

**CHAIRMAN'S REVIEW****Review of the six-month period to 30 September 2012**

The results for the period under review are disappointing when compared to the previous corresponding period, but that corresponding period was 38% up on the previous period. These results reflect the difficult trading conditions, with a 9% decrease in revenue to R96,3 million (Sept 2011: R106 million). Comprehensive income decreased by 5% to R17,7 million (Sept 2011: R18,7 million).

The comprehensive income attributable to equity holders of the parent amounted to R15,7 million (Sept 2011: R16,6 million) with earnings per share of 189,4 cents (Sept 2011: 195,2 cents). Headline earnings per share decreased by only 1% to 189,4 cents (Sept 2011: 191,4 cents), mainly as a result of the lower number of shares in issue following the share repurchases.

After paying tax of R9,7 million (Sept 2011: R7,6 million), the group generated R15 million (Sept 2011: R21,7 million) in cash from its operating activities during the period. The group spent R1,5 million (Sept 2011: R6 million) on capital expenditure and ended the period with cash resources of R67 million (Sept 2011: R54 million).

**Operations**

National sales on both the Algoa and OFM platforms were below expectation but the second six months started well and in line with expectation.

The diversification and expansion programmes of our radio platforms into other local media brands continue to positively contribute toward the bottom line.

Through innovative sales programmes Algoa FM's local sales have improved compared to the same period last year and their new media revenues have grown significantly. A successful local sales package programme should result in a more positive result in the second half of the year.

Direct revenue on OFM remained stable with good growth prospects on the back of new radio products. The Digital Platforms team grew their development pipeline, while associated digital revenue remained stable. Mahareng Publishing and Redstar Talent attained profitability, and are currently tracking well against budget.

Algoa FM's listenership remained stable with OFM listenership seeing a decline. Effective cost control remains a focus of both companies.

Coming off a record performance last year, United Stations experienced tough trading in the first and second quarters. The team is committed to provide quality opportunities for advertisers that make its properties the logical choice.

RadioHeads has refined its strategy to develop content across radio platforms with content extensions spanning digital and television platforms. The strategy has been implemented within a strict cost-controlled environment. It is envisioned that the revised strategy will take a full 12 months to implement, with growth expected to show only in the next fiscal year. This business has to date performed below expectations.

**Declaration of interim dividend no 2**

The board has declared an interim dividend (dividend no 2) of 100 cents per ordinary share (gross) for the period ended 30 September 2012. 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 100,0 cents per ordinary share for shareholders exempt from DWT;
- Secondary Tax on Companies ("STC") credits available amount to 29,25808 cents per ordinary share;
- the net dividend amount is 89,38871 cents per ordinary share for shareholders liable for DWT;
- the company has 8 288 308 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, 7 December 2012.

Shares will trade ex-dividend from Monday, 10 December 2012.

The record date will be Friday, 14 December 2012 and payment will be made on Tuesday, 18 December 2012.

Share certificates may not be dematerialised/rematerialised between Monday, 10 December 2012 and Friday, 14 December 2012, both days inclusive.

**Prospects**

Even though the group has faced a challenging six months, especially in the national sales market, the board is cautiously optimistic that the results for the year to 31 March 2013 will reflect an improvement over those of the previous year.

**ACG Molusi**

*Independent Non-executive Chairman*

20 November 2012

These abridged results have been prepared by the financial director in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 interim financial reporting, AC 500 series, the Companies Act, No. 71 of 2008, as amended, 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 2012.

**Michelle Mynhardt**

*Financial Director*

20 November 2012

**African Media Entertainment Limited**

(Incorporated in the Republic of South Africa)

(Registration number 1926/008797/06)

Share code: AME ISIN: ZAE000055802

("AME", "the company" 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, Johannesburg

