facility.</p> | | | | |

16. FINANCIAL ASSETS BY CATEGORY

| | Loans and receivables R'000 | Non- financial instruments R'000 | Available- for-sale R'000 | Total R'000 |
|-----------------------------|-----------------------------------|---|---------------------------------|----------------|
| Group | | | | |
| 2014 | | | | |
| Other financial instruments | 26 | – | 9 200 | 9 226 |
| Trade receivables | 49 394 | – | – | 49 394 |
| Other receivables | 5 024 | 3 101 | – | 8 125 |
| Tax paid in advance | – | 42 | – | 42 |
| Cash and cash equivalents | 106 279 | – | – | 106 279 |
| | 160 723 | 3 143 | 9 200 | 173 066 |
| 2013 | | | | |
| Other financial instruments | 24 | – | 9 201 | 9 225 |
| Trade receivables | 64 230 | – | – | 64 230 |
| Dividends receivable | 950 | – | – | 950 |
| Other receivables | 159 | 2 295 | – | 2 454 |
| Tax paid in advance | – | 134 | – | 134 |
| Cash and cash equivalents | 78 784 | – | – | 78 784 |
| | 144 147 | 2 429 | 9 201 | 155 777 |
| Company | | | | |
| 2014 | | | | |
| Other financial instruments | 6 064 | – | 9 200 | 15 264 |
| Other receivables | 3 875 | 376 | – | 4 251 |
| Tax paid in advance | – | 42 | – | 42 |
| Cash and cash equivalents | 78 355 | – | – | 78 355 |
| | 88 294 | 418 | 9 200 | 97 912 |
| 2013 | | | | |
| Other financial instruments | 5 827 | – | 9 201 | 15 028 |
| Dividends receivable | 9 950 | – | – | 9 950 |
| Other receivables | 527 | 397 | – | 924 |
| Cash and cash equivalents | 57 551 | – | – | 57 551 |
| | 73 855 | 397 | 9 201 | 83 453 |

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

17. FINANCIAL LIABILITIES BY CATEGORY

| | Non-financial instruments R'000 | Amortised cost R'000 | Total R'000 | |
|---|------------------------------------|-------------------------|----------------|--------------|
| Group | | | | |
| 2014 | | | | |
| Trade payables | – | 24 962 | 24 962 | |
| Other payables | 2 628 | 55 803 | 58 431 | |
| Dividend payable | – | 1 020 | 1 020 | |
| | 2 628 | 81 785 | 84 413 | |
| 2013 | | | | |
| Interest-bearing borrowings | – | 115 | 115 | |
| Trade payables | – | 37 215 | 37 215 | |
| Other payables | 2 812 | 39 078 | 41 890 | |
| Dividend payable | – | 915 | 915 | |
| | 2 812 | 77 323 | 80 135 | |
| Company | | | | |
| 2014 | | | | |
| Trade payables | – | 80 | 80 | |
| Other payables | 28 | 6 323 | 6 351 | |
| Dividend payable | – | 1 020 | 1 020 | |
| | 28 | 7 423 | 7 451 | |
| 2013 | | | | |
| Trade payables | – | 167 | 167 | |
| Other payables | 51 | 4 871 | 4 922 | |
| Dividend payable | – | 915 | 915 | |
| | 51 | 5 953 | 6 004 | |
| | GROUP | | COMPANY | |
| | 2014 | 2013 | 2014 | 2013 |
| | R'000 | R'000 | R'000 | R'000 |
| 18. REVENUE | | | | |
| Commercial advertising | 242 524 | 216 688 | – | – |
| Management fees and rental received from subsidiaries | – | – | 4 890 | 4 920 |

