

COMMENTARY

Review of the six months ended 30 September 2014

Trading conditions for the period under review presented many challenges but our businesses managed to grow revenue by 10% to R117,1 million (2013: R106,5 million) as well as comprehensive income by 10% to R22,5 million (2013: R20,5 million).

The comprehensive income attributable to equity holders of the parent amounted to R19,4 million (2013: R17,8 million) with earnings per share of 237,8 cents (2013: 217,5 cents). Headline earnings per share were 236,3 cents (2013: 217,5 cents).

After paying tax of R13 million (2013: R9,4 million), the group generated R10,2 million (2013: 23,2 million) in cash from its operating activities during the period. The group invested R6,2 million in developing of the site in Bloemfontein earmarked to be the new home of the Central Media Group and spent R2,8 million (2013: R2 million) on capital expenditure and paid R83 000 (2013: R0,8 million) to repurchase 1 000 (2013: 10 943) of its own shares. During the period the group paid out dividends to the value of R19,9 million, R3,7 million to non-controlling interest holders and R16,2 million to equity holders of the parent. The group ended the period with cash resources of R88,5 million (2013: R81,2 million).

Operations

Low business confidence and growth gave rise to the presently demanding trading conditions. Tight cost control and innovation remains a key focus to maximise profits.

Algoa FM has managed to show marginal real growth in its local revenue, notwithstanding the slow down in advertising demand. The station sold its 50% investment in the print publication, Sport Elizabeth. The station's listenership remained stable year-on-year. New "non- traditional" revenue initiatives are being pursued to bolster future revenues.

Central Media Group delivered half-year results that were above projection, but the performance was mostly delivered through cost-containment as advertising revenue was under pressure for the period under review. Non-advertising revenue continued to grow due to new development projects taken on by Digital Platforms. Mahareng's Bloemfontein Courant continued its growth path, delivering solid results for the first part of the year. Redstar is tracking behind expectation, mostly due to a repositioning and management reshuffle. OFM's performance has been stable, although revenue was below budget as the tightening economy resulted in a drop-off in advertising expenditure.

New appointments by Heart FM and Gaqasi FM allowed **United Stations** to grow gross sales revenue by 13% year-on-year. A tough sales climate that has persisted for the full half year, along with the need to reposition the two new station clients in the market, necessitated additional investment in staff as well as significant research and trade marketing. These investments have placed them in a good position to compete in the challenging marketplace that is expected to persist over the remainder of the financial year.

The repositioning of **Radioheads** midway through the first quarter, has yielded positive results for the second quarter of this financial year. Radioheads has refocused on its core business, with special attention paid to generating maximum revenue yield from campaigns. The renewed focus has resulted in repeat business from several clients, allowing the company to project positive results for the second half of this financial year.

Dividends

A final dividend (dividend no 5) of 200 cents per ordinary share (gross) was declared for the period ended 31 March 2014 (2013:200 cents gross) and paid on 28 July 2014. The interim dividend (dividend no 6) for the period ended 30 September 2014 is 100 cents per ordinary share (gross) (2013: 100 cents per share).

Declaration of interim dividend no 6

The board has declared an interim dividend (dividend no 6) of 100 cents per ordinary share (gross) for the period ended 30 September 2014. 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 ordinary share for shareholders liable for DWT;
- the company has 8 276 366 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 day to trade in order to be eligible for the dividend will be Friday, 2 January 2015

Shares will trade ex-dividend from Monday, 5 January 2015

The record date will be Friday, 9 January 2015 and payment will be made on Monday, 12 January 2015

Share certificates may not be dematerialised/rematerialised between Monday, 5 January 2015 and Friday, 9 January 2015, both days inclusive.

Prospects

The board expects the trading conditions for the remaining six months of the year to remain challenging.

ACG MOLUSI

Independent Non-executive Chairman

27 November 2014

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 Guidelines as issued by the Accounting Practices Committee on a basis consistent with the policies and methods of computation as used in the annual financial statements for the year ended 31 March 2014.

These results are unaudited.

Michelle Mynhardt

Financial director

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")

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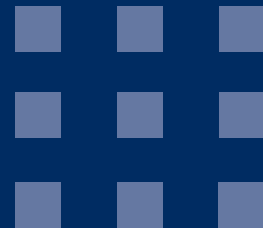
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DIRECTORS

ACG Molusi (*Independent Non-executive Chairman*), KL Dube*, WTshuma*, MJ Prinsloo*
N Sooka*, M Mynhardt*, AJ Isbister (*Executive Director*),
**Independent Non-executive Director*
**Executive Financial Director*

UNAUDITED RESULTS

for the six months ended 30 September 2014



AFRICAN MEDIA ENTERTAINMENT

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CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

