ANNUAL REPORT

09

AFRICAN MEDIA ENTERTAINMENT

CONTENTS

GROUP PROFILE

AFRICAN MEDIA ENTERTAINMENT

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

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

AME's operations are:

Radio broadcasters:

OFM

Covering Central South Africa – Free State,
Northern Cape, North-West Province and Vaal Triangle

Algoa FM

Covering the Eastern and Southern Cape

Radio advertising companies:

United Stations

Specialist radio sales house operating countrywide

Radio Heads

Radio specialist focused on branded content and direct response radio

DIRECTORATE AND EXECUTIVE

Board of directors

ACG ("Connie") Molusi (47)
Non-executive Chairman
BJournalism, MA
Appointed 18 March 2004

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

Zenwill Lacob (60)
Non-executive director
BA LLB (Wits), LLB (Jerusalem), LLM (Wits)
Appointed 5 June 2002

Zenwill is a senior lawyer with extensive commercial, corporate and media experience. Zenwill has practised law in South Africa for thirty years.

Martinus J Prinsloo (54)
Non-executive director
BCom (Law), CA(SA)
Appointed 13 November 2003

Inus has spent many years in the merchant banking industry and now runs his own practice as a corporate financial advisor.

Wilfred Tshuma (39)
Non-executive director
BCom (Hons) (Zimbabwe)
Appointed 7 July 2004

Wilfred has held internal audit and financial positions with a number of banks. He now runs his own business as a property investment consultant.

Navin Sooka (56)
Non-executive director
BComm, BCompt (Hons), CA(SA)
Appointed 26 September 2008

Navin has extensive experience in financial positions in the manufacturing industry and within the corporate environment. He was appointed Company Secretary of AME in June 2005.

Linda Thango (39)
Non-executive director
BA (Hons) Literature (UNP)
Appointed 8 March 2005

Linda resigned from the board in May 2009.

Executive management

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

Rivak Bunce (47)
United Stations and Radio Heads

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

David Tiltmann (44)
Umoya Communications – Algoa FM

David obtained his BCom from UPE in 1986. He began working for Algoa FM as a freelance announcer in 1989 and has held positions as Music Manager, Programme Manager and Operations Manager since then. He was appointed Managing Director of the station in February 2000.

Gary Stroebel (35)
Seyalemoya Communications – OFM
BA (Communication)

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.

Michelle Mynhardt (36)
AME Group Finance Executive
BCompt (Hons), CA(SA)

Michelle joined the group in April 2009 to head up the Finance Department in Johannesburg. She has experience in financial positions in the security and market research.

CHAIRMAN'S REPORT

Review of the 17-month period

Due to the change in year end, the 17-month period ended 31 March 2009, is not comparable to the year ended 31 October 2007. The growth in earnings of the radio stations during the first twelve months of the period were not sustained in the last five months. National advertising revenues declined whilst local advertising revenues showed some growth. Revenue for the period was R216,4 million with a profit of R40,7 million.

Net finance income grew to R9,2 million. The loss from associates, including M-Power Radio FM (which went live in Mpumalanga during December 2007) and Mahareng Publishing, is in line with expectations.

The decline in the economy impacted negatively on Algoa FM's national advertising revenues. Local revenue increased marginally. The automotive industry has long been and continues to be the most important advertising category in the footprint of Algoa FM.

Algoa FM's latest Radio Audience Measurement Survey listenership figures reflect a year-on-year growth of 4,3% from 799 000 to 834 000. The All Media Product Survey (AMPS) pegs Algoa FM at 3% of the total radio universe, which makes it the 9th biggest commercial station in South Africa, by listenership.

OFM continued to show positive growth in audience to 578 000, however, the economic climate negatively affected national advertising revenues which was partially offset by direct sales. With a tight focus on cost control, OFM improved its profit after tax year-on-year.

The OFM brand continues to receive good national (and international) exposure with its media sponsorship of the Cheetahs, Griquas (Vodacom Cup Champions 2009), Leopards (promoted to Currie Cup Premier Division) and the Griffons (Currie Cup First Division Champions 2008). The Eagles played in two finals and were second on the SuperSport log.

Specialist media sales house United Stations incurred a loss mainly as a result of the significant investments in taking new radio stations on board. This, combined with the general decline in advertising spending which started to contract mid-year 2008, overshadowed some noteworthy successes. United Stations achieved several major goals that have positioned the company well to tackle what promises to continue to be difficult trading conditions for the remainder of 2009.

Radio Heads is a team of radio specialists offering radio skills specifically in the provision of Branded Content, Station Imaging, Creative, Campaign management and Direct Response Radio solutions.

The group generated R55,3 million in cash from its operating activities, of which R8,4 million has been invested in the acquisition of new office premises in Johannesburg and R3,6 million in equipment. After paying tax of R17,9 million and a dividend of R17,3 million, the group ended the period with cash resources of R53,6 million.

The profit attributable to ordinary shareholders amounted to R34,4 million (2007: R23,9 million) with earnings per share of 402,8 cents (2007: 279.4 cents) increasing by 44% over the previous year. Headline earnings per share were 403,2 cents (2007: 278,8 cents) increasing by 44% over the previous year.

A special dividend of 200 cents per share was declared on 27 March 2009, and was paid to shareholders registered on 9 April 2009. Cash resources are retained to fund organic growth opportunities that may arise from new primary radio licences.

Given the prevailing weak economic environment and low business confidence, the board is of the view that the trading environment over the next twelve months remains challenging.

ACG Molusi
Non-executive Chairman

21 September 2009

CORPORATE GOVERNANCE

AME supports the principles set out in the King II Report on Corporate Governance and, where appropriate to the group, is committed to the implementation of these principles.

As a result of the size of the group, it has been neither appropriate nor financially expedient to set up the expensive structures envisaged by the King Report, e.g. internal audit. However, where the group's resources have allowed, compliance has been achieved in the following areas:

Board of directors

The board presently comprises five non-executive and independent directors and is scheduled to meet a minimum of four times in the year. During the period under review it met a total of six times.

Board meeting attendance

	Jan 2008	Mar 2008	Jun 2008	Sep 2008	Dec 2008	Mar 2009
ACG Molusi	✓	✓	A	✓	A	✓
Z Lacob	✓	✓	✓	✓	✓	✓
MJ Prinsloo	✓	✓	✓	✓	✓	✓
N Sooka	✓	✓	✓	✓	✓	✓
W Tshuma	✓	✓	✓	✓	✓	✓
L Thango	X	X	A	X	A	A

X – did not attend
A – apology

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 the end of the period and their operations and cash flows for the 17 months ended 31 March 2009. The external auditors are responsible for reporting on the fair presentation of these financial statements.

The financial statements set out in this report have been prepared by the directors in accordance with International Financial Reporting Standards. They are based on appropriate accounting policies, which have been consistently applied and which are supported by reasonable and prudent judgements and estimates. The directors also prepare the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements. The financial statements have been audited by independent auditors, PKF (Jhb) Inc, who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that representations made to the independent auditors during their audit were valid and appropriate.

Risk management

The purpose of risk 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.