| | GROUP | | COMPANY | |
|--|---------------|---------------|---------------|---------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| 19. OPERATING EXPENSES | | | | |
| are stated after taking the following into account: | | | | |
| Expenses | | | | |
| Administration and management fees paid | | | | |
| – other companies | 372 | 372 | – | – |
| Auditor's remuneration | | | | |
| – audit fees | 947 | 804 | 207 | 268 |
| – other services | 16 | 17 | – | – |
| Consulting fees | 854 | 593 | 754 | 103 |
| Depreciation | 3 500 | 4 074 | 62 | 66 |
| Legal fees | 502 | 422 | 122 | 63 |
| (Profit)/loss on disposal of property, plant and equipment | (61) | 9 | – | – |
| Operating lease charges | | | | |
| – premises | 4 623 | 3 826 | – | – |
| – office equipment | 4 898 | 4 871 | – | – |
| Secretarial fees | 36 | 29 | 19 | 25 |
| Staff costs | 77 866 | 66 410 | 673 | 592 |
| Defined contribution plans | 3 364 | 2 871 | 18 | 17 |
| Impairment of investment in subsidiary | – | – | – | 3 146 |
| Impairment/(reversal of impairment) of other financial instruments | – | 681 | (445) | (559) |

Directors' emoluments

| | Remuneration | Remuneration | Fees | Fees |
|----------------------------|---------------|---------------|---------------|---------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| ACG Molusi * | – | – | 79 | 119 |
| KL Dube * | – | – | 47 | 74 |
| MJ Prinsloo * | – | – | 236 | 206 |
| N Sooka * | – | – | 99 | 110 |
| W Tshuma * | – | – | 97 | 115 |
| AJ Isbister ** | 814 | 693 | – | – |
| M Mynhardt ** | 2 284 | 1 774 | – | – |
| Total remuneration | 3 098 | 2 467 | 558 | 624 |
| Paid by the company | 3 098 | 2 467 | 558 | 624 |
| Total remuneration | 3 098 | 2 467 | 558 | 624 |

* Independent non-executive director

** Executive director

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

19. OPERATING EXPENSES (CONTINUED)

Breakdown of executive directors' salaries

| 2014 | Share options | Salary | Bonus | Total |
|---------------------------|---------------|--------------|------------|--------------|
| | cash settled | | | |
| | R'000 | R'000 | R'000 | R'000 |
| AJ Isbister | – | 714 | 100 | 814 |
| M Mynhardt | 1 127 | 857 | 300 | 2 284 |
| Total remuneration | 1 127 | 1 571 | 400 | 3 098 |
| 2013 | | | | |
| AJ Isbister | – | 618 | 75 | 693 |
| M Mynhardt | 690 | 809 | 275 | 1 774 |
| Total remuneration | 690 | 1 427 | 350 | 2 467 |
| | GROUP | | COMPANY | |
| | 2014 | 2013 | 2014 | 2013 |
| | R'000 | R'000 | R'000 | R'000 |

20. INVESTMENT INCOME AND FINANCE COSTS

Investment income

| | | | | |
|--|--------------|--------------|---------------|---------------|
| – dividends received from subsidiary companies | – | – | 47 658 | 51 940 |
| – dividends received from other companies | 1 750 | 1 930 | 1 750 | 1 930 |
| | 1 750 | 1 930 | 49 408 | 53 870 |

Finance income

| | | | | |
|-------------------------------|--------------|--------------|--------------|--------------|
| – interest received from bank | 4 508 | 3 060 | 2 834 | 1 857 |
| – other | – | 10 | – | 10 |
| | 4 508 | 3 070 | 2 834 | 1 867 |

Finance costs

| | | | | |
|------------------|-----------|-----------|----------|----------|
| Interest paid to | | | | |
| – other | 53 | 73 | – | – |
| | 53 | 73 | – | – |

21. TAXATION

South African normal taxation

| | | | | |
|-------------------------|---------------|---------------|-------------|------------|
| – current | 21 775 | 17 803 | 170 | 131 |
| – prior year adjustment | – | 107 | – | 107 |
| Deferred taxation | | | | |
| – deferred | (3 285) | (1 418) | (252) | (21) |
| – prior year adjustment | – | 178 | – | 178 |
| | 18 490 | 16 670 | (82) | 395 |

| | | | | |
|----------------------------|-------------|-------------|--------------|------------|
| Tax rate reconciliation: | % | % | % | % |
| Statutory tax rate | 28,0 | 28,0 | 28,0 | 28,0 |
| Non-deductible expenditure | 0,5 | 1,1 | 0,5 | 2,8 |
| Exempt income | (0,9) | (1,0) | (28,7) | (30,5) |
| Prior year adjustments | – | 0,5 | – | 0,5 |
| Effective tax rate | 27,6 | 28,6 | (0,2) | 0,8 |

