

## CONSOLIDATED PROVISIONAL STATEMENTS OF COMPREHENSIVE INCOME

	% change	Reviewed Year ended 31 March 2018 R'000	Audited year ended 31 March 2017 R'000
<b>Revenue</b>	10%	<b>262 534</b>	238 593
Cost of Sales	32%	<b>(78 986)</b>	(59 680)
Gross profit		<b>183 548</b>	178 913
Operating expenses		<b>(124 077)</b>	(114 796)
Operating profit	(7%)	<b>59 471</b>	64 117
Investment income		<b>2 480</b>	4 250
Finance income		<b>7 763</b>	7 856
Finance cost		<b>(81)</b>	(6)
Profits attributable to associates		<b>448</b>	631
Net profit before taxation	(9%)	<b>70 081</b>	76 848
Taxation		<b>(19 354)</b>	(20 791)
SA normal taxation		<b>(19 060)</b>	(19 606)
Deferred taxation		<b>(294)</b>	(1 185)
<b>Profit for the year</b>	(10%)	<b>50 727</b>	56 057
<b>Other comprehensive income:</b>			
<b>Items that will be reclassified subsequently to profit and loss</b>			
<b>Available-for-sale financial assets</b>		<b>3 958</b>	–
Fair value adjustment		<b>5 100</b>	–
Deferred tax relating to fair value adjustment		<b>(1 142)</b>	–
<b>Total comprehensive income for the year</b>	(2%)	<b>54 685</b>	56 057
<b>Profit attributable to:</b>			
Non-controlling interest holders	(6%)	<b>7 005</b>	7 413
Equity holders of the parent	(10.1%)	<b>43 722</b>	48 644
		<b>50 727</b>	56 057
<b>Total comprehensive income attributable to:</b>			
Non-controlling interest holders		<b>7 005</b>	7 413
Total comprehensive income attributable to holders of the parent		<b>47 680</b>	48 644
		<b>54 685</b>	56 057
Earnings per share (cents)	(11.1%)	<b>541.4</b>	609.2
Headline earnings per share (cents)	(10.8%)	<b>541.5</b>	606.9
Dividends per share (cents) (interim and final)		<b>300</b>	350
Weighted average number of shares in issue (000's)		<b>8 076</b>	7 985
<b>Headline earnings reconciliation</b>			
Profit attributable to equity holders		<b>43 722</b>	48 644
Profit on disposal of investment/financial assets		<b>11</b>	(257)
Tax on disposal of assets		<b>(3)</b>	72
<b>Headline earnings</b>		<b>43 730</b>	48 459

## CONSOLIDATED PROVISIONAL STATEMENTS OF FINANCIAL POSITION

	Reviewed 31 March 2018 R'000	Audited 31 March 2017 R'000
<b>Assets</b>		
<b>Non-current assets</b>	<b>196 836</b>	138 630
Property, plant and equipment	<b>72 371</b>	73 822
Goodwill	<b>58 262</b>	39 426
Trademarks	<b>27 000</b>	–
Investments in associated companies	<b>4 582</b>	4 509
Other financial instruments	<b>21 081</b>	10 240
Deferred taxation	<b>13 540</b>	10 633
<b>Current assets</b>	<b>151 713</b>	167 648
Trade receivables	<b>48 275</b>	44 841
Other receivables	<b>8 848</b>	3 532
Tax paid in advance	<b>45</b>	108
Cash and cash equivalents	<b>94 545</b>	119 167
<b>Total assets</b>	<b>348 549</b>	306 278
<b>Equity and liabilities</b>		
<b>Total equity</b>	<b>261 882</b>	230 865
<b>Non-current liabilities</b>	<b>544</b>	–
Deferred tax liability	<b>544</b>	–
<b>Current liabilities</b>	<b>86 123</b>	75 413
Trade payables	<b>14 684</b>	14 361
Other payables	<b>68 742</b>	57 215
Dividend payable	<b>1 736</b>	1 642
Taxation	<b>961</b>	2 195
<b>Total equity and liabilities</b>	<b>348 549</b>	306 278