Audit committee

The committee presently comprises:

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

Financial executives of the group's subsidiaries and the independent auditors attend all meetings by invitation. The committee meetings focus on financial reporting requirements, both internal and external, and review fees charged by the independent auditors (for audit and consulting assignments) and directors for their professional services beyond their roles as directors, and the appointment of the independent auditors. At present the committee does not have a written charter. The audit committee members have considered and are of the opinion that they are adequately independent from the company and group, and managements thereof, within the full spirit of the Code of Corporate Practices and Conduct.

Audit committee meeting attendance

	Jan 2008	Jun 2008	Dec 2008
MJ Prinsloo	✓	✓	✓
N Sooka	✓	✓	✓
W Tshuma	✓	✓	✓

CORPORATE GOVERNANCE (continued)

Remuneration committee

The committee presently comprises:

- Z Lacob (*Chairman)* – non-executive director
- MJ Prinsloo *(Member)* – non-executive director
- N Sooka (*Member)* – non-executive director
- W Tshuma *(Member)* – non-executive director
- K Reed (*Member)* – financial director Algoa FM
- M Vermeulen (M*ember)* – financial director OFM

The committee comprises four non-executive and independent directors and representatives from the group's subsidiary companies.

The committee makes proposals regarding remuneration paid to executive directors. It also reviews management's remuneration policies and makes recommendations on the remuneration to the group's staff, particularly incentive-based remuneration.

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

Remuneration committee meeting attendance

	Dec 2007	Feb 2008	Nov 2008	Feb 2009
Z Lacob	✓	✓	A	A
MJ Prinsloo	✓	✓	✓	✓
N Sooka	✓	✓	✓	✓
W Tshuma	✓	✓	A	✓
K Reed	✓	✓	✓	✓
M Vermeulen	✓	✓	✓	✓

A – apology

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 for the group's assets and its 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. Due to the high quality of our staff and their level of education, the board does not believe that there is a greater chance of losing staff from HIV/AIDS than from any other medical condition.

However, it is accepted that the threat of HIV/AIDS to the country is real and the board will continue to consider any impact on the group's staff.

Going concern

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

Company secretarial and professional advice

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

ADMINISTRATION

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

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

Bankers
ABSA Corporate and Merchant Bank
2nd Floor, Absa Towers North
180 Commissioner Street
Johannesburg 2001

Legal advisors
Zenwill Lacob Attorneys
32 St John Road
Houghton
Johannesburg 2198

Fluxmans Attorneys
11 Biermann Avenue
Rosebank
Johannesburg 2196

Secretary and registered office
N Sooka
Block A, Oxford Office Park
No. 5, 8th Street
Houghton Estate
Johannesburg 2198

PO Box 3014, Houghton 2041

Sponsor
Arcay Moela Sponsors (Pty) Limited
Registration number 2006/033725/07
Arcay House, 3 Anerley Road
Parktown
Johannesburg 2193

PO Box 62397, Marshalltown 2107

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

PO Box 61051, Marshalltown 2107

Telephone: +27 11 370 5000
Telefax: +27 11 668 7721

STATEMENT OF RESPONSIBILITY AND APPROVAL BY THE BOARD OF DIRECTORS

The directors are required by the Companies Act of South Africa, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 external auditors are engaged to express an independent opinion on the financial statements. The 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 group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company.

While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined 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 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 2010 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future. The external auditors, PKF Inc, have audited the financial statements for the 17 months ended 31 March 2009 and their unqualified report appears on page 9.

The financial statements set out on pages 10 to 34, 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
Non-executive Chairman

21 September 2009

DECLARATION BY COMPANY SECRETARY

In terms of section 268 G(d) of the Companies Act, 1973, as amended, I certify that the company has, or will shortly, lodge with the Registrar of Companies, all such returns as are required by the Companies Act.

N Sooka
Company Secretary

21 September 2009

REPORT OF THE INDEPENDENT AUDITORS

To the members of
African Media Entertainment Limited

We have audited the accompanying financial statements and group financial statements of African Media Entertainment Limited, which comprise the directors' report, consolidated and separate balance sheets as at 31 March 2009 and the consolidated and separate income statements, statements of changes in equity and cash flow statements for the 17 months then ended, a summary of significant accounting policies and other explanatory notes, set out on pages 10 to 34.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973.

This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 financial statements fairly present, in all material respects, the consolidated and separate financial position of African Media Entertainment Limited as at 31 March 2009 and its consolidated and separate financial performance and cash flows for the 17 months then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act in South Africa.

PKF (Jhb) Inc.

PKF (Jhb) Inc.
Registration No. 1994/001166/21

Director: RJ Lawson
Chartered Accountants (SA)
Registered Auditor

21 September 2009
Sandton

DIRECTORS' REPORT

for the 17 months ended 31 March 2009

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 page 13 of this report. A review of the group's results and performance of the business units is given in the Chairman's report on page 4.

Dividends

A special dividend of 200 cents per share (2007: 200 cents) was declared on 27 March 2009 and paid on 14 April 2009.

Share capital

Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the period under review.

Directorate and secretary

Details of the directorate are given on page 3 of this report. Details of their remuneration is set out below:

	Fees 2009 R'000	Fees 2007 R'000
ACG Molusi (*non-executive*)	**54**	15
Z Lacob (*non-executive*)	**89**	54
MJ Prinsloo (*non-executive*)	**180**	60
N Sooka (*non-executive*) appointed 26 September 2008	**84**	–
W Tshuma (*non-executive*)	**68**	30
L Thango (*non-executive*) resigned May 2009	**8**	12
Total remuneration	**483**	171
Paid by the company	**449**	130
Paid by the subsidiaries	**34**	41
Total remuneration	**483**	171

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

None of the directors of the company have a director's service contract with the company.

As at 31 March 2009, the aggregate direct and indirect, beneficial and non-beneficial interests of the directors in the fully paid issued share capital of the company, was nil (2007: nil). There has been no material change in the directors' interests in the issued share capital between 31 March 2009 and the date of this report.

Property, plant and equipment

The group acquired property, plant and equipment at a cost of R12 495 000 (2007: R3 512 000) during the financial period 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.

Post-balance sheet events

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

Investment in subsidiary companies

The financial information in respect of the company's interest in its major subsidiary companies is set out in note 5 on page 24 of the financial statements.

The aggregate profits and losses after taxation of the subsidiaries attributable to the company amounted to R32 665 000 (2007: R23 067 000).

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, excluding any directors, are detailed in note 21. No options were exercised or exercisable in the current financial year.

The share scheme presently holds 89 275 (2007: 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 862 831 ordinary ordinary shares, can be utilised for purposes of the scheme at 31 March 2009. The group has discontinued the separate share schemes operated by its Radio Station subsidiary companies.