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\*

WTshuma\*

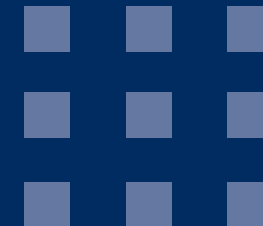
KL Dube\*

*\*Independent Non-executive*

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# UNAUDITED INTERIM RESULTS

for the six months ended 30 September 2012



AFRICAN MEDIA  
ENTERTAINMENT

## CONSOLIDATED ABRIDGED STATEMENTS OF COMPREHENSIVE INCOME

|  |             | Unaudited<br>six months to<br>September<br>2012<br>R'000 | Unaudited<br>six months to<br>September<br>2011<br>R'000 | Audited<br>year ended<br>31 March<br>2012<br>R'000 |
|--|-------------|--|--|--|
|  | %<br>change |  |  |  |
| <b>Revenue</b>                                     | (9)         | <b>96 274</b>  | 106 005  | 206 075  |
| Cost of sales                                      | (14)        | <b>(25 223)</b>  | (29 208)   | (54 068)   |
| Gross profit                                       |             | <b>71 051</b>  | 76 797   | 152 007  |
| Operating expenses                                 |             | <b>(49 631)</b>  | (52 047)   | (102 020)  |
| Operating profit                                   | (13)        | <b>21 420</b>  | 24 750   | 49 987   |
| Investment income                                  |             | <b>1 449</b>   | (9)  | 1 241  |
| Finance income                                     |             | <b>1 450</b>   | 1 612  | 2 942  |
| Finance cost                                       |             | <b>(18)</b>  | (19)   | (73)   |
| Profits/(Losses) attributable to associates        |             | <b>68</b>  | (123)  | (201)  |
| Net profit before taxation                         | (7)         | <b>24 369</b>  | 26 211   | 53 896   |
| Taxation   |             | <b>(6 690)</b>   | (7 534)  | (13 173)   |
| SA normal taxation                                 |             | <b>(6 804)</b>   | (7 129)  | (15 766)   |
| Deferred taxation                                  |             | <b>114</b>   | (405)  | 2 593  |
| <b>Total comprehensive income for the period</b>   | (5)         | <b>17 679</b>  | 18 677   | 40 723   |
| <b>Total comprehensive income attributable to:</b> |             |  |  |  |
| Non-controlling interest holders                   |             | <b>1 947</b>   | 2 083  | 4 324  |
| Equity holders of the parent                       | (5)         | <b>15 732</b>  | 16 594   | 36 399   |
| Earnings per share (cents)                         | (3)         | <b>189,4</b>   | 195,2  | 428,8  |
| Headline earnings per share (cents)                | (3)         | <b>189,4</b>   | 195,2  | 428,9  |
| Diluted earnings per share (cents)                 | (1)         | <b>189,4</b>   | 191,4  | 428,8  |
| Diluted headline earnings per share (cents)        | (1)         | <b>189,4</b>   | 191,4  | 428,9  |
| Dividends per share (cents)                        |             | <b>-</b>   | -  | -  |
| Weighted average number of shares in issue ('000)  |             | <b>8 307</b>   | 8 501  | 8 488  |
| Diluted average number of shares in issue ('000)   |             | <b>8 307</b>   | 8 671  | 8 488  |
| <b>Headline earnings reconciliation:</b>           |             |  |  |  |
| Profit attributable to equity holders              |             | <b>15 732</b>  | 16 594   | 36 399   |
| Loss on disposal of fixed assets                   |             | <b>-</b>   | -  | 3  |
| Tax on loss on disposal of asset                   |             | <b>-</b>   | -  | (1)  |
| Impairment of loans to associate                   |             | <b>-</b>   | -  | -  |
| <b>Headline earnings</b>                           |             | <b>15 732</b>  | 16 594   | 36 401   |

