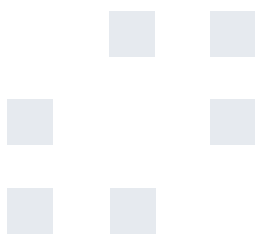
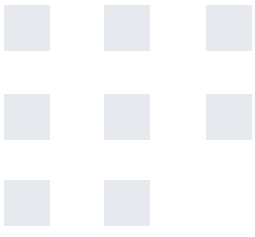


# ABRIDGED ANNUAL REPORT 2014





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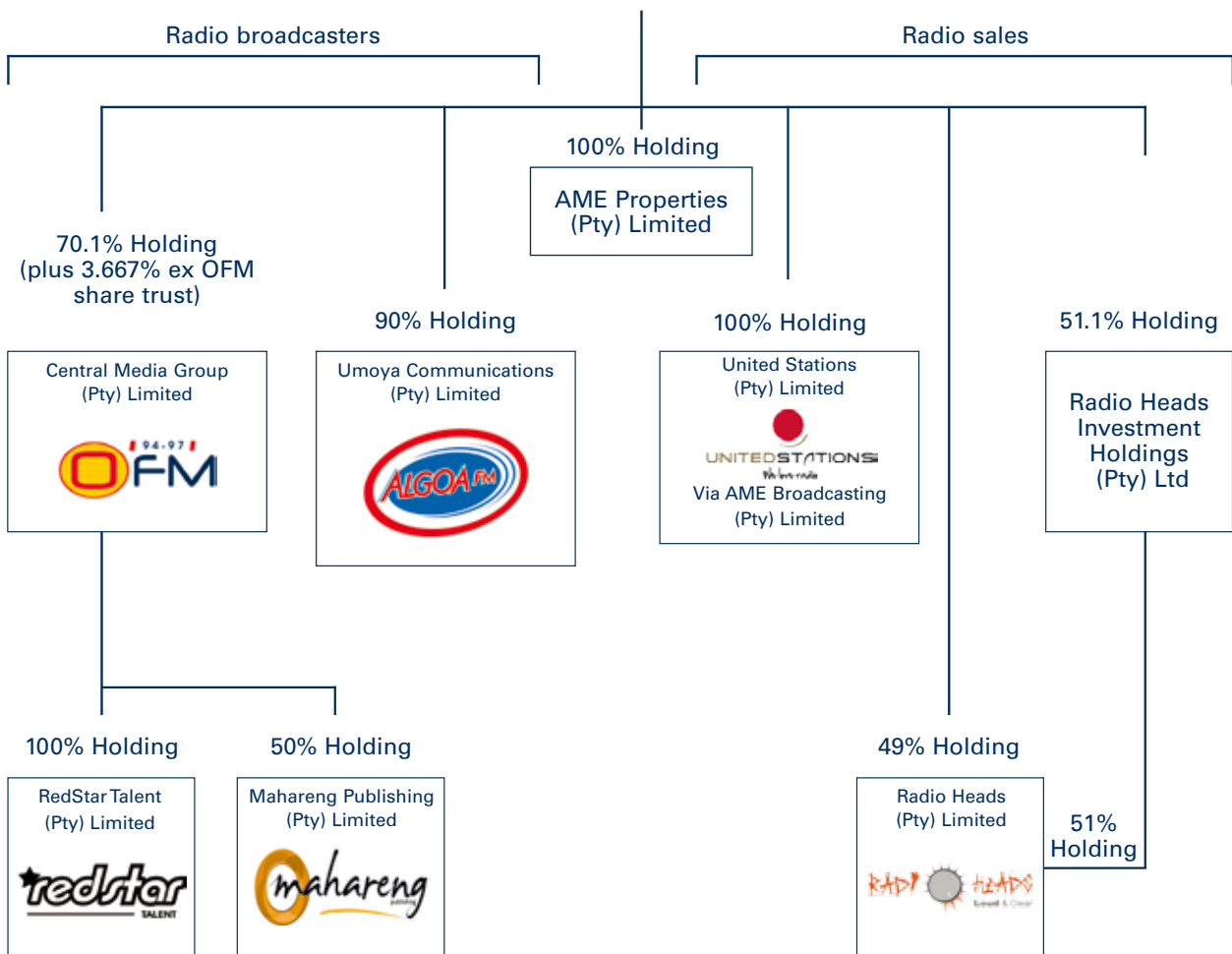
A complete set of the Annual Report is available on the website of African Media Entertainment Limited at [www.ame.co.za](http://www.ame.co.za)

# 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.



the sound of your life



**COLOUR ME CRAZY RUN**

The colourful fun presented by OFM at the annual Colour Me Crazy Run presented in Bloemfontein.