BALANCE SHEETS

as at 31 March 2009

	Notes	Group 31 March 2009 R'000	Group 31 October 2007 R'000	Company 31 March 2009 R'000	Company 31 October 2007 R'000
ASSETS					
Non-current assets		**53 793**	41 308	**69 217**	58 833
Property, plant and equipment	3	**15 457**	6 184	**8 234**	–
Goodwill	4	**30 431**	30 426	**–**	–
Investment in subsidiaries	5	**–**	–	**54 516**	56 800
Investment in associated companies	6	**1 643**	1 170	**2 167**	1 495
Other financial instruments	7	**2**	2	**2 100**	538
Deferred taxation	8	**6 260**	3 526	**2 200**	–
Current assets		**84 813**	84 135	**36 544**	23 782
Trade receivables	9	**29 991**	38 721	**13**	–
Other receivables		**1 204**	1 248	**1 468**	899
Cash and bank balances		**53 618**	44 166	**35 063**	22 883
Total assets		**138 606**	125 443	**105 761**	82 615
EQUITY AND LIABILITIES					
Total equity		**86 546**	68 705	**81 414**	60 817
Share capital	10	**8 539**	8 539	**8 628**	8 628
Share premium		**31 909**	31 909	**32 356**	32 356
Retained earnings/(losses)		**39 803**	22 662	**18 449**	(493)
Non-distributable reserve	11	**1 608**	861	**21 981**	20 326
Equity attributable to equity holders of the company		**81 859**	63 971	**81 414**	60 817
Minority interest		**4 687**	4 734	**–**	–
Non-current liabilities		**1 173**	1 081	**–**	–
Operating lease accrual	12	**923**	675	**–**	–
Interest-bearing borrowings	13	**250**	406	**–**	–
Current liabilities		**50 887**	55 657	**24 347**	21 798
Trade payables		**15 529**	24 216	**1 939**	1 082
Other payables		**13 987**	10 927	**3 514**	3 459
Dividend payable		**17 257**	17 257	**17 257**	17 257
Operating lease accrual	12	**362**	311	**–**	–
Interest-bearing borrowings	13	**114**	93	**–**	–
Taxation		**3 638**	2 853	**1 637**	–
Total equity and liabilities		**138 606**	125 443	**105 761**	82 615

INCOME STATEMENTS

for the 17 months ended 31 March 2009

Pro forma Unaudited Group 12 months to 31 March 2009 R'000	Pro forma Unaudited Group 12 months to 31 March 2008 R'000		Notes	Group 17 months to 31 March 2009 R'000	Group 12 months to 31 October 2007 R'000	Company 17 months to 31 March 2009 R'000	Company 12 months to 31 October 2007 R'000
150 894	160 920	**Revenue**	15	216 386	141 101	7 774	5 264
(46 418)	(53 289)	Cost of sales		(66 550)	(39 166)	–	–
104 476	107 631	Gross profit		149 836	101 935	7 774	5 264
–	–	Other operating income		–	250	–	–
(72 220)	(70 382)	Operating expenses		(100 542)	(63 510)	(10 271)	(5 909)
32 256	37 249	Operating profit/(loss)	16	49 294	38 675	(2 497)	(645)
–	–	Investment income	17	–	–	38 061	15 643
7 174	5 417	Finance income	17	9 678	4 656	3 666	1 438
(438)	(448)	Finance costs	17	(517)	(455)	–	–
–	–	Provision for losses in subsidiaries		–	–	(3 594)	2 562
(619)	(441)	Losses attributable to associates		(1 900)	(325)	–	–
38 373	41 777	Net profit before taxation		56 555	42 551	35 636	18 998
(10 768)	(13 539)	Taxation	18	(15 901)	(13 664)	563	–
27 605	28 238	**Profit for the period**		40 654	28 887	36 199	18 998
		Attributable to:					
3 978	4 120	Minority interest		6 257	5 028	–	–
23 627	24 118	Equity holders of the company		34 397	23 859	36 199	18 998
276,7	282,4	Earnings per share (cents)	19	402,8	279,4		
277,1	281,8	Headline earnings per share (cents)	19	403,2	278,8		
272,4	279,6	Diluted earnings per share (cents)	19	396,6	276,6		
272,8	279,0	Diluted headline earnings per share (cents)	19	397,0	276,0		

The previous period's comparatives for revenue, cost of sales, operating expenses and finance income have been restated due to reclassification of certain revenue and expense items that had previously been netted off. The profit for the prior period remains unchanged.

STATEMENTS OF CHANGES IN EQUITY

for the 17 months ended 31 March 2009

	Group		Company	
	31 March 2009 R'000	31 October 2007 R'000	31 March 2009 R'000	31 October 2007 R'000
Issued capital	**8 539**	8 539	**8 628**	8 628
Balance at beginning of period	**8 628**	8 628	**8 628**	8 628
Consolidation of share trust	**(89)**	(89)	–	–
Share premium	**31 909**	31 909	**32 356**	32 356
Balance at beginning of period	**32 356**	32 356	**32 356**	32 356
Consolidation of share trust	**(447)**	(447)	–	–
Retained earnings/(losses)	**39 803**	22 662	**18 449**	(493)
Balance at beginning of period	**22 662**	16 060	**(493)**	(2 234)
Profit for the period	**34 397**	23 859	**36 199**	18 998
Dividend declared	**(17 256)**	(17 257)	**(17 257)**	(17 257)
Non-distributable reserve	**1 608**	861	**21 981**	20 326
Balance at beginning of period	**861**	172	**20 326**	15 640
Share-based payment reserve	**747**	689	**93**	66
Fair value adjustment on available for sale financial assets – loan to subsidiaries	–	–	**1 562**	4 620
Minority interest	**4 687**	4 734	–	–
Balance at beginning of period	**4 734**	4 207	–	–
Share of dividend	**(5 902)**	(4 303)	–	–
Change in shareholding	**(402)**	(198)	–	–
Share of earnings	**6 257**	5 028	–	–
Total equity	**86 546**	68 705	**81 414**	60 817

CASH FLOW STATEMENTS

for the 17 months ended 31 March 2009

		Group		Company	
	Notes	31 March 2009 R'000	31 October 2007 R'000	31 March 2009 R'000	31 October 2007 R'000
Cash flows from operating activities		**46 583**	29 440	**39 653**	15 672
Profit before taxation		**56 555**	42 551	**35 636**	18 998
Adjustments		**(4 430)**	(1 669)	**21**	(3 934)
– interest received		**(9 678)**	(4 656)	**(3 666)**	(1 438)
– interest paid		**517**	455	**–**	–
– depreciation		**3 139**	1 955	**–**	–
– loss/(profit) on disposal of property, plant and equipment		**36**	(51)	**–**	–
– reduction in lease accrual		**(568)**	(110)	**–**	–
– finance lease payments		**(124)**	(75)	**–**	–
– profit on disposal of investments		**–**	(2)	**–**	(2)
– profit on disposal of businesses		**(399)**	(199)	**–**	–
– share-based payments reserve	21	**747**	689	**93**	66
– provision for losses in subsidiaries		**–**	–	**3 594**	(2 560)
– losses attributable to associates		**1 900**	325	**–**	–
Operating profit before working capital changes		**52 125**	40 882	**35 657**	15 064
		3 147	(2 006)	**330**	(830)
– decrease/(increase) in trade and other receivables		**8 774**	(15 384)	**(582)**	(493)
– (decrease)/increase in trade and other payables		**(5 627)**	13 378	**912**	(337)
Cash generated by operations		**55 272**	38 876	**35 987**	14 234
Net interest received		**9 161**	4 201	**3 666**	1 438
Taxation paid	20	**(17 850)**	(13 637)	**–**	–
Dividend paid to equity holders		**(17 257)**	–	**(17 257)**	–
Cash flows from investing activities		**(13 972)**	(4 821)	**(10 216)**	(2 334)
Increase in investments and loans		**(2 378)**	(1 494)	**(1 982)**	(2 334)
Purchase of property, plant and equipment		**(11 639)**	(3 396)	**(8 234)**	–
Proceeds on disposal of property, plant and equipment		**45**	69	**–**	–
Cash flows from financing activities		**(5 902)**	(4 302)	**–**	–
Dividends paid to minority		**(5 902)**	(4 302)	**–**	–
Net increase in cash and cash equivalents		**9 452**	20 317	**12 180**	13 338
Cash and cash equivalents at beginning of period		**44 166**	23 849	**22 883**	9 545
Cash and cash equivalents at end of period		**53 618**	44 166	**35 063**	22 883

