

COMMENTARY

Chairman's review of the six-month period to 30 September 2013

The good start to the new financial year has continued into the second quarter and enabled our companies to increase revenue by 11% to R106,5 million (Sept 2012: R96,3 million). Comprehensive income increased by 16% to R20,5 million (Sept 2012: R17,7 million).

The comprehensive income attributable to equity holders of the parent amounted to R178 million (Sept 2012: R15,7 million) with earnings per share of 2175 cents (Sept 2012: 189,4 cents). Headline earnings per share were 2175 cents (Sept 2012: 189,4 cents).

After paying tax of R9,4 million (Sept 2012: R9,7 million), the group generated R23,2 million (Sept 2012: R15 million) in cash from its operating activities during the period. The group incurred R2 million (Sept 2012: R1,5 million) of capital expenditure and paid R0,8 million to repurchase 10 943 of its own shares. During the period the group paid out dividends to the value of R19,1 million, R2,8 million to non-controlling interest holders and R16,3 million to equity holders of the parent relating to the gross 200 cents per share dividend paid in July 2013 (Sept 2012: 100 cents gross). The group ended with cash resources of R81,2 million (Sept 2012: R67,3 million).

Operations

The group continues to grow through the diversification and expansion programmes of our radio platforms into other local media brands. Tight cost control and innovative media solutions contribute to the group's continued profitability.

Profitability on **Algoa FM** has improved on last year, due to excellent sales efforts by both the local and national sales teams. Listenership decreased year on year largely due to a statistical adjustment as a result of the new census data used during the latest RAMS (Radio Audience Measurement). Algoa FM continues to make positive in-roads into the Southern Cape broadcast area and two Algoa FM presenters won top awards at the annual MTN SA Radio Awards. This was for the Best Breakfast Presenter and the Best Music Show in commercial radio.

Trading conditions improved favourably for **Central Media Group**, with all business units showing marked improvement on the previous year. OFM's audience figures were largely stable during this period, and advertising support from both the local and national markets continued to show growth above expectation. Marketing initiatives were also rewarded with a Grand Prix Loerie and a silver Pendorring award. A new satellite studio in the Vaal has improved visibility, audience and revenue from that area. Mahareng continued to grow market share for its Bloemfontein Courant (free sheet) against strong competition and as a business, outperformed the benchmarks set. Significant custom publishing business was also secured in this period, and digital revenues continue to grow. RedStar was able to secure new business from national companies and was also able to secure major sponsorships for sports events. Digital Platforms had a strong first half, showing marked improvement in web development revenue, whilst keeping expansion costs under control.

RadioHeads has developed a number of premium radio properties available across a spectrum of radio stations. A significant achievement was the outcome of independent research showing that Iketsitse-Zenzele, the RadioHeads property flighted on several African Language Services and sponsored by one of the leading banks, has significantly exceeded brand and product recall norms. These results will see greater traction for RadioHeads properties as more clients utilise this innovative radio solution.

The excellent revenue results achieved by specialist sales house **United Stations** in the first quarter, were exceeded in the second quarter. The greater than expected advertising spend was driven by their core client base and was attributable to their station portfolio holding leading market positions and uniquely serving the communities targeted by these advertisers. The remaining half year is being approached with caution, as they expect tougher market conditions ahead.

Declaration of interim dividend no 4

The board has declared an interim dividend (dividend no 4) of 100,00 cents per ordinary share (gross) for the period ended 30 September 2013.

The dividend is subject to the Dividends Withholding Tax ("DWT") that was introduced with effect from 1 April 2012.

In accordance with the provisions of the JSE Listings Requirements the following additional information is disclosed:

- the dividend has been declared out of current profits available for distribution;
- the local Dividend Tax rate is 15%;
- the gross dividend amount is 100,00 cents per ordinary share for shareholders exempt from DWT;
- the net dividend amount is 85,00 cents per share for shareholders liable for DWT;
- the company has 8 277 366 ordinary shares in issue; and
- the company's income tax reference number is 9100/169/71/4.

The following dates are applicable to the dividend:

The last date to trade in order to be eligible for the dividend will be Friday, 6 December 2013.

Shares will trade ex-dividend from Monday, 9 December 2013.

The record date will be Friday, 13 December 2013 and payment will be made on Tuesday, 17 December 2013.