## CONSOLIDATED PROVISIONAL STATEMENTS OF CHANGES IN EQUITY

	Reviewed Year ended 31 March 2018 R'000	Audited year ended 31 March 2017 R'000
<b>Issued capital</b>		
Balance at beginning of year	<b>7 965</b>	8 120
New shares issued	<b>277</b>	–
Shares repurchased and cancelled	<b>(230)</b>	(155)
Balance at end of year	<b>8 012</b>	7 965
<b>Share premium</b>		
Balance at beginning of year	–	9 097
New shares issued	<b>14 736</b>	–
Shares repurchased and cancelled	<b>(10 890)</b>	(9 097)
Balance at end of year	<b>3 846</b>	–
<b>Retained profit</b>		
Balance at beginning of year	<b>218 678</b>	199 342
Total profit for the year	<b>43 722</b>	48 644
Change in shareholding	<b>(4 130)</b>	–
Dividend	<b>(28 097)</b>	(27 389)
Shares repurchased and cancelled	<b>(708)</b>	(1 919)
Balance at end of year	<b>229 465</b>	218 678
<b>Non-distributable reserve</b>		
Balance at beginning of year	–	–
Other comprehensive income	<b>3 958</b>	–
Balance at end of year	<b>3 958</b>	–
<b>Non-controlling interests</b>		
Balance at beginning of year	<b>4 222</b>	2 056
Preference shares held by non-controlling interest holder	<b>10 178</b>	–
Change in shareholding	<b>4 130</b>	–
Acquisition of NCI due to business combination	<b>(3 294)</b>	–
Share of total comprehensive income for the year	<b>7 005</b>	7 413
Share of dividend	<b>(5 640)</b>	(5 247)
Balance at end of year	<b>16 601</b>	4 222
<b>Total capital and reserves</b>	<b>261 882</b>	230 865

## CONSOLIDATED PROVISIONAL STATEMENTS OF CASH FLOWS

	Reviewed Year ended 31 March 2018 R'000	Audited year ended 31 March 2017 R'000
Cash generated by operating activities	<b>63 391</b>	70 534
Net interest received	<b>7 682</b>	7 850
Taxation paid	<b>(20 240)</b>	(17 766)
Increase in working capital	<b>(19 986)</b>	(9 563)
– Increase in trade and other receivables	<b>(2 367)</b>	(2 421)
– (Decrease) in trade and other payables	<b>(17 619)</b>	(7 142)
Cash flows from operating activities	<b>30 847</b>	51 055
Cash flows from investing activities	<b>(8 116)</b>	(2 303)
– increase in investments and loans	<b>(5 637)</b>	(795)
– acquisition of business combination	<b>(1 273)</b>	–
– purchase of property, plant and equipment	<b>(3 712)</b>	(6 428)
– other	<b>26</b>	670
– dividends received	<b>2 480</b>	4 250
Cash flows from financing activities	<b>(47 353)</b>	(43 637)
– dividends paid to equity holders	<b>(28 003)</b>	(27 219)
– share issue cost	<b>(1 882)</b>	–
– dividends paid to non-controlling interest holder	<b>(5 640)</b>	(5 247)
– repurchase of shares	<b>(11 828)</b>	(11 171)
Net decrease in cash and cash equivalents	<b>(24 622)</b>	5 115
Cash and cash equivalents at beginning of year	<b>119 167</b>	114 052
<b>Cash and cash equivalents at end of year</b>	<b>94 545</b>	119 167