NOTES TO THE FINANCIAL STATEMENTS

for the 17 months ended 31 March 2009

1. Accounting policies

1.1 Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS). The financial statements are prepared under the historical cost convention, except for certain financial instruments that are stated at fair value.

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

1.2 Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement 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.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's 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.

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 annually 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.

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. Deferred tax assets are recognised on Secondary Tax on Companies credits only to the extent it is probable that future dividends will utilise these credits.

Impairment of assets

Goodwill is considered for impairment at least annually. Property, plant and equipment are considered for impairment if there is reason to believe that an impairment may be necessary. The future cash flows expected to be generated by the assets are projected taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current carrying value and, if lower, the assets are impaired to the present value.

Options granted

Management used the Black-Scholes Merton Option Valuation Model to determine the fair value of the options at issue date. Additional details regarding the estimates are included in note 21 – Share-based payments.

1.4 Goodwill

Goodwill is initially measured as the excess in 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.

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 profit or loss.

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 income statement. Costs include costs incurred initially to acquire an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service 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:

- electronic equipment 20% – 33%
- motor vehicles 20% – 25%
- office equipment 10% – 20%
- leasehold improvements period of the lease

The carrying values of property, plant and equipment are reviewed 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 profit or loss immediately.

Leasehold improvements are depreciated over the shorter of the lease term and the useful life of the asset. The useful lives and residual values of property, plant and equipment are assessed annually and subsequently carried at cost less accumulated depreciation and impairment.

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

1.6 Investments in subsidiaries

In the company's separate financial statements, investments in subsidiaries are carried at cost less impairment. The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

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 Impairment of assets

The group assesses at each balance sheet date whether there is any indication that objective evidence exists that might indicate that a financial asset or group of financial 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.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Goodwill acquired in a business combination is, from the acquisition date, allocated 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 profit or loss.

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 profit and loss) is removed from equity and recognised in the income statement. Such impairment losses recognised in the income statement on such instruments are not reversed through the income statement.

1.8 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 income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the asset's 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 income statement on a straight-line basis over the period of the lease.

1.9 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 balance sheet date.

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

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Financial assets

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

Trade and other receivables are classified as loans and receivables and are measured at amortised cost, using the effective interest method, less provision for doubtful debts. Write-downs of these assets are expensed in profit and loss.

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

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

Financial liabilities

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

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

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

1.11 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.

1.12 Share-based payments

Services received in a share-based payment transaction are recognised as the services are received.

A corresponding increase in equity is recognised if the 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.

When the services received in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

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

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

For cash-settled share-based payment transactions, the 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 profit or loss for the period. The estimate of the number of options expected to vest is carried out at each balance sheet date. Any adjustments are made through profit and loss with a corresponding adjustment to equity.

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

Proceeds received net of any attributable transaction costs are credited to share capital and share premium when the options are exercised.

1.13 Translation of foreign currencies

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

At each balance sheet date:

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

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

1.14 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.

1.15 Borrowing cost

Borrowing costs are recognised as an expense in the period in which they are incurred.

2. Statements and interpretations not yet effective

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

– IAS 1, Presentation of Financial Statements (added disclosure about an entity's capital) (effective for years commencing on or after 1 January 2009). The revised IAS 1 requires an entity to disclose qualitative information about its objectives, policies and processes for managing capital and a summary of quantitative data about what it manages as capital requirements to which it is subject and when the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance. This standard has no impact on the figures presented in the income statement and balance sheet.

The following new Standards, amendments and interpretations will, at present, have no effect on the company.

		Annual periods beginning or after:
IFRS 1:	First-time Adoption of International Financial Reporting Standards	1 January 2009
IFRS 2:	Share-based Payment	1 January 2009
IFRS 3:	Business Combinations	1 July 2009
IFRS 5:	Non-current Assets Held-for-Sale and Discontinued Operations	1 July 2009
IFRS 7:	Financial Instruments: Disclosures	1 January 2009
IAS 1:	Presentation of Financial Statements	1 January 2009
IAS 8:	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2009
IAS 10:	Events after the Reporting Period	1 January 2009
IAS 16:	Property, Plant and Equipment	1 January 2009
IAS 18:	Revenue	1 January 2009

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the 17 months ended 31 March 2009

		Annual periods beginning or after:
IAS 19:	Employee Benefits	1 January 2009
IAS 20:	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2009
IAS 23:	Borrowing Costs	1 January 2009
IAS 27:	Consolidated and separate financial statements	1 January 2009
IAS 28:	Investments in Associates	1 January 2009
IAS 29:	Financial Reporting in Hyperinflationary Economies	1 January 2009
IAS 31:	Interests in Joint Ventures	1 January 2009
IAS 32:	Financial Instruments: Presentation	1 January 2009
IAS 34:	Interim Financial Reporting	1 January 2009
IAS 36:	Impairment of Assets	1 January 2009
IAS 38:	Intangible Assets	1 January 2009
IAS 39:	Financial Instruments: Recognition and Measurement	1 January 2009
IAS 40:	Investment Property	1 January 2009
IAS 41:	Agriculture	1 January 2009
IFRIC 12:	Service Concession Arrangements	1 January 2008
IFRIC 13:	Customer Loyalty Programmes	1 July 2008
IFRIC 14:	The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction	1 January 2008
IFRIC 15:	Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16:	Hedges of a Net Investment in a Foreign Operation	1 October 2008
IFRIC 17:	Distributions of Non-Cash Assets to Owners	1 July 2009
IFRIC 18:	Transfer of Assets from Customers	1 July 2009