21. TAXATION (CONTINUED)

The company has an estimated tax loss of Rnil (2013: Rnil) and the group has an estimated tax loss of R9,7 million (2013: R7,9 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 in full as it is reasonably certain that the estimated tax losses will be utilised against future taxable income.

| | GROUP | | COMPANY | |
|---|----------|----------|----------|-------|
| | 2014 | 2013 | 2014 | 2013 |
| | R'000 | R'000 | R'000 | R'000 |
| 22. EARNINGS AND HEADLINE EARNINGS PER SHARE | | | | |
| The earnings and headline earnings per share information is based on the following: | | | | |
| Profit attributable to the equity holders of the company | 42 857 | 37 894 | – | – |
| (Profit)/loss on disposal of property, plant and equipment | (61) | 9 | – | – |
| Tax on disposal of property, plant and equipment | 17 | (3) | – | – |
| Headline earnings | 42 813 | 37 900 | – | – |
| Earnings and diluted earnings per share (cents) | 524,9 | 463,8 | – | – |
| Headline earnings and diluted headline earnings per share (cents) | 524,3 | 463,9 | – | – |
| Gross dividends per share for the year (cents) | 300,0 | 300,0 | – | – |
| Weighted average number of shares in issue ('000) | 8 165 | 8 171 | – | – |
| 23. TAXATION PAID | | | | |
| Amount (unpaid)/prepaid at beginning of year | (590) | (1 495) | (168) | 26 |
| Amount charged to statement of comprehensive income | (21 775) | (17 910) | (170) | (238) |
| Amount unpaid/(prepaid) at end of year | 3 113 | 590 | (42) | 168 |
| | (19 252) | (18 815) | (380) | (44) |
| 24. INCREASE IN INVESTMENTS AND LOANS | | | | |
| (Increase)/decrease in investment in subsidiaries | – | – | (9 691) | 1 698 |
| Decrease in investments in associates | 250 | – | – | – |
| (Increase)/decrease in financial instruments | (2) | (3) | (681) | 76 |
| | 248 | (3) | (10 372) | 1 774 |

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

| | GROUP | | COMPANY | | | |
|---|-------------------|----------------|--------------------------|-------------------|-----------------|----------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 | | |
| 25. SHARE-BASED PAYMENTS | | | | | | |
| Expense arising from share-based payment transactions | 4 998 | 1 414 | 2 645 | 730 | | |
| | Number of options | | Number of options | | | |
| Balance at beginning of year | 216 666 | 275 000 | 100 000 | 125 000 | | |
| Number exercised (grant 1) | – | (33 334) | – | – | | |
| Number exercised (grant 2) | (66 666) | – | – | – | | |
| Number exercised (grant 3) | (25 000) | (25 000) | (25 000) | (25 000) | | |
| Balance at end of year | 125 000 | 216 666 | 75 000 | 100 000 | | |
| | Number of units | | Number of units | | | |
| Balance at beginning of year | – | – | – | – | | |
| Units issued (grant 5) | 300 000 | – | 50 000 | – | | |
| Balance at end of year | 300 000 | – | 50 000 | – | | |
| | Grant 1 | Grant 2 | Grant 3 | Grant 4 | Grant 5 | |
| Date of grant: | 1 August 2006 | 7 May 2008 | 3 Sep- tember 2009 | 1 October 2010 | 1 April 2013 | Total |
| Number of options/units: | | | | | | |
| Number at beginning of year | 50 000 | 66 666 | 50 000 | 50 000 | – | 216 666 |
| Number cash settled | – | (66 666) | (25 000) | – | – | (91 666) |
| Units issued | – | – | – | – | 300 000 | 300 000 |
| Number at end of year | 50 000 | – | 25 000 | 50 000 | 300 000 | 425 000 |
| Contractual life: | 5 years | 5 years | 5 years | 5 years | 7 years | |
| Vesting conditions: | after 3 years | 33,3% | 33,3% | 33,3% | 33,3% | 20% |
| | after 4 years | 33,3% | 33,3% | 33,3% | 33,3% | 20% |
| | after 5 years | 33,3% | 33,3% | 33,3% | 33,3% | 20% |
| | after 6 years | | | | | 20% |
| | after 7 years | | | | | 20% |

Executive directors of certain subsidiary companies received share options as part of the group's share bonus scheme. There were 125 000 (2013: 216 666) options outstanding at the end of the financial period. No options were granted during the year.