## SEGMENTAL REPORTING

	Reviewed Year ended 31 March 2018 R'000	Audited year ended 31 March 2017 R'000
<b>Revenue</b>		
Radio Broadcasting	<b>210 831</b>	198 802
Media services	<b>51 472</b>	39 283
Corporate	<b>231</b>	508
<b>Total</b>	<b>262 534</b>	238 593
<b>Profitability</b>		
Radio Broadcasting	<b>60 471</b>	60 333
Media services	<b>(3 412)</b>	2 184
Corporate	<b>2 412</b>	1 600
<b>Total operating profit</b>	<b>59 471</b>	64 117
Profit from associates	<b>448</b>	631
Investment income	<b>2 480</b>	4 250
Interest received	<b>7 763</b>	7 856
Interest paid	<b>(81)</b>	(6)
Taxation	<b>(19 354)</b>	(20 791)
<b>Total profit for the year</b>	<b>50 727</b>	56 057
<b>Assets</b>		
Radio Broadcasting	<b>108 408</b>	76 571
Media services	<b>67 220</b>	46 450
Corporate	<b>78 376</b>	64 090
<b>Total</b>	<b>254 004</b>	187 111
<b>Liabilities</b>		
Radio Broadcasting	<b>53 469</b>	49 863
Media services	<b>23 689</b>	19 535
Corporate	<b>9 509</b>	6 015
<b>Total</b>	<b>86 667</b>	75 413
<b>Capital expenditure</b>		
Radio Broadcasting	<b>3 210</b>	4 632
Media services	<b>197</b>	250
Corporate	<b>305</b>	1 546
<b>Total</b>	<b>3 712</b>	6 428
<b>Depreciation</b>		
Radio Broadcasting	<b>5 842</b>	5 510
Media services	<b>465</b>	615
Corporate	<b>303</b>	313
<b>Total</b>	<b>6 610</b>	6 438

Due to the acquisitions we decided to rename one of our segments to media services as it is no longer just radio services.

## CORPORATE INFORMATION

### 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, 8<sup>th</sup> Street, Houghton Estate, Johannesburg, 2198  
 PO Box 3014, Houghton, 2041

### TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd  
 Registration number 2004/003647/07  
 Rosebank Towers, 15 Biermann Avenue, Rosebank  
 PO Box 61051, Marshalltown, 2107  
 Telephone: +27 11 370 5000  
 Telefax: +27 11 688 5238

## SPONSOR

Arbor Capital Sponsors (Pty) Ltd  
 Registration number 2006/0033725/07  
 20 Stirrup Lane  
 Woodmead Office Park  
 Corner Woodmead Drive and  
 Van Reenens Avenue  
 Woodmead, 2191  
 Suite#439, Private Bag X29  
 Gallo Manor, 2052

## DIRECTORS

ACG Molusi (Independent Non-executive  
 Chairman)  
 M/J Prinsloo (Independent Non-executive)  
 N Sooka (Independent Non-executive)  
 M Mynhardt (Executive Financial)  
 A/J Isbister (Executive)

## COMPANY SECRETARY

C Roberts

## CHAIRMAN'S REVIEW

Trading conditions for the period under review remained tough. Revenue increased by 10% to R262.5 million (2017: R238.6 million) and total comprehensive income attributable to equity holders decreased by 2% to R47.7 million (2017: R48.6 million) mainly as a result of Classic1027 and Moneyweb losses and acquisition transaction costs. Earnings per share were 541.4 cents (2017:609.2 cents) and headline earnings per share were 541.5 cents (2017:606.9 cents).

The group generated R30.8 million (2017: R51.1 million) in cash from its operating activities during the year, after paying tax of R20.2 million (2017: R17.8 million). The group spent R3.7 million (2017: R6.4 million) on capital expenditure and paid R11.8 million (2017: R11.2 million) to repurchase 230 700 (2017:155 144) of its own shares. During August 2017 the company acquired Moneyweb for R9.4 million cash and the issue of 277 210 shares. In December 2017 AME acquired a stake in Classic1027 for R7 million. During the year the company paid out dividends of R28 million (2017: 27.2 million) to shareholders of the company and ended the year with cash resources of R94.5 million (2017: R119.2 million).

## OPERATIONS

Low business confidence and the restructuring process of our acquisitions resulted in demanding trading conditions placing further strain on our resources. Innovation and tight cost control remain imperatives.

**Algoa FM** had another successful year. National and direct revenue showed marginal growth year on year. The Big Walk for CANSA was a great commercial success and Algoa FM was honoured by the industry by winning two Liberty Radio Awards for Best Community Project and Best Promotion/Stunt. At the awards, Algoa FM also won the Best Daytime Show. Dave Titmann, Algoa FM's Managing Director was inducted into the Radio Hall of Fame. Finally, Algoa FM won the ultimate accolade and grand prix award of Commercial Radio Station of the Year.