	Electronic equipment R'000	Office equipment R'000	Motor vehicles R'000	Leasehold improve-ments R'000	Freehold land and buildings R'000	Total R'000
3. PROPERTY, PLANT AND EQUIPMENT						
GROUP						
Period ended 31 March 2009						
Opening net book value	**2 561**	**1 102**	**788**	**86**	**1 647**	**6 184**
Additions	**2 575**	**1 091**	**–**	**1 569**	**7 260**	**12 495**
Depreciation	**(2 033)**	**(757)**	**(222)**	**(127)**	**–**	**(3 139)**
Disposals/transfers	**57**	**(65)**	**–**	**(75)**	**–**	**(83)**
Closing net book value	**3 160**	**1 371**	**566**	**1 453**	**8 907**	**15 457**
At 31 March 2009						
Cost	**10 461**	**3 320**	**1 195**	**1 569**	**8 907**	**25 452**
Accumulated depreciation	**(7 301)**	**(1 949)**	**(629)**	**(116)**	**–**	**(9 995)**
Net book value	**3 160**	**1 371**	**566**	**1 453**	**8 907**	**15 457**
Year ended 31 October 2007						
Opening net book value	2 866	1 074	598	107	–	4 645
Additions	1 284	245	336	–	1 647	3 512
Depreciation	(1 579)	(209)	(146)	(21)	–	(1 955)
Disposals/transfers	(10)	(8)	–	–	–	(18)
Closing net book value	2 561	1 102	788	86	1 647	6 184
At 31 October 2007						
Cost	8 559	2 379	1 195	189	1 647	13 969
Accumulated depreciation	(5 998)	(1 277)	(407)	(103)	–	(7 785)
Net book value	2 561	1 102	788	86	1 647	6 184
COMPANY						
Period ended 31 March 2009						
Additions	**–**	**62**	**–**	**912**	**7 260**	**8 234**
Closing net book value	**–**	**62**	**–**	**912**	**7 260**	**8 234**

Office equipment with a carrying value of R364 000 (2007: R499 000) is held in terms of Finance leases – see note 13.

	Group 2009 R'000	Group 2007 R'000	Company 2009 R'000	Company 2007 R'000
4. Goodwill				
Cost less accumulated impairment	**30 426**	**30 426**	**–**	–
Movement for the period				
Carrying value at beginning of period	**30 426**	30 428	**–**	–
Disposals	**–**	(2)	**–**	–
Carrying value at end of period	**30 426**	30 426	**–**	–

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

	Group 2009 R'000	Group 2007 R'000	Company 2009 R'000	Company 2007 R'000
5. Investment in subsidiaries				
Shares at cost less provision for write-down				
AME Broadcasting (Pty) Limited (Holding company)				
– 100 shares representing a 100% holding*			**–**	–
– Loan			**724**	724
United Stations (Pty) Limited (Radio Advertising Sales House)				
– 1 000 shares representing a 100% holding*			**–**	–
– Loan			**9 171**	7 536
Seyalemoya Communications (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)				
– 950 shares representing a 95% holding			**18 683**	18 683
Radio Heads Investment Holdings (Pty) Limited (Holding company)				
– 1 share representing a 0,1% holding*			**–**	–
Radio Heads (Pty) Limited (Radio Advertising Sales House)				
– 490 shares representing a 49% holding*			**–**	–
– Loan			**738**	1 063
			58 284	56 974
Provision for losses in subsidiaries			**(3 768)**	(174)
			54 516	56 800

** less than R1 000*

The loans to subsidiaries are unsecured and interest free. The subsidiary companies have an unconditional right to defer settlement of the loan for twelve months.

	Group 2009 R'000	Group 2007 R'000	Company 2009 R'000	Company 2007 R'000
6. Investment in associated company				
M-Power Radio (Pty) Limited (t/a Mpower FM)				
– 498 shares representing a 24,9% holding	**2 167**	1 495	**2 167**	1 495
Share of post acquisition loss	**(992)**	(325)	**–**	–
Mahareng Publishing (Pty) Limited				
– 500 shares representing a 50% holding	**1 701**	–	**–**	–
Share of post acquisition loss	**(1 233)**	–	**–**	–
	1 643	1 170	**2 167**	1 495
M-Power Radio has a June financial year end.				
Summary of the financial information:				
Total assets	**6 927**	5 366		
Total liabilities	**2 113**	663		
Accumulated loss	**3 984**	1 299		
Mahareng Publishing has a March financial year end.				
Summary of the financial information:				
Total assets	**1 668**			
Total liabilities	**4 134**			
Accumulated loss	**2 466**			
7. Other financial instruments				
Available for sale financial assets:				
Loan to Share Incentive Trust	**–**	–	**6 865**	6 865
Provision for diminution in value	**–**	–	**(4 767)**	(6 329)
Chestnut Hill Investments 265 (Pty) Limited				
– 1 247 (2007: 1 247) cumulative redeemable preference shares	**1 247**	1 247	**1 247**	1 247
– Provision for diminution in value	**(1 246)**	(1 246)	**(1 246)**	(1 246)
Before The Wind Investments 160 (Pty) Limited				
– 1 300 (2007: 1 300) cumulative redeemable preference shares	**1 300**	1 300	**1 300**	1 300
– Provision for diminution in value	**(1 299)**	(1 299)	**(1 299)**	(1 299)
	2	2	**2 100**	538

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

	Group 2009 R'000	Group 2007 R'000	Company 2009 R'000	Company 2007 R'000
8. Deferred taxation				
Balance at beginning of period	**3 526**	4 148	–	–
Movements during the period attributable to:				
– Temporary differences	**(303)**	399	**452**	–
– Computed tax losses	**3 037**	(1 021)	**1 748**	–
Balance at end of period	**6 260**	3 526	**2 200**	–
The balance comprises:				
Provision for leave pay	**474**	209	**37**	–
Income received in advance	**177**	148	–	–
Prepaid expenditure	**(157)**	(23)	**(20)**	–
Accelerated tax allowances	**(108)**	(11)	–	–
Lease accrual	**208**	286	–	–
Provisions other	**744**	1 008	**435**	
Fair value adjustment on receivables	**26**	50		
Computed tax losses	**4 896**	1 859	**1 748**	–
	6 260	3 526	**2 200**	–

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

Deferred tax assets that have not been recognised for unused tax losses of R nil (2007: R12 282 000).

	Average debtors' terms (days)	Group 2009 R'000	Group 2007 R'000	Company 2009 R'000	Company 2007 R'000
9. Trade receivables					
Trade accounts receivable		**32 410**	38 977	**13**	–
Allowance for impairment of receivables		**(2 419)**	(256)	–	–
		29 991	38 721	**13**	–
Exposure to credit risk: The maximum exposure to credit risk at the reporting date was		**32 410**	38 977	**13**	–
The maximum exposure to credit risk for gross trade receivables at the reporting date by type of customer was:					
Parastatals/Government	30	**889**	1 070	–	–
Corporates	30/60	**25 459**	28 724	**13**	–
SMMEs	30	**6 046**	9 180	–	–
Individuals	30	**16**	3	–	–
		32 410	38 977	**13**	–

		Group		Company	
		2009	2007	**2009**	2007
		R'000	R'000	**R'000**	R'000
9. Trade receivables (continued)					
The maximum exposure to credit risk for gross trade receivables at the reporting date by geographical region was:					
	Average debtors' terms (days)				
South Africa	30/60	**32 410**	38 977	**13**	–
Rest of Africa		**–**	–	**–**	–
		32 410	38 977	**13**	–
Within terms:					
Current		**16 187**	19 615	**13**	–
Due 30 days and less		**8 989**	11 816	**–**	–
Past due					
Due 30 to 60 days		**1 917**	2 607	**–**	–
Due 60 to 90 days		**3 772**	3 663	**–**	–
Due 90 days +		**1 545**	1 276	**–**	–
		32 410	38 977	**13**	–

Credit risk is minimised through an initial new client acceptance procedure whereby potential customers are individually assessed before an appropriate credit limit is allocated to the new client. The subsidiaries use a vetting agency who maintains current credit data on most companies in South Africa. Certain of the group's trade and other receivables have been ceded as security for MCC accreditation.