The incentive scheme is intended to function as a bonus scheme for executive management.

The weighted average share price at the date of cash settlement was R64,44 (2013: R59,48).

On 1 April 2013 a new bonus scheme was implemented for executive directors of certain subsidiary companies. This scheme operates as a cash bonus scheme where the bonus is calculated with reference to the share price based on a unit allocation. The vesting period falls over seven years with five vesting tranches per year starting after three years. Each unit allocation has to be exercised at each vesting period as it will not be carried over into subsequent years. 300 000 units were allocated and outstanding at the end of the financial period.

25. SHARE-BASED PAYMENTS (CONTINUED)

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

| 2014 | Grant 1 | Grant 2 | Grant 3 | Grant 4 | Grant 5 |
|-------------------------------|---------|---------|---------|---------|---------|
| Share price at reporting date | R82,50 | – | R82,50 | R82,50 | R82,50 |
| Exercise price | R17,50 | – | R24,50 | R33,00 | R65,00 |
| Expected volatility | 35,0% | – | 35,0% | 35,0% | 35,0% |
| Risk free interest rate | 6,7% | – | 6,7% | 6,7% | 6,7% |
| Dividend yield | 3,1% | – | 3,1% | 3,1% | 3,1% |
| Fair value | R65,00 | – | R57,62 | R49,27 | R30,19 |
| Mark to market value | R65,00 | – | R58,00 | R49,50 | R17,50 |
| Intrinsic value (R'000) | 3 250 | – | 1 329 | 2 124 | 1 148 |
| Directors' interest | | | | | |
| AJ Isbister | – | – | – | 2 124 | 96 |
| M Mynhardt | – | – | 1 329 | – | 96 |
| 2013 | Grant 1 | Grant 2 | Grant 3 | Grant 4 | |
| Share price at reporting date | R65,00 | R65,00 | R65,00 | R65,00 | – |
| Exercise price | R17,50 | R26,50 | R24,50 | R33,00 | – |
| Expected volatility | 24,8% | 24,8% | 24,8% | 24,8% | – |
| Risk free interest rate | 5,0% | 5,0% | 5,0% | 5,0% | – |
| Dividend yield | 2,0% | 2,0% | 2,0% | 2,0% | – |
| Fair value | R47,50 | R38,54 | R40,78 | R31,95 | – |
| Mark to market value | R47,50 | R38,50 | R40,50 | R32,00 | – |
| Intrinsic value (R'000) | 2 375 | 2 545 | 1 633 | 1 044 | – |
| Directors' interest | | | | | |
| AJ Isbister | – | – | – | 1 044 | – |
| M Mynhardt | – | – | 1 633 | – | – |

The volatility is based on statistical analysis of the daily share prices over the last five years, prior to the reporting 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 Memorandum of Incorporation, the borrowing powers of the company are unlimited. At 31 March 2014 the company's borrowings totalled Rnil (2013: Rnil), and its subsidiaries' borrowings totalled Rnil (2013: R0,1 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 operational 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

28. RELATED PARTIES

Identity of related parties

The subsidiaries of the group are identified in note 5 and the associates of the group are disclosed in note 6. Significant shareholders are detailed on page 55. 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 and note 19. 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 | |
|--|---------|--------|
| | 2014 | 2013 |
| | R'000 | R'000 |
| <i>Loan accounts owing by related parties</i> | | |
| AME Properties (Pty) Limited | 9 685 | – |
| Radio Heads (Pty) Limited | 9 293 | 9 293 |
| Radio Heads Investment Holdings (Pty) Limited | 27 | 21 |
| Share Incentive Trust | 6 038 | 6 249 |
| United Stations (Pty) Limited | 4 620 | 4 620 |
| <i>Amounts included in other receivables regarding related parties</i> | | |
| AME Properties (Pty) Limited | 5 | – |
| Central Media Group (Pty) Limited | 182 | 182 |
| Radio Heads (Pty) Limited | 8 | 8 |
| Umoya Communications (Pty) Limited | 207 | 207 |
| <i>Amounts included in other payables regarding related parties</i> | | |
| AME Properties (Pty) Limited | 34 | – |
| United Stations (Pty) Limited | 19 | – |
| <i>Management fees received from related parties</i> | | |
| Central Media Group (Pty) Limited | 1 920 | 1 920 |
| Umoya Communications (Pty) Limited | 2 400 | 2 400 |
| United Stations (Pty) Limited | 240 | 240 |
| <i>Rental received from related party</i> | | |
| United Stations (Pty) Limited | 330 | 360 |
| <i>Dividends received from related parties</i> | | |
| AME Broadcasting (Pty) Limited | 83 | 28 |
| Central Media Group (Pty) Limited | 23 015 | 18 073 |
| Umoya Communications (Pty) Limited | 16 560 | 24 840 |
| United Stations (Pty) Limited | 8 000 | 9 000 |

