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

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")

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

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

Sponsor
Arcay Moela Sponsors (Pty) Limited
3 Anerley Road, Parktown, Johannesburg
PO Box 62397, Marshalltown, 2107

Directors
ACG Molusi *(Chairman)**
AJ Davies, M Mynhardt
MJ Prinsloo*, N Sooka*
W Tshuma*, KL Dube*
**Independent Non-executive*

WWW.AME.CO.ZA

ince.motiv

UNAUDITED INTERIM RESULTS

for the six months ended 30 September 2011

AFRICAN MEDIA ENTERTAINMENT

CONSOLIDATED ABRIDGED STATEMENTS OF COMPREHENSIVE INCOME

	% change	**Unaudited six months to September 2011 R'000**	Unaudited six months to September 2010 R'000	Audited year ended 31 March 2011 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 September 2011 R'000	Unaudited September 2010 R'000	Audited 31 March 2011 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 CASH FLOWS

	Unaudited six months to September 2011 R'000	Unaudited six months to September 2010 R'000	Audited year ended 31 March 2011 R'000
Cash generated by operating activities	**25 912**	19 239	39 700
Net interest received	**1 371**	1 998	3 752
Taxation paid	**(7 619)**	(7 759)	(13 663)
Decrease in working capital	**2 061**	8 740	9 289
Cash flows from operating activities	**21 725**	22 218	39 078
Dividends paid	**–**	(16 323)	(16 870)
Cash flows from investing activities	**(12 226)**	(16 623)	(19 271)
Cash flows from financing activities	**(2 022)**	–	(2 504)
Net increase/(decrease) in cash and cash equivalents	**7 477**	(10 728)	433
Cash and cash equivalents at beginning of period	**46 581**	46 148	46 148
Cash and cash equivalents at end of period	**54 058**	35 420	46 581

CONSOLIDATED ABRIDGED STATEMENTS OF CHANGES IN EQUITY

	Unaudited six months to September 2011 R'000	Unaudited six months to September 2010 R'000	Audited year ended 31 March 2011 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

SEGMENTAL REPORTING

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