	2009 R'000	2007 R'000	**2009 R'000**	2007 R'000
Allowance for impairment of receivables:				
Balance at beginning of period	**(256)**	(243)		
Impairment loss recognised	**(2 159)**	(133)		
Impairment loss (provided)/reversed	**(4)**	120		
Balance at end of period	**(2 419)**	(256)	**–**	–
The following impairment losses were recognised:				
Financial difficulties/bankruptcy	**1 626**	253		
Absconded	**2**	–		
Dispute	**791**	3		
Balance at end of period	**2 419**	256	**–**	–

Listings of overdue customer balances are reviewed monthly and against their credit terms/limits. Customers exceeding their credit terms limits must settle their overdue balances before any further credit is extended. Appropriate action is taken to recover long overdue debts.

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

		Group		Company	
		2009	2007	**2009**	2007
		R'000	R'000	**R'000**	R'000
10.	**Share capital**				
	Authorised				
	15 000 000 ordinary shares of R1 each	**15 000**	15 000	**15 000**	15 000
	Issued				
	8 628 308 ordinary shares of R1 each	**8 628**	8 628	**8 628**	8 628
	Held by the AME Share Incentive Trust	**(89)**	(89)	**–**	–
		8 539	8 539	**8 628**	8 628
	Unissued shares				
	The 6 371 692 (2007: 6 371 692) unissued shares are under the control of the directors in terms of a resolution of members passed at the annual general meeting of shareholders on 7 May 2008. The authority is valid until the next annual general meeting.				
11.	**Non-distributable reserve**				
	Restatement of investment in subsidiaries	**–**	–	**15 624**	15 624
	Share-based payment reserve	**1 608**	861	**175**	82
	Fair value adjustment on available for sale financial assets reserve	**–**	–	**6 182**	4 620
		1 608	861	**21 981**	20 326
12.	**Operating lease accrual**				
	Liabilities for future rental payments	**1 285**	986	**–**	–
	Less: Current portion included in current liabilities	**362**	311	**–**	–
		923	675	**–**	–

	Group 2009 R'000	Group 2007 R'000	Company 2009 R'000	Company 2007 R'000
13. Interest-bearing borrowing				
Finance leases	**364**	499	–	–
Less: Current portion included in current liabilities	**114**	93	–	–
	250	406	–	–
The capitalised finance lease liability is secured by office equipment (note 3). Interest is charged at 11,5% per annum. The lease agreements provide for 61 monthly payments of R8 000 per month. The agreements do not provide for contingent rent payments.				
Reconciliation between the total minimum lease payments and their present value:				
Minimum lease payments due:				
– within one year	**154**	155	–	–
– in second to fifth year inclusive	**273**	496	–	–
– later than five years	–	–	–	–
	427	651	–	–
Less: Future finance charges	**63**	152	–	–
Present value of minimum lease payments	**364**	499	–	–

14. Bank facilities

The banking facilities for debit order transactions of the group are secured by limited suretyships.

	Group 2009 R'000	Group 2007 R'000	Company 2009 R'000	Company 2007 R'000
15. Revenue				
Commercial advertising	**216 386**	141 101	–	–
Management fees received from subsidiaries	–	–	**6 564**	4 584
Training and development fee from associate company	–	–	**1 210**	680

	GROUP 2009 R'000	GROUP 2007 R'000	COMPANY 2009 R'000	COMPANY 2007 R'000
16. OPERATING EXPENSES				
are stated after taking the following into account:				
Income				
Profit on disposal of property, plant and equipment	–	51	–	–
Profit on disposal of business	–	199	–	–
Expenses				
Administration and management fees paid				
– other companies	300	300	–	–
Auditors' remuneration				
– audit fees	1 637	1 117	1 078	803
– other services	123	59	37	25
Consulting fees	1 095	738	1 001	721
Depreciation	3 139	1 955	–	–
Directors' remuneration				
– fees for services as directors	483	171	449	171
Legal fees	2 721	1 387	2 468	1 357
Loss on disposal of property, plant and equipment	36	–	–	–
Operating lease charges				
– premises	3 330	1 693	–	–
– office equipment	581	755	–	–
Secretarial fees	9	3	9	3
Staff costs	61 279	35 278	1 410	1 239
Defined contribution plans	3 131	1 836	246	191
Average number of employees	138	134	4	4

	GROUP 2009 R'000	GROUP 2007 R'000	COMPANY 2009 R'000	COMPANY 2007 R'000
17. INVESTMENT INCOME AND FINANCE COSTS				
Investment income				
– dividends received from subsidiary companies	–	–	37 381	15 643
– preference dividends receivable from associate companies	–	–	680	–
	–	–	38 061	15 643
Finance income				
– interest received from bank	5 739	2 532	3 666	1 438
– other	3 939	2 124	–	–
	9 678	4 656	3 666	1 438
Finance costs				
Interest paid to				
– bank	–	22	–	–
– other	517	433	–	–
	517	455	–	–

	Group 2009 R'000	Group 2007 R'000	Company 2009 R'000	Company 2007 R'000
18. Taxation				
SA normal taxation				
– current	**16 355**	11 632	**–**	–
– deferred	**(2 734)**	622	**(2 200)**	–
Secondary tax on companies	**2 280**	1 410	**1 637**	–
	15 901	13 664	**(563)**	–
Tax rate reconciliation:	**%**	%	**%**	%
Statutory tax rate	**28,0**	29,0	**28,0**	29,0
Computed tax losses (utilised)/created	**(0,9)**	2,4	**64,4**	(24,8)
Non-deductible expenditure	**2,4**	1,5	**(39,6)**	18,0
Exempt income	**(0,6)**	0,2	**(46,8)**	(22,2)
Secondary tax on companies	**(1,1)**	(1,0)	**26,3**	–
Effective tax rate	**27,8**	32,1	**32,3**	–

The company has an estimated tax loss of R7 255 000 (2007: R12 282 000) and the group has an estimated tax loss of R17 233 000 (2007: R18 691 000) 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.

The company has unutilised STC credits of R nil (2007: R542 000) available to set-off against future dividends declared.