**CMG1 AND CMG5**

After the success of Nelson Mandela's 90th birthday celebration in London's Hyde Park in June 2008, Nelson Mandela's legacy is celebrated each year by devoting 67 minutes to charity. This year Bloemfontein Courant and Central Media Group honored this beloved statesman's 95th birthday with a large-scale cleaning campaign in the Mangaung Metro.

Volunteers from within Bloemfontein's business community helped with the cleanup. This presented a worthwhile opportunity for Bloemfontein Courant to connect with their clients while doing some good work in the community. The overarching objective of Mandela Day is to inspire individuals to take action to change the world for the better and thus build a global movement for good.



**HANNON**

The Glam Guru Roadshow was presented across Central South Africa in August, September and November in aid of various charitable organisations in the region. Glam Guru Hannon Bothma and OFM's Yolanda Maartens toured the region to show women how to look beautiful in the easiest of ways. Tune into Hannon Bothma, the Glam Guru, on 'A Slice of Life' with Yolanda Maartens on air every Friday.



**FLYING FISH**

Redstar talent presenting a promotion to serve the new refreshing Flying Fish.



**ZUMBA**

Zumba - Central South Africans embrace a healthy lifestyle, and what better way to lead a healthy life than to combine it with acts of goodwill to those in need in the region? OFM's Yolanda Maartens in partnership with other caring companies in Bloemfontein participated in a Zumbathon in Aid of the SPCA. Lucky listeners of 'A slice of life' with Yolanda Maartens were treated to an exhilarating Zumba experience in August.



**BONNIE TYLER**

Bonnie Tyler belts out another hit during her show in Bloemfontein presented by OFM.



**AARTAPPELMOERKWEKERS 50 YEAR LEGACY BANQUET**

The table is set and the event is ready for the Wes Vrystaat Aartappelmoerkwekers 50 Year Legacy Banquet arranged and presented by Redstar Talent.



**NAMPO**

Over 65 000 people attended the annual Nampo harvest day outside Bothaville in the Free State where OFM was the official media sponsor.



**KFC FAMILY DAY**

Nadine performs at the OFM and KFC family held at the Klerksdorp dam in the North West province.

**CAROLS BY CANDLELIGHT**

The breakfast special on OFM joins Elvis Blue, Romanz, Lloyd Cele, Nia Nell and Johnne on stage during the annual SPAR OFM Carols by Candlelight



**ANNUAL MANGAUNG OFM CLASSIC CYCLE**

Cycling enthusiasts start the annual Mangaung OFM Classic cycle race outside the Free State stadium in Bloemfontein. The race is a highlight on the cycling calendar and well supported with entrants from all over South Africa.

**ANNUAL MTN RADIO AWARDS**

Tyson Free winner of a Bright Star award at the annual MTN Radio Awards





your music, your world



### THE COLOR RUN

Algoa FM was the happy music and media partner to The Color Run™; the first one that was hosted on the African continent, colouring the beautiful Spring Day of Sunday, 1 September 2013. The Color Run is officially known as the “Happiest 5k on the Planet”, where runners start the race wearing white and get doused in a different colour for each kilometre. The Color Run™ is a fun, family-friendly race that celebrates healthiness, happiness, individuality, and giving back, bringing together communities to create a five-kilometre-long canvas of colour. More than 9500 people entered the run hosted in Port Elizabeth.



### ALGOA CARES SUMMER CHARITY GOLF DAY - KICK

The Algoa Cares Summer Charity Golf Day is one of the annual CSI events proudly hosted by Algoa FM with the aim of supporting local registered Non-profit Organisations in the station's broadcast region. Last year KICK, an Early Childhood Development Centre in Gqebera (Walmer) was selected to be a beneficiary. Education is one of the key focus areas of Algoa FM's CSI policy. Funds raised through this golf day helped KICK build a second centre in this area. After an impressive meeting with the little ones from KICK who were all happy, funny and loving little people despite the challenge of poverty that they face; the station took it upon themselves to continue their support of the organisation. All the staff pitched in and hosted a Christmas party for the 38 little ones at the crèche in December last year and each child received their own gift courtesy of the Algoa FM staff.