28. RELATED PARTIES (CONTINUED)

| | GROUP | | COMPANY | |
|--|---------------|---------------|---------------|---------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| Associates' loan | | | | |
| Mahareng Publishing (Pty) Limited | 4 800 | 5 050 | – | – |
| Key management personnel (being the executive management as per page 3) remuneration for the period amounted to: | | | | |
| Basic | | | 3 580 | 3 610 |
| Medical aid | | | 198 | 53 |
| Pension | | | 307 | 287 |
| Bonus | | | 1 341 | 1 469 |
| Share-based payments | | | 2 400 | – |
| | | | 7 826 | 5 419 |

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

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 is 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 are not material to the group.

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.

Fair values

At 31 March 2014 and 31 March 2013 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 approximate fair values.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

29. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

The group's 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's 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 | Over 5 years R'000 |
|--------------------------|------------------------------|-----------------------------------|-----------------------------------|--------------------------|
| At 31 March 2014 | | | | |
| Trade and other payables | 81 785 | – | – | – |
| At 31 March 2013 | | | | |
| Borrowings | 74 | 41 | – | – |
| Trade and other payables | 80 020 | – | – | – |
| COMPANY | | | | |
| At 31 March 2014 | | | | |
| Trade and other payables | 7 423 | – | – | – |
| At 31 March 2013 | | | | |
| Trade and other payables | 6 004 | – | – | – |
| | | GROUP | COMPANY | |
| | 2014 | 2013 | 2014 | 2013 |
| | R'000 | R'000 | R'000 | R'000 |

Interest rate risk

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

| | | | | |
|--|---------|--------|--------|--------|
| Floating interest rate instruments | 106 279 | 78 669 | 78 355 | 57 551 |
| Cash and cash equivalents | 106 279 | 78 784 | 78 355 | 57 551 |
| Interest-bearing borrowings | – | (115) | – | – |
| Weighted average effective interest rate (%) | 4,5 | 4,5 | 4,5 | 4,5 |

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

At 31 March 2014 and 31 March 2013, if interest rates had been 1% higher with all other variables held constant, post-tax profit of the group for the period would have increased by approximately R0,7 million (2013: R0,5 million) and for the company by approximately R0,4 million (2013: R0,3 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.

| | GROUP | | COMPANY | |
|---|--------|--------|---------|-------|
| | 2014 | 2013 | 2014 | 2013 |
| | R'000 | R'000 | R'000 | R'000 |
| 30. COMMITMENTS | | | | |
| Future operating lease charges for premises | | | | |
| Payable within one year | 4 149 | 3 620 | – | – |
| Payable within two to five years | 7 668 | 10 503 | – | – |
| | 11 817 | 14 123 | – | – |
| CAPITAL COMMITMENTS | | | | |
| Payable within one year | 25 500 | – | 600 | – |
| – Capital expenditure | 500 | – | 600 | – |
| – Building development | 25 000 | – | – | – |
| Payable within two to five years | | | | |
| – Building development | 5 000 | – | – | – |
| | 30 500 | – | 600 | – |

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.

The group has committed itself to capital expenditure of R0,5 million (2013: R0,6 million) and around R30 million for the development of the new Central Media Group business premises in Bloemfontein. The group is awaiting approval of the building plans by the municipality, but some land preparation has already commenced, and an amount of R1,2 million has already been spent on the project.

31. CONTINGENT LIABILITIES

The company stands surety for the liabilities amounting to R5,3 million (2013: R6,9 million) of one of its subsidiary companies for the benefit of Media Credit Co-ordination. The suretyships will remain in force for an indefinite period.