	Group 2009 R'000	Group 2007 R'000	Company 2009 R'000	Company 2007 R'000
19. 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	**34 397**	23 859	**–**	–
Loss/(profit) on disposal of property, plant and equipment	**36**	(51)	**–**	–
Profit on disposal of investments	**–**	(2)	**–**	–
Headline earnings	**34 433**	23 806	**–**	–
Weighted average number of shares in issue ('000)	**8 539**	8 539	**–**	–
Diluted average number of shares in issue ('000)	**8 674**	8 626	**–**	–

	Group 2009 R'000	Group 2007 R'000	Company 2009 R'000	Company 2007 R'000
20. Taxation paid				
Amount unpaid at beginning of period	**(2 853)**	(3 448)	**–**	–
Amount charged to income statement	**(18 635)**	(13 042)	**(1 637)**	–
Amount unpaid at end of period	**3 638**	2 853	**1 637**	–
	(17 850)	(13 637)	**–**	–

	Group 2009 R'000	Group 2007 R'000	Company 2009 R'000	Company 2007 R'000
21. Share-based payments				
Expense arising from share-based payment transactions	**747**	689	**93**	66
	Number of options		**Number of options**	
Balance at beginning of period	**525 000**	525 000	**50 000**	50 000
Number forfeited (grant 1)	**(100 000)**	–	–	–
Number granted (grant 2)	**100 000**	–	–	–
Balance at end of period	**525 000**	525 000	**50 000**	50 000

	Grant 1	Grant 2
Date of grant:	1 August 2006	7 May 2008
Number granted:	425 000 options	100 000 options
Contractual life:	5 years	5 years
Vesting conditions:	33,3% after 3 years	33,3% after 3 years
	33,3% after 4 years	33,3% after 4 years
	33,3% after 5 years	33,3% after 5 years

Executive directors and management of certain subsidiary companies received share options as part of the group's share bonus scheme. There were 525 000 (2007: 525 000) options outstanding at the beginning of the financial period. The fair value of the options granted during the period was R6,72 (grant 2) and prior year was R6,56 (grant 1).

This was determined using the Black-Scholes Merton Option Value Model. The model inputs were the share price at grant date of R18,00 (grant 1) and R26,50 (grant 2), exercise price of R17,50 (grant 1) and R26,50 (grant 2), expected volatility of 26%, a dividend yield of 0%, a contractual life of five years and a risk free interest rate of 8,54% (grant 1) and 10,31% (grant 2), respectively.

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

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

22. Borrowing powers

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

At 31 March 2009 the company's borrowings totalled R nil (2007: R nil), and its subsidiaries' borrowings totalled R364 000 (2007: R499 000).

23. Retirement benefits

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

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

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

24. Related parties

Identity of related parties

The material subsidiaries of the group are identified in note 5 and the associate in note 6. Significant shareholders are detailed on page 35. 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 management fees, dividends and finance income are contained in notes 15 and 17.

Administration fees amounting to R850 000 (2007: R600 000) were paid to CTP Limited, a subsidiary of Caxton & CTP Publishers & Printers Limited. The balance owing at period end amounted to R50 000 (2007: R50 000). Key management personnel remuneration for the period amounted to R6 788 000 (2007: R3 745 000), together with share-based payments of R493 000 (2007: R394 000).

Fees for legal services provided by Zenwill Lacob Attorneys amounted to R685 000 (2007: R429 000). The balance owing at year end amounted to R nil (2007: R nil).

Details of guarantees between the holding company and its subsidiaries are contained in notes 14 and 27 of 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.

25. 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 presented net of allowance for impairment of the loan. Credit risk with regard to loans to associates are not material to the group.

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

Fair values

At 31 March 2009 and 31 October 2007 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 their fair values.

Liquidity risk

The group and company's risk to liquidity is as a result of the funds available 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.

	Group 2009 R'000	Group 2007 R'000	Company 2009 R'000	Company 2007 R'000
25. Financial instruments				
Interest rate risk				
The group's and company's exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date were:				
Floating interest rate instruments	**53 368**	43 760	**35 063**	22 883
Cash and cash equivalents	**53 618**	44 166	**35 063**	22 883
Interest-bearing borrowings	**(250)**	(406)	**–**	–
Non-interest bearing instruments	**(16 500)**	(13 105)	**(14 365)**	(16 371)
Trade and other receivables	**31 195**	39 969	**1 064**	498
Loans receivable	**–**	–	**7 281**	4 930
Non-interest bearing liabilities	**(922)**	(675)	**–**	–
Trade and other payables	**(46 773)**	(52 399)	**(22 710)**	(21 799)
Net financial assets	**36 868**	30 655	**20 698**	6 512
Weighted average effective interest rate (%)	**10,6**	8,6	**10,6**	8,7

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

At 31 March 2009 and 31 October 2007, 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 R390 000 (2007: R207 000) and for the company by approximately R249 000 (2007: R120 000).

	Group 2009 R'000	Group 2007 R'000	Company 2009 R'000	Company 2007 R'000
26. Commitments				
Future operating lease charges for premises and office equipment:				
Payable within one year	**2 187**	2 046	**–**	–
Premises	**2 031**	1 887	**–**	–
Office equipment	**156**	159	**–**	–
Payable within two to five years	**4 002**	3 485	**–**	–
Premises	**3 726**	2 969	**–**	–
Office equipment	**276**	516	**–**	–
Payable after five years	**–**	836	**–**	–
Premises	**–**	836	**–**	–
Office equipment	**–**	–	**–**	–
	6 189	6 367	**–**	–

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

Future funding commitment to M-Power Radio (Pty) Limited	**822**	1 494	**822**	1 494

27. Contingent liabilities

The company stands surety for the liabilities of one of its subsidiary companies for the benefit of the MCC. The suretyships will remain in force for an indefinite period.

ANALYSIS OF SHAREHOLDING

for the 17 months ended 31 March 2009

	Number of shares held '000	Shares held %	Number of share-holders	Share-holder %
Size of shareholding				
1 – 1 000	119	1,4	506	70,6
1 001 – 10 000	609	7,1	162	22,6
10 001 – 100 000	1 031	11,9	34	4,7
100 001 +	6 869	79,6	15	2,1
Total	8 628	100,0	717	100,0
Category				
Private individuals	1 925	22,3	589	82,1
Nominee companies or trusts	5 026	58,3	65	9,1
Investment companies	681	7,9	15	2,1
Limited companies	766	8,9	8	1,1
Other corporate bodies	230	2,6	40	5,6
Total	8 628	100,0	717	100,0
Shareholder Spread				
Non-public shareholders				
AME Share Incentive Trust	89	0,9	1	0,1
Shareholders holding more than 5% of the issued ordinary shares				
– Moolman and Coburn Partnership	1 499	17,4	1	0,1
– Frances Elizabeth Coburn	1 130	13,1	1	0,1
– Golden Hind Partnership	994	11,5	1	0,1
– Caxton and CTP Publishers and Printers Limited	665	7,7	1	0,1
– MGM Family Trust	497	5,8	1	0,1
	4 874	56,4	6	0,6
Public shareholders	3 754	43,6	711	100,0
Total	8 628	100,0	717	100,6

Directors' interests

There are no directors holding, directly or indirectly, in excess of 1% of the issued shares of the company on 31 March 2009.