## CONSOLIDATED ABRIDGED STATEMENTS OF FINANCIAL POSITION

|   | Unaudited<br>September<br>2012<br>R'000 | Unaudited<br>September<br>2011<br>R'000 | Audited<br>31 March<br>2012<br>R'000 |
|---|---|---|--------------------------------------|
| <b>Assets</b>   |   |   |                                      |
| <b>Non-current assets</b>                               | <b>88 592</b>                           | 86 467                                  | 89 028                               |
| Property, plant and equipment                           | <b>28 494</b>                           | 29 459                                  | 29 130                               |
| Investments   | <b>12 954</b>                           | 12 986                                  | 12 883                               |
| Goodwill  | <b>39 780</b>                           | 39 785                                  | 39 780                               |
| Deferred taxation                                       | <b>7 364</b>                            | 4 237                                   | 7 235                                |
| <b>Current assets</b>                                   | <b>127 728</b>                          | 105 129                                 | 116 320                              |
| Trade receivables                                       | <b>54 775</b>                           | 48 103                                  | 56 563                               |
| Other receivables                                       | <b>4 303</b>                            | 2 968                                   | 2 621                                |
| Tax paid in advance                                     | <b>1 356</b>                            | -                                       | 26                                   |
| Cash and cash equivalents                               | <b>67 294</b>                           | 54 058                                  | 57 110                               |
| <b>Total assets</b>                                     | <b>216 320</b>                          | 191 596                                 | 205 348                              |
| <b>Equity and liabilities</b>                           |   |   |                                      |
| <b>Total equity</b>                                     | <b>146 972</b>                          | 132 062                                 | 134 091                              |
| <b>Non-current liabilities</b>                          | <b>277</b>                              | 333                                     | 315                                  |
| Operating lease accrual                                 | <b>200</b>                              | 121                                     | 200                                  |
| Interest-bearing borrowings                             | <b>77</b>                               | 212                                     | 115                                  |
| <b>Current liabilities</b>                              | <b>69 071</b>                           | 59 201                                  | 70 942                               |
| Trade payables  | <b>31 741</b>                           | 31 510                                  | 33 531                               |
| Other payables  | <b>36 479</b>                           | 26 846                                  | 34 738                               |
| Dividend payable  | <b>776</b>                              | -                                       | 777                                  |
| Operating lease accrual and interest-bearing borrowings | <b>75</b>                               | 123                                     | 375                                  |
| Taxation  | <b>-</b>                                | 722                                     | 1 521                                |
| <b>Total equity and liabilities</b>                     | <b>216 320</b>                          | 191 596                                 | 205 348                              |

## CONSOLIDATED ABRIDGED STATEMENTS OF CHANGES IN EQUITY

|  | Unaudited<br>six months to<br>September<br>2012<br>R'000 | Unaudited<br>six months to<br>September<br>2011<br>R'000 | Audited<br>year ended<br>31 March<br>2012<br>R'000 |
|--|--|--|--|
| <b>Issued capital</b>  |  |  |  |
| Balance at beginning of period                               | <b>8 171</b>   | 8 539  | 8 539  |
| Shares repurchased   | <b>-</b>   | (38)   | (368)  |
| Balance at end of period                                     | <b>8 171</b>   | 8 501  | 8 171  |
| <b>Share premium</b>   |  |  |  |
| Balance at beginning of period                               | <b>13 742</b>  | 31 909   | 31 909   |
| Shares repurchased   | <b>-</b>   | (1 606)  | (18 167)   |
| Change in shareholding                                       | <b>-</b>   | -  | -  |
| Balance at end of period                                     | <b>13 742</b>  | 30 303   | 13 742   |
| <b>Retained profit</b>                                       |  |  |  |
| Balance at beginning of period                               | <b>105 030</b>   | 70 237   | 70 237   |
| Change in shareholding                                       | <b>-</b>   | (1 711)  | (1 606)  |
| Total comprehensive income for period                        | <b>15 732</b>  | 16 594   | 36 399   |
| Dividend   | <b>-</b>   | -  | -  |
| Balance at end of period                                     | <b>120 762</b>   | 85 120   | 105 030  |
| <b>Non-distributable reserve</b>                             |  |  |  |
| Balance at beginning of period                               | <b>-</b>   | 2 073  | 2 073  |
| Fair value adjustment on available for sale financial assets | <b>-</b>   | 536  | (2 073)  |
| Share-based payment expense                                  | <b>-</b>   | 517  | -  |
| Balance at end of period                                     | <b>-</b>   | 3 126  | -  |
| <b>Non-controlling interests</b>                             |  |  |  |
| Balance at beginning of period                               | <b>7 148</b>   | 1 218  | 1 218  |
| Share of dividend  | <b>(4 798)</b>   | -  | -  |
| Change in shareholding                                       | <b>-</b>   | 1 711  | 1 606  |
| Share of total comprehensive income for period               | <b>1 947</b>   | 2 083  | 4 324  |
| Balance at end of period                                     | <b>4 297</b>   | 5 012  | 7 148  |
| Total capital and reserves                                   | <b>146 972</b>   | 132 062  | 134 091  |