### ONE DAY WITHOUT SHOES: TUESDAY, 29 APRIL

This year Algoa FM supported the Nelson Mandela Bay Business Chamber's Barefoot Business Challenge. With support from the station who spurred the participation from local businesses within the Nelson Mandela Bay Metro they far surpassed their target of collecting 3000 pairs of new shoes. They were able to collect over 4000 pairs.



### EAST LONDON CLEAN-UP

In February this year, when Samwu (South African Municipal Workers Union) was on strike and the East London area was strewn with rubbish in an attempt to disrupt the community; Algoa FM's on-air married duo, Mio Khondleka and Queenie Grootboom made a spur of the moment call on-air, leveraging support from the community to take action and not just complain. Queenie made one call to Gordon Graham, who presents the Border Drive between 15h00-19h00 in East London, and 20 minutes later; Gordon was inviting the community to help him and the East London Sales, Marketing and News team to clean-up Western Avenue. The next day a large community from East London had responded to the call. This showed not only the power of radio, but the power of Algoa FM to inspire change and action from their broadcast region.



### ZOMBIE ACTIVATION

As part of Algoa FM's national marketing strategy to engage their valued clients, the regional radio station sent branded zombies into the offices of Cape Town and Durban Advertising agencies in July last year. An electronic invitation to see World War Z was sent to different agencies before the zombie attack. Agencies knew they'd get their tickets, they just didn't expect a live zombie to drop off their ticket packages. Some screamed, others ran out the building, but in the end, no one will forget the day the Algoa FM Zombies came to town.



### WINE SHOW

Algoa FM continues to present the esteemed annual wine show to the broader Port Elizabeth community, celebrating good music and wine and sampling products from a variety of SA's finest wineries. Last year the Port Elizabeth events were hosted from 28-30 June at The Boardwalk ICC and are one of the highlights of the year for all wine lovers.



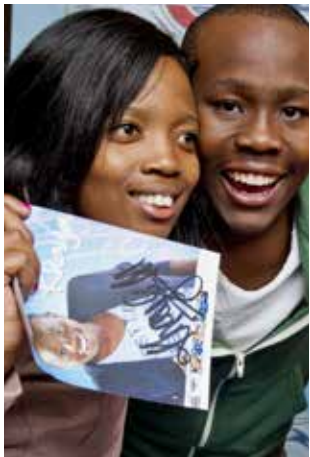
### STRAWBERRY FESTIVAL

Algoa FM is also a media sponsor to the very niche Strawberry Festival in George that is hosted by The Redberry Farm, on behalf of the Outeniqua Tourism Association. The Strawberry Festival is unique in South Africa as there is no other large strawberry festival in South Africa, giving the festival exclusivity. George itself is the ideal location for a strawberry festival as it has the ideal climate for berry growing and is known as “Berry County”. This annual event attracted more than 9000 people in 2013 and continues to grow every year. It has been established in the local community as a fun outdoor family weekend, attracting visitors who come along to experience a day out in the fresh air in a safe, farm environment.



**CONCERT IN THE PARK**

Algoa FM is the proud media sponsor to the annual Concert in the Park hosted by the Eastern Cape Philharmonic Orchestra. This musical extravaganza is supported each year by a different leading national musician and enjoyed in comfort picnic style in the company of close family and friends. The event is hosted every year in February and in 2014, just over 4000 guests were hosted. They were entertained at Victoria Park by multi-platinum singer and songwriter Nianell, Prince Lengoaosa and conductor Richard Cock.



**IDOLS CONCERT WITH KHAYA MTHETHWA**

Algoa FM has lobbied hard with the M-Net team to bring the Idols auditions to Port Elizabeth. For this reason Algoa FM has organised the auditions in Port Elizabeth for the past two years on behalf of the community to ensure that they are included in this national competition. In 2012, Port Elizabeth's Melissa Allison made it to the Top 2 of the Season 8 Idols competition and in 2013; four of the Port Elizabeth contestants received golden tickets to perform live in Sun City. Christina Williams made it through to the Top 10 of Season 9 of the competition.

