

AME

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AME - African Media Entertainment Limited - Unaudited interim results for the six months ended 30 September 2011

African Media Entertainment Limited
(Incorporated in the Republic of South Africa)
(Registration number 1926/008797/06)

Share code: AME

ISIN: ZAE000055802

("AME" or "the group")

UNAUDITED INTERIM RESULTS

for the six months ended 30 September 2011

CONSOLIDATED ABRIDGED STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited	Unaudited	Audited	six months to September 2011	six months to September	year ended 31 March
%	2011	2010	change	R`000	R`000	R`000
Revenue			21	106 005	87 416	177 366
Cost of sales				(29 208)	(25 305)	(54 663)
Gross profit				76 797	62 111	122 703
Operating expenses				(52 047)	(44 367)	(86 118)
Operating profit			39	24 750	17 744	36 585
Investment income				(9)	275	1 184
Finance income				1 612	2 074	3 901
Finance cost				(19)	(76)	(149)
Losses attributable to associates				(123)	(330)	(425)
Net profit before taxation			33	26 211	19 687	41 096
Taxation				(7 534)	(6 153)	(12 806)
SA normal taxation				(7 129)	(6 185)	(12 160)
Deferred taxation				(405)	32	(396)
Secondary taxation on companies				-	-	(250)
Total comprehensive income for the period			38	18 677	13 534	28 290
Total comprehensive income attributable to:						
Non-controlling interest holders				2 083	1 669	2 041
Equity holders of the parent			40	16 594	11 865	26 249
Earnings per share (cents)			40	195,2	139,0	307,4
Headline earnings per share (cents)			38	195,2	141,3	310,3
Diluted earnings per share (cents)			40	191,4	136,5	302,5
Diluted headline earnings per share (cents)			38	191,4	138,8	305,3
Dividends per share (cents)				-	-	-
Number of shares in issue (000`s)				8 501	8 539	8 539
Diluted average number of shares in issue (000`s)				8 671	8 692	8 678
Headline earnings reconciliation						
Profit attributable to equity holders				16 594	11 865	26 249
Loss on disposal of fixed assets				-	-	47
Impairment of loans to associate				-	199	199

Headline earnings		16 594	12 064	26 495
CONSOLIDATED ABRIDGED STATEMENTS OF FINANCIAL POSITION				
		Unaudited	Unaudited	Audited
September	September	31 March		
		2011	2010	2011
		R`000	R`000	R`000
Assets				
Non-current assets		97 578	76 585	80 753
Property, plant and equipment		29 459	25 130	25 412
Investments		24 097	10 954	10 914
Goodwill		39 785	35 431	39 785
Deferred taxation		4 237	5 070	4 642
Current assets		105 129	74 368	90 955
Trade receivables		48 103	36 981	41 906
Other receivables		2 968	1 967	2 468
Cash and cash equivalents		54 058	35 420	46 581
Total assets		202 707	150 953	171 708
Equity and liabilities				
Total equity		143 173	101 818	113 976
Non-current liabilities		333	890	717
Operating lease accrual		121	647	518
Interest-bearing borrowings		212	243	199
Current liabilities		59 201	48 245	57 015
Trade payables		31 510	25 891	28 498
Other payables		26 846	20 234	26 694
Dividend payable		-	934	387
Operating lease accrual and interest-bearing borrowings		123	295	224
Taxation		722	891	1 212
Total equity and liabilities		202 707	150 953	171 708
CONSOLIDATED ABRIDGED STATEMENTS OF CHANGES IN EQUITY				
		Unaudited	Unaudited	Audited
				six months
				to
				September
2011	2010	2011		September
		R`000	R`000	September
				year
				ended
				31 March
				R`000
Issued capital				
Balance at beginning of period		8 539	8 539	8 539
Shares repurchased		(38)	-	-
Balance at end of period		8 501	8 539	8 539
Share premium				
Balance at beginning of period		31 909	31 909	31 909
Shares repurchased		(1 606)	-	-
Change in shareholding		11 111	-	-
Balance at end of period		41 414	31 909	31 909
Retained profit				
Balance at beginning of period		70 237	43 988	43 988
Total comprehensive income for the period		16 594	11 865	26 249
Change in shareholding		(1 711)	-	-
Balance at end of period		85 120	55 853	70 237
Non-distributable reserve				
Balance at beginning of period		2 073	1 869	1 869
Fair value adjustment on available for sale financial assets		536		
Share based payment expense		517	324	204
Balance at end of period		3 126	2 193	2 073
Non-controlling interests				
Balance at beginning of period		1 218	1 655	1 655
Share of dividend		-	-	(2 504)
Change in shareholding		1 711	-	26
Share of total comprehensive income for the period		2 083	1 669	2 041
Balance at end of period		5 012	3 324	1 218
Total capital and reserves		143 173	101 818	113 976
CONSOLIDATED ABRIDGED STATEMENTS OF CASH FLOWS				