		Unaudited six months to September 2014 R'000	Unaudited six months to September 2013 R'000	Audited year ended 31 March 2014 R'000
	% change			
Revenue	10%	117 121	106 500	242 524
Cost of sales	15%	(31 385)	(27 341)	(62 275)
Gross profit		85 736	79 159	180 249
Operating expenses		(59 086)	(53 579)	(119 684)
Operating profit	4%	26 650	25 580	60 565
Investment income		1 750	1 000	1 750
Finance income		2 821	2 019	4 508
Finance cost		(2)	(9)	(53)
Profits attributable to associates		118	101	343
Net profit before taxation	9%	31 337	28 691	67 113
Taxation		(8 816)	(8 171)	(18 490)
SA normal taxation		(9 797)	(8 805)	(21 775)
Deferred taxation		981	634	3 285
Total comprehensive income for the period	10%	22 521	20 520	48 623
Total comprehensive income attributable to:				
Non-controlling interest holders		3 118	2 755	5 766
Equity holders of the parent	9%	19 403	17 765	42 857
Earnings per share (cents)	9.3%	237.8	217.5	524.9
Headline earnings per share (cents)	8.7%	236.3	217.5	524.3
Dividends per share (cents)		100	100	300
Weighted average number of shares in issue ('000's)		8 160	8 169	8 165
Headline earnings reconciliation				
Profit attributable to equity holders		19 403	17 765	42 857
Profit on disposal of fixed assets		(162)	–	(61)
Tax on profit on disposal of asset		45	–	17
Headline earnings		19 286	17 765	42 813

CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL POSITION

	Unaudited September 2014 R'000	Unaudited September 2013 R'000	Audited 31 March 2014 R'000
Assets			
Non-current assets	108 409	95 893	99 570
Property, plant and equipment	43 011	34 995	35 758
Goodwill	39 426	39 780	39 780
Investments	13 248	12 009	12 272
Deferred taxation	12 724	9 109	11 760
Current assets	168 251	143 707	163 840
Trade receivables	71 253	60 602	49 394
Other receivables	7 759	1 695	8 125
Tax paid in advance	694	243	42
Cash and cash equivalents	88 545	81 167	106 279
Total assets	276 660	239 600	263 410
Equity and liabilities			
Total equity	178 195	161 363	175 842
Non-current liabilities	–	41	–
Interest-bearing borrowings	–	41	–
Current liabilities	98 465	78 196	87 568
Trade payables	42 735	41 888	24 962
Other payables	54 004	34 853	58 326
Dividend payable	1 170	1 173	1 020
Operating lease accrual and interest-bearing borrowings	–	38	105
Taxation	556	244	3 155
Total equity and liabilities	276 660	239 600	263 410

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Unaudited six months to September 2014 R'000	Unaudited six months to September 2013 R'000	Audited year ended 31 March 2014 R'000
Issued capital			
Balance at beginning of period	8 160	8 171	8 171
Shares repurchased	(1)	(11)	(11)
Balance at end of period	8 159	8 160	8 160
Share premium			
Balance at beginning of period	12 921	13 742	13 742
Shares repurchased	(82)	(821)	(821)
Balance at end of period	12 839	12 921	12 921
Retained profit			
Balance at beginning of period	152 749	134 663	134 663
Change in shareholding	9	–	–
Total comprehensive income for the period	19 403	17 765	42 857
Dividend	(16 403)	(16 577)	(24 771)
Balance at end of period	155 758	135 851	152 749
Non-controlling interests			
Balance at beginning of period	2 012	4 431	4 431
Change in shareholding	(18)	–	–
Share of total comprehensive income for the period	3 118	2 755	5 766
Share of dividend	(3 673)	(2 755)	(8 185)
Balance at end of period	1 439	4 431	2 012
Total capital and reserves	178 195	161 363	175 842

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

	Unaudited six months to September 2014 R'000	Unaudited six months to September 2013 R'000	Audited year ended 31 March 2014 R'000
Cash generated by operating activities	28 508	27 505	64 048
Net interest received	2 819	2 010	4 455
Taxation paid	(13 048)	(9 393)	(19 252)
(Increase)/decrease in working capital	(8 040)	3 047	13 295
Cash flows from operating activities	10 239	23 169	62 546
Cash flows from investing activities	(8 048)	(1 713)	(2 200)
Cash flows from financing activities*	(19 925)	(19 073)	(32 851)
Net (decrease)/increase in cash and cash equivalents	(17 734)	2 383	27 495
Cash and cash equivalents at beginning of period	106 279	78 784	78 784
Cash and cash equivalents at end of period	88 545	81 167	106 279

* Dividends paid

SEGMENTAL REPORTING

	Unaudited six months to September 2014 R'000	Unaudited six months to September 2013 R'000	Audited year ended 31 March 2014 R'000
Revenue			
Radio Broadcasting	84 779	91 584	209 182
Sales houses	32 342	14 916	33 342
Total	117 121	106 500	242 524
Profitability			
Radio Broadcasting	26 831	22 462	53 593
Sales houses	4 851	4 248	11 327
Company	(5 032)	(1 130)	(4 012)
Total operating profit	26 650	25 580	60 908
Unallocated/eliminated corporate net expense and intercompany consolidation	118	101	–
Investment income	1 750	1 000	1 750
Interest received	2 821	2 019	4 508
Interest paid	(2)	(9)	(53)
Taxation	(8 816)	(8 171)	(18 490)
Total comprehensive income for the period	22 521	20 520	48 623
Assets			
Radio Broadcasting	55 544	64 518	63 397
Sales houses	70 340	57 193	49 615
Company	62 231	36 722	44 119
Total	188 115	158 433	157 131
Liabilities			
Radio Broadcasting	26 086	35 280	34 542
Sales houses	62 974	35 133	45 575
Company	9 405	7 824	7 451
Total	98 465	78 237	87 568
Capital expenditure			
Radio Broadcasting	951	1 731	3 530
Sales houses	7 633	316	902
Company	378	–	11
Total	8 962	2 047	4 443
Depreciation			
Radio Broadcasting	1 346	1 448	2 421
Sales houses	375	507	1 017
Company	44	31	62
Total	1 765	1 986	3 500