Share certificates may not be dematerialised/rematerialised between Monday, 9 December 2013 and Friday, 13 December 2013, both days inclusive.

Prospects

The board is optimistic that the improved results achieved by the group in the first half of the year will be maintained for the financial year.

ACG Molusi

Independent Non-executive Chairman

22 November 2013

Johannesburg

These condensed results have been prepared by the financial director in accordance with International Financial Reporting Standards ("IFRS"), the Companies Act, no 71 of 2008, as amended, the Listings Requirements of the Johannesburg Stock Exchange and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee. Except for the new standards adopted as set out below, all accounting policies applied by the group in the preparation of these condensed consolidated interim financial results are consistent with those applied by the group in its consolidated financial statements as at and for the year ended 31 March 2013. There was no material impact on the interim financial results identified based on management's assessment of these standards.

The group has adopted the following new standards:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interest in other Entities.

Michelle Mynhardt

Financial Director

22 November 2013

AFRICAN MEDIA ENTERTAINMENT LIMITED

Incorporated in the Republic of South Africa

Registration number 1926/008797/06

JSE Code: AME ISIN: ZAE000055802

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

REGISTERED OFFICE

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

Registration number 2004/003647/07

Ground Floor, 70 Marshall Street, Johannesburg, 2001

PO Box 61051, Marshalltown, 2107

Telephone: +27 11 370 5000

Telefax: +27 11 688 5238

SPONSOR

Arcay Moela Sponsors (Pty) Limited

Registration number 2006/033725/07

Ground Floor, One Building, Woodmead North Office Park

54 Maxwell Drive, Woodmead, 2191

PO Box 62397, Marshalltown, 2107

DIRECTORS

ACG Molusi (*Chairman*)*, KL Dube*, MJ Prinsloo*, N Sooka*

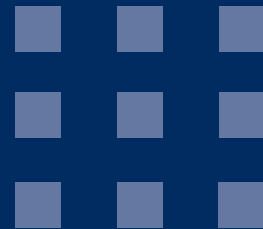
W Tshuma*, AJ Davies, M Mynhardt

**Independent Non-executive*

WWW.AME.CO.ZA

UNAUDITED RESULTS

for the six months ended 30 September 2013



AFRICAN MEDIA ENTERTAINMENT

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	% change	Unaudited six months to September 2013 R'000	Unaudited six months to September 2012 R'000	Audited year ended 31 March 2013 R'000
Revenue	11	106 500	96 274	216 688
Cost of sales	8	(27 341)	(25 223)	(56 065)
Gross profit		79 159	71 051	160 623
Operating expenses		(53 579)	(49 631)	(107 249)
Operating profit	19	25 580	21 420	53 374
Investment income		1 000	1 449	1 930
Finance income		2 019	1 450	3 070
Finance cost		(9)	(18)	(73)
Profits/(losses) attributable to associates		101	68	(27)
Net profit before taxation	18	28 691	24 369	58 274
Taxation		(8 171)	(6 690)	(16 670)
SA normal taxation		(8 805)	(6 804)	(17 910)
Deferred taxation		634	114	1 240
Total comprehensive income for the period	16	20 520	17 679	41 604
Total comprehensive income attributable to:				
Non-controlling interest holders		2 755	1 947	3 710
Equity holders of the parent	13	17 765	15 732	37 894
Earnings per share (cents)	15	2175	189,4	463,8
Headline earnings per share (cents)	15	2175	189,4	463,9
Dividends per share (cents)		100,0	100,0	300,0
Weighted average number of shares in issue ('000)		8 169	8 307	8 171
Diluted average number of shares in issue ('000)		8 169	8 307	8 171
Headline earnings reconciliation:				
Profit attributable to equity holders		17 765	15 732	37 894
Loss on disposal of fixed assets		-	-	9
Tax on loss on disposal of asset		-	-	(3)
Headline earnings		17 765	15 732	37 900

CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL POSITION

	Unaudited September 2013 R'000	Unaudited September 2012 R'000	Audited 31 March 2013 R'000
Assets			
Non-current assets	95 893	88 592	95 314
Property, plant and equipment	34 995	28 494	34 881
Investments	12 009	12 954	12 178
Goodwill	39 780	39 780	39 780
Deferred taxation	9 109	7 364	8 475
Current assets	143 707	127 728	146 552
Trade receivables	60 602	54 775	64 230
Other receivables	695	4 303	2 454
Dividends receivable	1 000	-	950
Tax paid in advance	243	1 356	134
Cash and cash equivalents	81 167	67 294	78 784
Total assets	239 600	216 320	241 866
Equity and liabilities			
Total equity	161 363	146 972	161 007
Non-current liabilities	41	277	41
Operating lease accrual	-	200	-
Interest-bearing borrowings	41	77	41
Current liabilities	78 196	69 071	80 818
Trade payables	41 888	31 741	37 215
Other payables	34 853	36 479	41 828
Dividend payable	1 173	776	915
Operating lease accrual and interest-bearing borrowings	38	75	136
Taxation	244	-	724
Total equity and liabilities	239 600	216 320	241 866

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Unaudited six months to September 2013 R'000	Unaudited six months to September 2012 R'000	Audited year ended 31 March 2013 R'000
Issued capital			
Balance at beginning of period	8 171	8 171	8 171
Shares repurchased	(11)	-	-
Balance at end of period	8 160	8 171	8 171
Share premium			
Balance at beginning of period	13 742	13 742	13 742
Shares repurchased	(821)	-	-
Balance at end of the period	12 921	13 742	13 742
Retained profit			
Balance at beginning of period	134 663	105 030	105 030
Total comprehensive income for the period	17 765	15 732	37 894
Dividend	(16 577)	-	(8 261)
Balance at end of period	135 851	120 762	134 663
Non-controlling interests			
Balance at beginning of period	4 431	7 148	7 148
Share of dividend	(2 755)	(4 798)	(6 427)
Share of total comprehensive income for the period	2 755	1 947	3 710
Balance at end of period	4 431	4 297	4 431
Total capital and reserves	161 363	146 972	161 007
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS			
	Unaudited six months to September 2013 R'000	Unaudited six months to September 2012 R'000	Audited year ended 31 March 2013 R'000
Cash generated by operating activities	27 505	23 627	57 707
Net interest received	2 010	1 432	2 997
Taxation paid	(9 393)	(9 750)	(18 815)
Decrease/(increase) in working capital	3 047	(282)	2 690
Cash flows from operating activities	23 169	15 027	44 579
Cash flows from investing activities	(1 713)	(511)	(8 356)
Cash flows from financing activities	(19 073)	(4 332)	(14 549)
Net increase in cash and cash equivalents	2 383	10 184	21 674
Cash and cash equivalents at beginning of period	78 784	57 110	57 110
Cash and cash equivalents at end of period	81 167	67 294	78 784

SEGMENTAL REPORTING

	Unaudited six months to September 2013 R'000	Unaudited six months to September 2012 R'000	Audited year ended 31 March 2013 R'000
Revenue			
Radio Broadcasting	91 584	83 619	187 551
Sales houses	14 916	12 655	29 137
Company	-	-	-
Total	106 500	96 274	216 688
Profitability			
Radio Broadcasting	22 462	19 793	43 787
Sales houses	4 248	6 864	15 749
Company	(1 130)	(5 237)	(6 162)
Total operating profit	25 580	21 420	53 374
Unallocated/eliminated corporate net expense and inter-company consolidation	101	68	(27)
Investment income	1 000	1 449	1 930
Interest received	2 019	1 450	3 070
Interest paid	(9)	(18)	(73)
Taxation	(8 171)	(6 690)	(16 670)
Total comprehensive income for the period	20 520	17 679	41 604
Assets			
Radio Broadcasting	64 518	54 724	62 665
Sales houses	57 193	54 133	54 041
Company	36 722	40 169	46 376
Total	158 433	149 026	163 082
Liabilities			
Radio Broadcasting	35 280	28 469	32 494
Sales houses	35 133	35 757	42 193
Company	7 824	5 122	6 172
Total	78 237	69 348	80 859
Capital expenditure			
Radio Broadcasting	1 731	1 385	9 491
Sales houses	316	98	327
Company	-	8	15
Total	2 047	1 491	9 833
Depreciation			
Radio Broadcasting	1 448	1 582	3 018
Sales houses	507	511	990
Company	31	35	66
Total	1 986	2 128	4 074