## CONSOLIDATED ABRIDGED STATEMENTS OF CASH FLOWS

|   | Unaudited<br>six months to<br>September<br>2012<br>R'000 | Unaudited<br>six months to<br>September<br>2011<br>R'000 | Audited<br>year ended<br>31 March<br>2012<br>R'000 |
|---|--|--|--|
| Cash generated by operating activities            | <b>23 627</b>  | 25 912   | 52 807   |
| Net interest received                             | <b>1 432</b>   | 1 371  | 2 869  |
| Taxation paid                                     | <b>(9 750)</b>   | (7 619)  | (15 483)   |
| (Increase)/decrease in working capital            | <b>(282)</b>   | 2 061  | 1 080  |
| Cash flows from operating activities              | <b>15 027</b>  | 21 725   | 41 273   |
| Dividends paid                                    | <b>-</b>   | -  | -  |
| Cash flows from investing activities              | <b>(511)</b>   | (12 226)   | (30 744)   |
| Cash flows from financing activities              | <b>(4 332)</b>   | (2 022)  | -  |
| Net increase in cash and cash equivalents         | <b>10 184</b>  | 7 477  | 10 529   |
| Cash and cash equivalents at beginning of period  | <b>57 110</b>  | 46 581   | 46 581   |
| <b>Cash and cash equivalents at end of period</b> | <b>67 294</b>  | 54 058   | 57 110   |

## SEGMENTAL REPORTING

|  | Unaudited<br>six months to<br>September<br>2012<br>R'000 | Unaudited<br>six months to<br>September<br>2011<br>R'000 | Audited<br>year ended<br>31 March<br>2012<br>R'000 |
|--|--|--|--|
| <b>Revenue</b>   |  |  |  |
| Radio Broadcasting   | <b>83 619</b>  | 87 079   | 178 682  |
| Sales houses   | <b>12 655</b>  | 18 926   | 27 393   |
| Company  | <b>-</b>   | -  | -  |
| <b>Total</b>   | <b>96 274</b>  | 106 005  | 206 075  |
| <b>Profitability</b>   |  |  |  |
| Radio Broadcasting   | <b>19 793</b>  | 20 465   | 39 348   |
| Sales houses   | <b>6 864</b>   | 3 306  | 10 941   |
| Company  | <b>(5 237)</b>   | 979  | (302)  |
| <b>Total operating profit</b>  | <b>21 420</b>  | 24 750   | 49 987   |
| Unallocated/eliminated corporate net expense and inter-company consolidation | <b>68</b>  | (123)  | (201)  |
| Investment income  | <b>1 449</b>   | (9)  | 1 241  |
| Interest received  | <b>1 450</b>   | 1 612  | 2 942  |
| Interest paid  | <b>(18)</b>  | (19)   | (73)   |
| Taxation   | <b>(6 690)</b>   | (7 534)  | (13 173)   |
| <b>Total comprehensive income for period</b>                                 | <b>17 679</b>  | 18 677   | 40 723   |
| <b>Assets</b>  |  |  |  |
| Radio Broadcasting   | <b>54 724</b>  | 54 178   | 55 445   |
| Sales houses   | <b>54 133</b>  | 51 444   | 49 543   |
| Company  | <b>40 169</b>  | 31 916   | 43 250   |
| <b>Total</b>   | <b>149 026</b>   | 137 538  | 148 238  |
| <b>Liabilities</b>   |  |  |  |
| Radio Broadcasting   | <b>28 469</b>  | 18 245   | 29 670   |
| Sales houses   | <b>35 757</b>  | 36 823   | 35 871   |
| Company  | <b>5 122</b>   | 4 466  | 5 716  |
| <b>Total</b>   | <b>69 348</b>  | 59 534   | 71 257   |
| <b>Capital expenditure</b>   |  |  |  |
| Radio Broadcasting   | <b>1 385</b>   | 1 698  | 3 023  |
| Sales houses   | <b>98</b>  | 283  | 608  |
| Company  | <b>8</b>   | 4 053  | 4 091  |
| <b>Total</b>   | <b>1 491</b>   | 6 034  | 7 722  |
| <b>Depreciation</b>  |  |  |  |
| Radio Broadcasting   | <b>1 582</b>   | 1 465  | 2 927  |
| Sales houses   | <b>511</b>   | 488  | 975  |
| Company  | <b>35</b>  | 32   | 66   |
| <b>Total</b>   | <b>2 128</b>   | 1 985  | 3 968  |