**Central Media Group ("CMG")** encountered challenging trading conditions during the year, with mixed results from the various business units. OFM delivered a decline in profitability due to costs rising above a flat revenue performance. Digital Platforms grew Revenue 17.6% as it continues to build its development client portfolio, contributing positively to profitability of the group. Redstar Agency grew revenue by 57% through the introduction of new products and services, which translated into an increase of profitability year on year. Mahareng Publishing experienced the ongoing contraction in print advertising with a slight increase in revenue but a decline in profitability because of increased costs in the printing and distribution of the newspapers. CMG remains well positioned to offer a range of media and marketing solutions to businesses looking to target Central South Africa.

**RadioHeads'** profitability improved from the previous year. It has re-focused 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, while establishing itself as a preferred supplier within the agency space.

In order to grow its business and ensure its relevance into the future, **United Stations** has expanded its portfolio of radio stations to eight and strengthened its offering across digital, events, video, online audio and content creation. These mostly once-off costly initiatives resulted in the company not being profitable for this year. Going into 2018/2019, the United Stations proposition is more compelling, as it will continue to focus on growing its platforms, while presenting itself as a multi media solution in which radio is the core of a wider offering.

The group acquired an interest in **Classic1027**, and is in the process of turning the loss-making station around, partly by re-establishing the collaboration between Classic1027 and Moneyweb.

Restructuring of the **Moneyweb** group resulted in a more cost-efficient business model. The sales and publishing division was also moved into the group sales house, United Stations. Moneyweb Radio has expanded into an extra 30 minute timeslot between 18h00 and 19h00 (Monday – Thursday) on SAFM and also continues to produce a daily one hour show on RSG Geldsake, which is the largest listened to business show on radio in South Africa. Moneyweb launched the first business breakfast show on radio in Gauteng on Classic1027 between 07h00 and 08h00 on weekdays. Revenues for the financial period since acquisition largely comprised of digital sales on Moneyweb.co.za. Our radio expertise should enhance Moneyweb's business shows on the SABC stations.

## DIVIDENDS

An Interim dividend (dividend no 12) of 100 cents per ordinary share (gross) was declared for the period ended 30 September 2017 (2017:100 cents gross) and paid on 29 January 2018. A final dividend (dividend no 13) for the year ended 31 March 2018 of 200 cents per ordinary share (gross) (2017: 250 cents per share gross) is declared.

## DECLARATION OF FINAL DIVIDEND NO 13

The board declared a final dividend (dividend no 13) of 200.00 cents per ordinary share (gross) for the year ended 31 March 2018. 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 Dividend Withholding Tax rate is 20%
- the gross dividend amount is 200.00 cents per ordinary share for shareholders exempt from DWT
- the net dividend amount is 160.00 cents per ordinary share for shareholders liable for DWT
- the company has 8 100 934 ordinary shares in issue
- 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 Tuesday, 10 July 2018

Shares will trade ex-dividend from Wednesday, 11 July 2018

The record date will be Friday, 13 July 2018 and payment will be made on Monday, 16 July 2018

Share certificates may not be dematerialised/rematerialised between Wednesday, 11 July 2018 and Friday, 13 July 2018, both days inclusive.

## PROSPECTS

The board expects the trading conditions for the 2019 financial year to remain challenging while turning our two acquisitions around.

## ACG MOLUSI

Independent Non-executive Chairman

8 June 2018

The board of directors are responsible for the preparation of the provisional consolidated financial statements in accordance with the requirements of the JSE Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal controls as the directors deem necessary to ensure that the provisional consolidated financial statements are free from material misstatement due to fraud or error.

**Michelle Mynhardt (CA/SA)**

Financial director

These results have been reviewed by Grant Thornton and their unqualified review report is available for inspection at the company's registered office.

The auditor's reviewed report does not necessarily report on all of the information contained in this announcement/ financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's review report with the accompanying financial information from the issuers' registered office.

## SUMMARISED NOTES TO THE PROVISIONAL FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

These provisional 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, IAS 34: Interim Financial Reporting, the Listings Requirements of the Johannesburg Stock Exchange and the SAICA Financial Reporting Guides 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 2017.