On 14 March 2014 The Supreme Court of Appeal in Bloemfontein ("SCA") delivered its judgment on the National Association of Broadcasters ("NAB") appeal against the judgment of the Copyright Tribunal on the appropriate needletime royalty (subsequently amended on 19 March 2014). The South African Music Performers Rights Association ("SAMPRO") has lodged an application to appeal the ruling of the SCA to the Constitutional Court on 9 April 2014. The NAB has lodged an application to oppose this appeal on 25 April 2014.

The directors consider that adequate provision has been made for this liability under accruals note 14.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

32. SEGMENTAL REPORTING

| | Radio broadcasters | | Sales houses | | Company | | Group total | |
|----------------------------------|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 | 2014 R'000 | 2013 R'000 |
| Revenue | | | | | | | | |
| Total revenue | 209 182 | 187 551 | 49 951 | 42 990 | 4 890 | 4 920 | 264 023 | 235 461 |
| Internal revenue | – | – | (16 609) | (13 853) | (4 890) | (4 920) | (21 499) | (18 773) |
| External revenue | 209 182 | 187 551 | 33 342 | 29 137 | – | – | 242 524 | 216 688 |
| Profitability | | | | | | | | |
| Segment profit from operations | 53 250 | 43 787 | 11 327 | 15 749 | (4 012) | (6 162) | 60 565 | 53 374 |
| Profits/(losses) from associates | 343 | (27) | – | – | – | – | 343 | (27) |
| | 53 593 | 43 760 | 11 327 | 15 749 | (4 012) | (6 162) | 60 908 | 53 347 |
| Investment income | | | | | | | 1 750 | 1 930 |
| Finance income | | | | | | | 4 508 | 3 070 |
| Finance cost | | | | | | | (53) | (73) |
| Taxation | | | | | | | (18 490) | (16 670) |
| Profit for year | | | | | | | 48 623 | 41 604 |
| Assets | | | | | | | | |
| Segment assets | 60 351 | 59 712 | 49 615 | 54 041 | 44 119 | 46 376 | 154 085 | 160 129 |
| Investment in associates | 3 046 | 2 953 | – | – | – | – | 3 046 | 2 953 |
| | 63 397 | 62 665 | 49 615 | 54 041 | 44 119 | 46 376 | 157 131 | 163 082 |
| Cash and cash equivalents | | | | | | | 106 279 | 78 784 |
| | | | | | | | 263 410 | 241 866 |
| Liabilities | | | | | | | | |
| Segment liabilities | 34 542 | 32 494 | 45 575 | 42 193 | 7 451 | 6 172 | 87 568 | 80 859 |
| Capital expenditure | 3 530 | 9 491 | 902 | 327 | 11 | 15 | 4 443 | 9 833 |
| Depreciation | 2 421 | 3 018 | 1 017 | 990 | 62 | 66 | 3 500 | 4 074 |

ANALYSIS OF SHAREHOLDING

for the year ended 31 March 2014

| | Number of shares held '000 | Shares held % | Number of share- holders | Share- holder % |
|--|-------------------------------------|---------------------|--------------------------------|-----------------------|
| Size of shareholding | | | | |
| 1 – 1 000 | 97 | 1,2 | 408 | 72,9 |
| 1 001 – 10 000 | 393 | 4,7 | 96 | 17,1 |
| 10 001 – 100 000 | 1 456 | 17,6 | 42 | 7,5 |
| 100 001 + | 6 331 | 76,5 | 14 | 2,5 |
| Total | 8 277 | 100,0 | 560 | 100,0 |
| Category | | | | |
| Private individuals | 3 304 | 39,9 | 421 | 75,2 |
| Nominee companies or trusts | 3 345 | 40,4 | 93 | 16,6 |
| Investment companies | 1 313 | 15,9 | 34 | 6,1 |
| Limited companies | 21 | 0,2 | 2 | 0,4 |
| Other corporate bodies | 294 | 3,6 | 10 | 1,7 |
| Total | 8 277 | 100,0 | 560 | 100,0 |
| Shareholder spread | | | | |
| 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 | 817 | 9,9 | 1 | 0,2 |
| – Frances Elizabeth Coburn | 800 | 9,7 | 1 | 0,2 |
| – Barclays Private Bank and Trust Limited | 523 | 6,3 | 1 | 0,2 |
| – MGM Family Trust | 497 | 6,0 | 1 | 0,2 |
| | 4 807 | 58,1 | 7 | 1,4 |
| Public shareholders | 3 470 | 41,9 | 553 | 98,6 |
| Total | 8 277 | 100,0 | 560 | 100,0 |

Directors' interests

There are no directors holding, directly or indirectly, in excess of 1% of the issued shares of the company on 31 March 2014.