September	September	Unaudited six months to 31 March 2011 R`000	Unaudited six months to 2010 R`000	Audited year ended 2011 R`000
		25 912	19 239	39 700
		1 371	1 998	3 752
		(7 619)	(7 759)	(13 663)
		2 061	8 740	9 289
		21 725	22 218	39 078
		-	(16 323)	(16 870)
		(12 226)	(16 623)	(19 271)
		(2 022)	-	(2 504)
		7 477	(10 728)	433
		46 581	46 148	46 148
		54 058	35 420	46 581

SEGMENTAL REPORTING

to	to	Unaudited six months ended September 2011 R`000	Unaudited six months September 2010 R`000	Audited year 31 March 2011 R`000
		87 079	74 510	160 030
		18 926	12 906	17 336
		106 005	87 416	177 366
		20 465	18 751	37 023
		3 306	(888)	774
		979	(119)	(1 212)
		24 750	17 744	36 585
		94 944	83 992	78 666
		57 334	34 013	36 432
		50 429	32 948	56 610
		202 707	150 953	171 708
		18 245	15 336	19 821
		36 823	27 590	27 617
		4 466	6 209	10 294
		59 534	49 135	57 732

COMMENTARY

Basis of preparation

This report has been prepared in accordance with the group's accounting policies that comply with International Financial Reporting Standards, IAS34, the AC500 Series of Interpretation, the Companies Act and the Listings Requirements of the Johannesburg Stock Exchange, on a basis consistent with the policies and methods of computation as used in the Annual Financial Statements for the year ended 31 March 2011.

Financial results

Revenue, for the six months to September 2011, increased by 21% to R106 million. Comprehensive income increased by 38% over the previous period to R18,7 million. The comprehensive income attributable to equity holders of the parent amounted to R16,6 million (Sept 2010: R11,9 million) with earnings per share of 195,2 cents (Sept 2010: 139,0 cents). Headline earnings per share were 195,2 cents (Sept 2010: 141,3 cents).

After paying tax of R7,6 million, the group generated R21,7 million in cash from its operating activities during the period. The group spent R6 million on capital expenditure and R4 million on the settlement of a dispute relating to

the purchase of United Stations (Pty) Limited. R1,6 million was utilised to repurchase AME shares and additional loans of R2,2 million were made to associated companies. The group ended the period with cash resources of R54 million.

Algoa FM and OFM radio operations

WDB Investment Holdings (Pty) Limited acquired a controlling interest in a BEE company which holds 10% of Algoa FM. Algoa FM's revenues were better than the same period last year notwithstanding the fact that last year's revenues included significant spend relating to the 2010 FIFA World Cup. ICASA approved the licence amendment which extends the broadcast footprint of Algoa FM to now include Knysna, George and Mossel Bay.

OFM enjoyed a fairly good six months, where expectations have largely been met. The expansion into digital development has led to significant new business, and spin-off opportunities for the radio brand. Mahareng Publishing, a joint venture with CTP, has attained critical mass with the purchase of Bloemfontein Courant, a community newspaper, and should attain profitability this year. The prospects for future growth, especially for regional business, are very good with a well-stocked pipeline of new products.

Cost control has been effective on both radio stations.

Sales house operations

Sales house, United Stations delivered a record set of results for the period under review. A year ago United Stations started handling the national sales of KAYA FM which contributed to a steep year on year growth in advertising revenue. Kaya FM, along with Capricorn FM, have been the drivers of new business development as they provide attractive audiences to categories of advertisers that United Stations was previously unable to reach. The increase in advertising platforms has further allowed the company to leverage existing resource and capacity.

RadioHeads has narrowed its focus to provide solutions in the area of radio production, branded content, creative and campaign management and is targeting marketers who seek higher levels of engagement with their target audiences. This business has performed below expectation.

Prospects

If the current trading conditions persist, the Board remains confident of the continued success of the group for the remainder of the year.

By order of the Board

ACG Molusi Chairman

M Mynhardt Director

17 November 2011

Johannesburg

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Transfer secretaries

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Directors

ACG Molusi (Chairman)*

AJ Davies

M Mynhardt

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*Independent Non-executive

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