**DISCOVERY ALGOA FM BIG WALK**

The Discovery Algoa FM Big Walk is an Algoa FM owned event and was initiated by the station more than 10 years ago. Since its inception the event has grown immensely and last year it reached its target of 7500 entries. Due to listeners and the station's close affiliation to the cause of cancer, the event has been able to make a huge difference in the lives of cancer patients in Algoa FM's broadcast area. A total of R210 000 was donated to the PE branch of CHOC (Childhood Cancer Foundation South Africa) with the funds raised through the 2012/2013 events assisting with the creation and maintenance of the CHOC lodge that was created for the parents of children affected by cancer at the Dora Nginza Hospital



**BACK TO SCHOOL**

On the morning of the first day of school, the Algoa FM presenters and staff take a trip down memory lane, playing dress-up in their old school attire. This fun brand-building initiative allows the presenters to engage with listeners whilst letting their hair down for a really good cause as they collect donations of school uniforms and shoes at busy intersections across the station's broadcast area in exchange for a small gift of stationery. All donations received during the street collections are given to Community Chest in the Eastern Cape and the Lions Clubs who cover the Garden Route area.



**IRONMAN**

Algoa FM is the proud media partner to the internationally recognised event; IRONMAN South Africa that takes place on the beautiful coast lines of the Nelson Mandela Bay. This challenging triathlon encompasses a 3.8 km Swim, 180.2 km Bike and 42.2 km Run, all to be completed consecutively within 17 hours –deeming it the toughest one-day endurance event in the world. Organisers celebrated the event's 10th anniversary this year on the sandy beaches of this historically rich coastal city of South Africa. It had filled 2000 available slots in only six months after opening registration, it had an estimated 80 000 spectators on the Sunday with a total of R60 751 517 direct spend in Port Elizabeth in 2014 alone and in addition R2.1 million rand was raised with the Ironman4theKidz Charities.



**NMMU COLLECTIVE FASHION SHOW**

Algoa FM was the proud partner to the Nelson Mandela Metropolitan University's Collective Fashion Show in October last year. The initiative was launched on the 17th and highlighted cutting-edge design and the creativity in photography, fashion, textile; and interior and graphic design. The finale of the exhibition concluded in a catwalk extravaganza of trendy textiles, garments and mohair knitwear on Friday, 25 October that was hosted at the Goldfields Auditorium at NMMU. This exhibition and fashion show provides the young graduates with the opportunity to be recognised on an elevated platform amongst their peers and professionals in the field of fashion and design.





# 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

# 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 13 to 20 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 8.

## 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	–	–
<b>Total remuneration</b>	<b>3 098</b>	<b>2 467</b>	<b>558</b>	<b>624</b>
<b>Paid by the company</b>	<b>3 098</b>	<b>2 467</b>	<b>558</b>	<b>624</b>
<b>Total remuneration</b>	<b>3 098</b>	<b>2 467</b>	<b>558</b>	<b>624</b>

\* Independent non-executive director

\*\* Executive director

## Breakdown of executive directors' salaries

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

	2014 Options	2013 Options
<b>SHARE OPTIONS</b>		
AJ Isbister	50 000	50 000
M Mynhardt	25 000	50 000
<b>Unit allocation</b>	<b>Units</b>	
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 20.

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).



## DIRECTORS' REPORT (continued)

### **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 of the full annual report available for download on the company's website.

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.

# STATEMENTS OF FINANCIAL POSITION

as at 31 March 2014

	GROUP		COMPANY	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>99 570</b>	<b>95 314</b>	<b>96 100</b>	<b>85 972</b>
Property, plant and equipment	35 758	34 881	12 566	12 617
Goodwill	39 780	39 780	–	–
Investment in subsidiaries	–	–	66 983	57 292
Investment in associated companies	3 046	2 953	–	–
Other financial instruments	9 226	9 225	15 264	15 028
Deferred taxation	11 760	8 475	1 287	1 035
<b>Current assets</b>	<b>163 840</b>	<b>146 552</b>	<b>82 648</b>	<b>68 425</b>
Trade receivables	49 394	64 230	–	–
Other receivables	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
<b>Total assets</b>	<b>263 410</b>	<b>241 866</b>	<b>178 748</b>	<b>154 397</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Total equity</b>	<b>175 842</b>	<b>161 007</b>	<b>171 297</b>	<b>148 225</b>
Share capital	8 160	8 171	8 277	8 288
Share premium	12 921	13 742	14 571	15 392
Non-distributable reserve	–	–	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	–	–
<b>Non-current liabilities</b>	<b>–</b>	<b>41</b>	<b>–</b>	<b>–</b>
Interest-bearing borrowings	–	41	–	–
<b>Current liabilities</b>	<b>87 568</b>	<b>80 818</b>	<b>7 451</b>	<b>6 172</b>
Trade payables	24 962	37 215	80	167
Other payables	58 326	41 828	6 351	4 922
Dividend payable	1 020	915	1 020	915
Operating lease accrual	105	62	–	–
Interest-bearing borrowings	–	74	–	–
Taxation	3 155	724	–	168
<b>Total equity and liabilities</b>	<b>263 410</b>	<b>241 866</b>	<b>178 748</b>	<b>154 397</b>

# STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2014

	GROUP		COMPANY	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>Revenue</b>	<b>242 524</b>	<b>216 688</b>	<b>4 890</b>	<b>4 920</b>
Cost of sales	(62 275)	(56 065)	–	–
Gross profit	<b>180 249</b>	<b>160 623</b>	<b>4 890</b>	<b>4 920</b>
Operating expenses	(119 684)	(107 249)	(8 456)	(9 842)
Operating profit/(loss)	<b>60 565</b>	<b>53 374</b>	<b>(3 566)</b>	<b>(4 922)</b>
Investment income	1 750	1 930	49 408	53 870
Finance income	4 508	3 070	2 834	1 867
Finance costs	(53)	(73)	–	–
Share of profits/(losses) attributable to associates	343	(27)	–	–
Net profit before taxation	<b>67 113</b>	<b>58 274</b>	<b>48 676</b>	<b>50 815</b>
Taxation	(18 490)	(16 670)	82	(395)
<b>Total comprehensive income for the year</b>	<b>48 623</b>	<b>41 604</b>	<b>48 758</b>	<b>50 420</b>
<b>Attributable to:</b>				
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)	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
<b>Issued capital</b>	<b>8 160</b>	<b>8 171</b>	<b>8 277</b>	<b>8 288</b>
Balance at beginning of year	8 171	8 171	8 288	8 288
Shares repurchased and cancelled	(11)	–	(11)	–
<b>Share premium</b>	<b>12 921</b>	<b>13 742</b>	<b>14 571</b>	<b>15 392</b>
Balance at beginning of year	13 742	13 742	15 392	15 392
Shares repurchased and cancelled	(821)	–	(821)	–
<b>Non-distributable reserve</b>	<b>–</b>	<b>–</b>	<b>20 244</b>	<b>20 244</b>
Balance at beginning of year	–	–	20 244	20 244
<b>Retained earnings</b>	<b>152 749</b>	<b>134 663</b>	<b>128 205</b>	<b>104 301</b>
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)
<b>Non-controlling interest holders</b>	<b>2 012</b>	<b>4 431</b>	<b>–</b>	<b>–</b>
Balance at beginning of year	4 431	7 148	–	–
Comprehensive income for year	5 766	3 710	–	–
Share of dividend	(8 185)	(6 427)	–	–
<b>Total equity</b>	<b>175 842</b>	<b>161 007</b>	<b>171 297</b>	<b>148 225</b>

# STATEMENTS OF CASH FLOWS

for the year ended 31 March 2014

	GROUP		COMPANY	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>Cash flows from operating activities</b>	<b>62 546</b>	<b>44 579</b>	<b>(1 535)</b>	<b>(302)</b>
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	13 295	2 690	(930)	144
– increase in trade and other payables	9 165	(8 000)	(2 377)	(6)
Cash generated/(utilised) by operations	4 130	10 690	1 447	150
Net interest received	77 343	60 397	(3 989)	(2 125)
Taxation paid	4 455	2 997	2 834	1 867
<b>Cash flows from investing activities</b>	<b>(2 200)</b>	<b>(8 356)</b>	<b>47 193</b>	<b>46 179</b>
Decrease/(increase) in investments and loans	(19 252)	(18 815)	(380)	(44)
Purchase of property, plant and equipment	248	(3)	(10 372)	1 774
Proceeds on disposal of property, plant and equipment	(4 443)	(9 833)	(11)	(15)
Dividends received	127	–	–	–
Repurchase of shares	2 700	1 480	58 408	44 420
<b>Cash flows from financing activities</b>	<b>(32 851)</b>	<b>(14 549)</b>	<b>(24 854)</b>	<b>(8 150)</b>
Dividend paid to equity holders	(832)	–	(832)	–
Dividend paid to non-controlling interest holder	(24 666)	(8 122)	(24 854)	(8 150)
	(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
<b>Cash and cash equivalents at end of year</b>	<b>106 279</b>	<b>78 784</b>	<b>78 355</b>	<b>57 551</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

	GROUP		COMPANY	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>1. SHARE CAPITAL</b>				
<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)	–	–
	<b>8 160</b>	<b>8 171</b>	<b>8 277</b>	<b>8 288</b>

## 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.

## 2. 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 21. The directors are listed in the Directors' report. Details of key management are listed on page 3.