NOTICE OF MEETING

AFRICAN MEDIA ENTERTAINMENT

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

Notice is hereby given that the eleventh annual general meeting of the shareholders of African Media Entertainment Limited ("AME" or "the company") will be held in the boardroom, Block A, Oxford Office Park, No. 5, 8th Street, Houghton Estate, Johannesburg, at 10:00am, on Friday, 23 October 2009 for the following purposes:

1. To receive and adopt the annual financial statements for the 17 months ended 31 March 2009.
2. To consider and if thought fit to pass with or without modification the following ordinary resolutions:

   2.1 That all the unissued shares in the capital of the company be placed under the control of the directors as a general authority in terms of section 221(2) of the Companies Act, 1973 (Act 61 of 1973), 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, subject to the provisions of the Act and the Listings Requirements of the JSE Limited ("the JSE").

   2.2 Subject to the Listings Requirements of the JSE relating to a general authority of directors to issue shares for cash, the directors of the company be and are hereby authorised to issue ordinary shares in the capital of the company for cash in accordance with the requirements set out in the Listings Requirements of the JSE, as follows:

   - the relevant securities to be issued under such authority must be of a class already in issue;
   - the securities must be issued to public shareholders as defined by the Listings Requirements of the JSE and not to related parties;
   - issues for cash may not exceed 15% of the issued number of securities in any one financial year;
   - the maximum discount at which such securities may be issued may not exceed 10% of the weighted average traded price of those securities during the 30-day period preceding the date on which the price of the issue is determined by the directors;
   - a 75% majority of the votes of all shareholders present or represented by proxy at the annual general meeting must be cast in favour of the resolution to issue the shares; and
   - if this resolution has been approved by the shareholders, the authority of the directors will be effective until the next annual general meeting of shareholders, which will not be longer than 15 months from the date of approval.

3. To approve the payments of emoluments to directors as detailed on page 10 of the annual report.

4. To re-elect the following directors, who are recommended by the board and whose appointment automatically terminates on the day of the annual general meeting in terms of article 12.2 of the articles of association of the company.

   4.1 Navin Sooka.

   4.2 Zenwill Lacob.

5. To re-appoint PKF Inc as the auditors.

6. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

   "That the company or any of its subsidiaries, are hereby authorised as a general approval given in terms of section 85(2) and 89 of the Act, to acquire shares issued by the company upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the provisions of 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 may only undertake a repurchase of securities if after such repurchase it still complies with the shareholder spread requirements of the JSE;
- the company or any of its subsidiaries may not repurchase securities during a prohibited period as defined in the Listings Requirements of the JSE;
- this general authority shall only be valid until the company's next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this Special Resolution;
- a paid press announcement will be published as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% (three 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 shared capital at any one time;
- 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:

- 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 for a period of 12 (twelve) months after the date of this notice of annual general meeting;
- the ordinary capital and reserves of AME and the group will be adequate for the purposes of the company's and the group's businesses respectively; and
- the working capital of AME and the group will be adequate for their requirements."

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

As per section 11.26b 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 on page 35 (which beneficial interests have not changed since 31 March 2009. There are no non-beneficial interests);
- Major shareholders on page 35;

- Material changes in the nature of the company's trading or financial position post 31 March 2009 on page 11;
- The Share Capital note on page 28.

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.

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 given and certify that to the best of their knowledge and belief there are no facts that 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 annual report contains all information required by the Listings Requirements of the JSE, have considered the general authority to repurchase securities resolution and are of the opinion that AME shareholders should vote in favour of the resolutions necessary to implement the resolution

7. Voting and proxies

Each shareholder who, being a natural person, is present in person, by proxy or agent, or, being a company, is present 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 10:00am on Wednesday, 21 October 2009.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, other than by own name registration who wish to attend the annual general meeting, must instruct their CSDP or broker to issue them with the necessary letters of representation to attend the annual general 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 annual 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 annual general meeting and speaking and voting thereat to the exclusion of the proxy so appointed.

By order of the board

N Sooka
Company secretary

21 September 2009

Block A, Oxford Office Park
No. 5, 8th Street, Houghton Estate
Johannesburg 2198
PO Box 3014, Houghton 2041

Transfer Secretaries
Computershare Investor Services (Pty) Limited
70 Marshall Street, Marshalltown, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Telephone: +27 11 370 5000
Telefax: +27 11 668 7721

FORM OF PROXY

AFRICAN MEDIA ENTERTAINMENT

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

For use by certificated shareholders and dematerialised shareholders with own name registration at the eleventh annual general meeting of the holders of ordinary shares in the company ("AME shareholders") to be held in the boardroom, Block A, Oxford Office Park, No. 5, 8th Street Houghton Estate, Johannesburg, at 10:00am, on Friday, 23 October 2009 ("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 resolutions to be proposed thereat, and at each adjournment thereof, and to vote for or against the 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
1. To approve annual financial statements for the 17 months ended 31 March 2009			
2.1 To place unissued ordinary shares under directors' control			
2.2 To empower directors to issue shares for cash			
3. To approve the emoluments to directors			
4.1 To re-elect Mr Navin Sooka as director of the company			
4.2 To re-elect Mr Zenwill Lacob as director of the company			
5. To re-appoint PKF (Jhb) Inc as the auditors			
6. To approve the general authority to acquire own shares			

Signed at on 2009

Signature

Assisted by (where applicable state capacity and full name)

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

Please read the notes on the reverse side hereof.

NOTES

1. An AME shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the AME shareholder concerned. The person whose name appears first on this form of proxy and who is present at the annual general meeting, will be entitled to act as proxy to the exclusion of those names that follow.
2. An AME shareholder's instruction to the proxy must be shown by indicating in the appropriate boxes provided the manner in which that AME shareholder wishes to vote by inserting an "X" in the relevant box unless a shareholder wishes to split his/her votes. In this case the relevant number of shares to be so voted must be indicated in the relevant box. Failure to comply with the above will be deemed to authorise the proxy to vote, or abstain from voting, at the annual general meeting as he/she deems fit in respect of all the AME shareholder's votes exercisable thereat.
3. An AME shareholder or his/her proxy is not obliged to use all the votes exercisable by the member or to cast all these votes exercised in the same way, but the total of the votes cast, and in respect whereof abstention is recorded, may not exceed the total of the votes exercisable by the member. Failure to comply with the above will be deemed to be authority to the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions proposed at the annual general meeting or any other proxy to vote or abstain from voting, at the annual general meeting as he/she deems fit, in respect of the shares concerned.
4. Forms of proxy and any power of attorney by virtue of which such proxy is signed (or a notarially certified copy of such power of attorney) must be lodged at or posted to the transfer secretaries of the company, Computershare Investor Services (Proprietary) Limited (70 Marshall Street, Johannesburg 2001 or PO Box 61051, Marshalltown 2107), to be received by not later than 10:00am on Wednesday, 21 October 2009.
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's 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 secretary by not later than 10:00am on Wednesday, 21 October 2009. 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 proxy form or alternatively attend the annual general meeting. Those dematerialised shareholders who are not registered under their own names who wish to attend the annual general meeting or vote by proxy must contact their CSDP or broker who will provide them with the necessary authority to do so, or carry out their instructions.
8. This must be done in terms of the agreement between the shareholder and his/her CSDP as applicable.
9. The chairman of the annual general meeting may reject or accept any proxy form which is completed and/or received, other than in compliance with the articles of association of the company or these notes.

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