NOTICE OF ANNUAL GENERAL MEETING



AFRICAN MEDIA ENTERTAINMENT

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

Notice is hereby given that the sixteenth 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 29 August 2014.

RECORD DATE, ATTENDANCE AND VOTING

The record date for determining which shareholders are entitled to notice of the meeting is Friday, 27 June 2014 and the record date for determining which shareholders are entitled to participate in and vote at the meeting is Friday, 22 August 2014. The last day to trade in order to be eligible to vote at the meeting is accordingly Friday, 15 August 2014.

ELECTRONIC ATTENDANCE AT THE MEETING

The company intends to make provision for the shareholders of the company or their proxies to participate in the meeting by way of electronic communication. Should you wish to participate in the meeting in this manner, you will need to contact the company at 011 442 0865 by 10:00 on Wednesday, 27 August 2014, alternatively, contact the transfer secretaries at 011 370 5122/7873 by 10:00 on Wednesday, 27 August 2014, so that the company can make the necessary arrangements for electronic communication. Should you be participating in the meeting by electronic communication, kindly ensure that the voting proxies are sent to the company or the transfer secretaries by 10:00 on Wednesday, 27 August 2014 at the address set out at the end of this notice of meeting.

PURPOSE OF MEETING

The purpose of this meeting is to present the director's report and the audited financial statements of the company and the group for the year ended 31 March 2014, and to consider and, if deemed fit, to pass, with or without modification, the resolutions set out below.

ORDINARY RESOLUTIONS

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

Voting requirements: 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 2014 be and are hereby adopted."

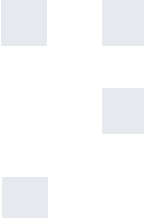
Explanation: The reason for and effect of the ordinary resolution number 1 is to receive and adopt the annual financial statements for the company and the group for the year ended 31 March 2014.

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 6 of the Memorandum of Incorporation 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 6 of the Memorandum of Incorporation of AME and in terms of the general authority of the Companies Act, 2008, the authority given at the annual general meeting needs to be renewed.



3. Ordinary resolution number 3: re-election of non-executive directors

"Resolved that:

3.1 Mr ACG Molusi, who retires by rotation in terms of the Memorandum of Incorporation of the company and who is eligible and available for re-election, be and is hereby re-elected as a director and independent chairman of the company.

3.2 Mr N Sooka, who retires by rotation in terms of the Memorandum of Incorporation 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 Messrs ACG Molusi and N Sooka, who are recommended by the board and whose appointment automatically terminates on the day of the annual general meeting in terms of article 31 of the Memorandum of Incorporation of the company. Brief biographies of these directors appear on page 3.

The ordinary resolutions number 3.1 and 3.2 will be considered separately.

4. Ordinary resolution number 4: re-appointment of independent auditor

"Resolved that:

Grant Thornton (Jhb) Inc. be and is hereby re-appointed as independent auditor 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.

5. Ordinary resolution number 5: re-election of the audit and risk committee members and chairman

"Resolved that:

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

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

5.3 Mr WTshuma be and is hereby re-elected as a member of the audit and risk committee until conclusion of the next annual general meeting."

Explanation: To re-elect Messrs MJ Prinsloo, N Sooka and WTshuma, 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 of at least three members.

Brief biographies of these directors appear on page 3.

The ordinary resolutions number 5.1, 5.2 and 5.3 will be considered separately.

6. Ordinary resolution number 6: authority to waive mandatory offer exceeding 35% shareholding:

"Resolved that:

the obligation on Moolman & Coburn Partnership and parties acting in concert with the Moolman & Coburn Partnership to make a mandatory offer to minority shareholders of the company should its shareholding increase above the prescribed percentage as stipulated in the Act as a result of additional repurchases by the company in accordance with special resolution number 1 below, be and is hereby waived, which waiver will lapse upon the expiry of the general authority to repurchase shares in the company set out in special resolution 1 below."