### Related party transactions

Details of the directors' remuneration are listed in the Directors' report. Trading transactions occur between subsidiaries and divisions within the group companies and are reversed on consolidation of the accounts. Details of such transactions, including loans, other receivables, management fees, rental and dividends are detailed below:

	COMPANY	
	2014 R'000	2013 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

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

## 2. RELATED PARTIES (CONTINUED)

	COMPANY	
	2014 R'000	2013 R'000
<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

	GROUP		COMPANY	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>Associates' loan</b>				
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	–
	<b>7 826</b>	<b>5 419</b>

Details of guarantees between the holding company and its subsidiaries are contained in note 3 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.

### 3. 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.

### 4. SEGMENTAL REPORTING

	Radio broadcasters		Sales houses		Company		Group total	
	2014	2013	2014	2013	2014	2013	2014	2013
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Revenue</b>								
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
<b>Profitability</b>								
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
<b>Assets</b>								
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
<b>Liabilities</b>								
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

# NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

	COMPANY	
	2014 R'000	2013 R'000
<b>5. INVESTMENT IN SUBSIDIARIES</b>		
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
	<b>76 276</b>	<b>66 585</b>
Provision for impairment in subsidiaries	(9 293)	(9 293)
	<b>66 983</b>	<b>57 292</b>

\* 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
<b>6. INVESTMENT IN ASSOCIATED COMPANIES</b>				
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)		
	<b>3 046</b>	<b>2 953</b>		

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.

## 7. REPORT OF THE INDEPENDENT AUDITOR

Grant Thornton (Jhb) Inc.'s unqualified auditor's report included in the annual consolidated financial statements of the full Annual Report is available for inspection at the company's registered office.

# ANALYSIS OF SHAREHOLDING

for the year ended 31 March 2014

	Number of shares held '000	Shares held %	Number of share- holders	Share- holder %
<b>Size of shareholding</b>				
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
<b>Total</b>	<b>8 277</b>	<b>100,0</b>	<b>560</b>	<b>100,0</b>
<b>Category</b>				
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
<b>Total</b>	<b>8 277</b>	<b>100,0</b>	<b>560</b>	<b>100,0</b>
<b>Shareholder spread</b>				
Non-public shareholders:				
AME Broadcasting (Pty) Limited	28	0,3	1	0,2
AME Share Incentive Trust	89	1,1	1	0,2
Shareholders holding more than 5% of the issued ordinary shares:				
– Moolman and Coburn Partnership	2 053	24,8	1	0,2
– Golden Hind Partnership	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
<b>Total</b>	<b>8 277</b>	<b>100,0</b>	<b>560</b>	<b>100,0</b>

## Directors' interests

There are no directors holding, directly or indirectly, in excess of 1% of the issued shares of the company on 31 March 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 10 (which beneficial interests have not changed since 31 March 2014. There are no non-beneficial interests);
- major shareholders on page 21;
- material changes in the nature of the company's trading or financial position post 31 March 2014 on page 11; and
- the Share Capital note 1 on page 17.

### 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
<b>Board</b>	
Chairman	18 000
Other	12 600
<b>Audit and risk committee</b>	
Chairman	12 000
Other	8 450
<b>Remuneration, human resources and transformation committee</b>	
Chairman	12 000
Other	8 450
<b>Social and ethics committee</b>	
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
<b>Ordinary resolutions</b>			
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			
<b>Special resolutions</b>			
1 To approve the general authority for the company and/or a subsidiary to acquire the company's own shares			
2 To approve the remuneration of the non-executive directors			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2014

Signature \_\_\_\_\_

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

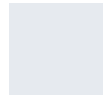
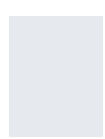
Each AME shareholder is entitled to appoint one or more proxy/ies (who need not be a shareholder/s of the company) to attend, speak and vote in his or her stead at the annual general meeting.

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