### 2. BUSINESS COMBINATIONS

#### Moneyweb Group ("Moneyweb")

AME acquired 100% of Moneyweb on 21 August 2017. The purchase price was settled by the issue of 277 210 new AME shares and a cash consideration of R9.4 million. The goodwill paid relates to group synergies that will be achieved.

The acquired business contributed incremental revenues of R12.7 million and a loss before tax of R3.2 million to the group for the period from date of acquisition to 31 March 2018. Had the acquisition occurred on 1 April 2017 group revenue would have been R24.6 million higher and the comprehensive income attributable to equity holders before taxation would have been R8.6 million lower. The assets and liabilities acquired, for which final fair values have been determined, are listed in the table below.

#### Classic1027

On 15 December 2017 AME acquired a direct shareholding of 7.85% in Classic1027. In addition AME acquired minority shareholdings in shareholders holding a 77.06% shareholding in Classic1027, bringing our effective shareholding in Classic1027 to 45.9%. Classic1027 was consolidated in line with the requirements of IFRS 10. The purchase price was R7 million. The goodwill paid relates to the economies of scale that can be achieved and group synergies.

The acquired business contributed incremental revenues of R5.6 million and a loss before tax of R1.3 million to the group for the period from date of acquisition to 31 March 2018. Had the acquisition occurred on 1 April 2017 group revenue would have been R13.4 million higher and the comprehensive income attributable to equity holders would have been R7.1 million lower. The assets and liabilities acquired, for which final fair values have been determined, are listed in the table below.

Business combinations	Moneyweb	Classic	Total
Property plant and equipment	485	1 000	1 485
Trademarks	2 000	25 000	27 000
Other financial instruments	28	–	28
Deferred taxation on trademarks	(447)	(5 600)	(6 047)
Deferred tax raised on assessed losses at acquisition	4 248	5 600	9 848
Other current assets excluding bank and cash resources	2 239	1 145	3 384
Cash and cash equivalents	13 186	(29)	13 157
Non-current liabilities	–	(22 591)	(22 591)
Current liabilities	(4 458)	(10 610)	(15 068)
Fair value of identifiable net assets acquired	17 281	(6 085)	11 196
Non-controlling interests measured at their share of the fair value of net assets	–	3 294	3 294
Amount capitalised	17 281	(2 791)	14 490
<b>Total purchase consideration</b>	<b>26 326</b>	<b>7 000</b>	<b>33 326</b>
Issue of shares	277	–	277
Share premium	16 619	–	16 619
Cash paid	9 430	5 000	14 430
Contingent consideration	–	2 000	2 000
Goodwill arising on acquisition	9 045	9 791	18 836
Cash consideration	9 430	5 000	14 430
Less: Cash and cash equivalents in subsidiary acquired	13 186	(29)	13 157
Net cash inflow/(outflow) on acquisition	3 756	(5 029)	(1 273)

### 3. RELATED PARTY TRANSACTIONS

There has been no significant changes in related party relationships since the previous year.

Other than in the normal course of business, there have been no other transactions during the year with related parties.

### 4. OTHER FINANCIAL INSTRUMENTS

	GROUP	
	2018	2017
	R'000	R'000
<b>Level 1</b>	<b>29</b>	–
<b>Level 2</b>	<b>725</b>	–
<b>Level 3</b>	<b>20 327</b>	10 240
	<b>21 081</b>	10 240

Level 3 fair value determined by valuation that uses inputs that are not based on observable market data.

Investments are valued based on discounted cash flow models. Should the variables differ by 1% the value of the investments will decrease between 8% and 10%. The discount rates used vary between 13.02% and 18.02%.

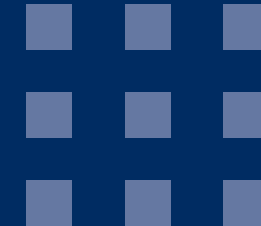
### 5. EVENTS AFTER THE REPORTING PERIOD

To the best of the directors' knowledge, there have been no material events after the reporting period up to the date of signature of this report that will materially affect the ability of the user to make proper financial investment decisions.

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# REVIEW

For the year ended 31 March 2018



AFRICAN MEDIA  
ENTERTAINMENT