Moolman & Coburn Partnership and parties acting in concert with the Moolman & Coburn Partnership may be included in determining the quorum for the AGM but will be precluded from the voting on this resolution.

Explanation: To give authority to waive the mandatory offer when a shareholder acting alone or in concert with other exceed the 35% shareholding level.

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 requirements: 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.

NOTICE OF ANNUAL GENERAL MEETING

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 re-purchase 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 Companies Act, 2008 (the Act), and the Listings Requirements of the JSE, which currently stipulate that:

- the repurchase of securities being 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 closed 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 percent) of the number of ordinary shares in issue, at the time of passing of this special resolution, and any 3% (three percent) increments thereafter which announcements shall contain full details of such acquisitions;
- 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 percent) of the company's issued ordinary share capital nor may any subsidiary hold more than 10% (ten percent) 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 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 percent) 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 (twelve) 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;
- 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 this 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% (twenty percent) of its share capital in any one financial year.

Additional disclosure requirements in terms of the JSE Listings Requirements

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' interest in securities commencing on page 11 (which beneficial interests have not changed since 31 March 2014. There are no non-beneficial interests);
- major shareholders on page 53;
- material changes in the nature of the company's trading or financial position post 31 March 2014 on page 12; and
- the Share Capital note 11 on page 39.

Explanation

The reason for and effect of special resolution number 1 is to give a mandate to the directors to re-purchase 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 2014 as set out below:

Directors’ fees are payable per meeting attended:

| | R |
|---|--------|
| Board | |
| Chairman | 18 000 |
| Other | 12 600 |
| Audit and risk committee | |
| Chairman | 12 000 |
| Other | 8 450 |
| Remuneration, human resources and transformation committee | |
| Chairman | 12 000 |
| Other | 8 450 |
| Social and ethics committee | |
| Chairman | 12 000 |

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.

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 annual general 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 and 2, and 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 number 1 and 2.

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.

Voting and proxies

Each shareholder who, being a natural person, is present in person, by proxy or agent, or, being a company, is represented by representative proxy or agent at the general meeting, is entitled to one vote on a 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 general 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 (70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107) not later than 10:00 on Wednesday, 27 August 2014.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant (“CSDP”) or broker, other than by own name registration and who wish to attend the annual general 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, 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 general 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

20 June 2014

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 share code: AME)
(ISIN: ZAE000055802)
("AME" or "the company")

For use by certificated shareholders and dematerialised shareholders with own name registration at the sixteenth 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 Friday, 29 August 2014 ("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 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 |
|--|-----|---------|---------|
| Ordinary resolutions | | | |
| 1 To adopt the annual financial statements of the company and group for the year ended 31 March 2014 | | | |
| 2 To place the unissued ordinary shares of the company under the control of the directors | | | |
| 3.1 To re-elect Mr ACG Molusi as a director and independent chairman of the company | | | |
| 3.2 To re-elect Mr N Sooka as a director of the company | | | |
| 4 To re-appoint Grant Thornton (Jhb) Inc. as the independent auditor of the company | | | |
| 5.1 To re-elect Mr MJ Prinsloo as member of the audit and risk committee | | | |
| 5.2 To re-elect Mr N Sooka as member and elect him as chairman of the audit and risk committee | | | |
| 5.3 To re-elect Mr WTshuma as member of the audit and risk committee | | | |
| 6 To authorise waiving of mandatory offer for exceeding 35% shareholding | | | |
| 7 To authorise a director or company secretary to take action or sign documentation to give effect to resolutions passed | | | |
| Special resolutions | | | |
| 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 | | | |

Signed at _____ on _____ 2014

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 or 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 or 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 or 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 or she deems fit in respect of all the AME shareholder’s votes exercisable thereat.
3. An AME shareholder or his or 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 or 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 Wednesday, 27 August 2014.
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 Wednesday, 27 August 2014. 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 or 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 Memorandum of Incorporation of the company or these notes.





AFRICAN MEDIA
ENTERTAINMENT

WWW.AME.CO.ZA