

CHAIRMAN'S REVIEW

Despite group revenue from continuing operations being down by 2% to R131,4 million (2018: R134,3 million), the group still managed to generate R13,8 million (2018: R19,2 million) in cash from its operating activities during the period. The 149% decline in profit attributable to equity holders of the parent from R13,5 million to -R6,5 million and 149% decline in earnings per share from 168,4 cents to -82,5 cents is mainly as a result of the deconsolidation of Classic FM South Africa (Pty) Ltd from the group and the resultant loss incurred from the deemed disposal.

The 36% decline in headline earnings from R13,5 million to R8,6 million and 35,3% decrease in headline earnings per share from 168,5 cents to 109,0 cents ignores the loss incurred from the disposal and reflects the tough economic climate.

The group paid tax of R7,3 million (2018: R9,2 million), spent R22,9 million (2018: R10 million) on capital expenditure and paid R236 000 (2018: Rnil) to repurchase 9 634 (2018: Rnil) of its own shares. During the period, the company paid out dividends of R11,9 million (2018: R16,1 million) to shareholders of the company and ended the period with cash resources of R42,4 million (2018: R83,8 million).

OPERATIONS

Low business confidence resulted in another challenging interim period that placed further strain on our resources. Innovation, group synergies and tight cost control remain imperatives in a constantly evolving media landscape.

The decline in **Algoa FM's** interim results is largely attributable to less advertising spend from the national market, resulting in a decrease in total net advertising revenue of 11,2% compared with the same period last year. Operating expenditure remains tightly managed and is up by only 2,1% compared to 2018. The station's listenership for the period January to June 2019 is up by 15,6 % to 503 000. The station's website, delivered year-on-year growth in unique impressions of 718%, boasting an average of 3,7 million unique impressions per month for the period 1 April to 30 September 2019. Algoa FM's flagship event, the Big Walk for Cancer, once again delivered a record number of participants and remains the Eastern Cape's largest family participation charity event with 13 230 registered walkers. The radio station will relocate to its newly developed state-of-the-art premises in the Baakens Valley of Port Elizabeth during January 2020.

Central Media Group ("CMG") had a challenging first six months of the new fiscal with varied results across the four business units. The OFM radio sales are slightly above prior period despite challenging conditions. OFM's listenership for the period January to June 2019 was up by 9,3% to 237 000. Digital Platforms are performing better than expected and continue to deliver more value to CMG. Mahareng Publishing's momentum from the end of the previous fiscal continued into this year and had a tremendous first six months of the year. Redstar Agency is still profitable. CMG is the leading multi-platform advertising solutions company and is positioned as the first choice media sales organisation in Central South Africa.

The recent change in corporate identity and business strategy of **MediaHeads360** has been well received by the industry. This allowed us to deliver innovative and seamless 360 degree solutions to clients across multiple media platforms. These new revenue streams are still gaining momentum and the extensive, optimised and personalised marketing solutions are driving high awareness levels plus increasing levels of brand engagement. MediaHeads 360 understands the tough trading conditions it is working in, however MediaHeads 360 is confident in achieving its budget.

The advertising market continues to undergo immense change, most notably the shift from traditional to digital media with the effective measurement of consumer engagement being a key requirement by marketers. **United Stations** has responded to this with a more integrated approach and a number of new media opportunities and bespoke solutions. These products are showing green shoots and in spite of making a loss, United Stations managed to increase advertising revenue marginally, while weathering deep budget cuts amongst its largest advertising clients. United Stations are cautiously optimistic that the remaining six months will produce better results on the back of more attractive selling propositions and structural changes that are resulting in more face to face time with advertisers.

Moneyweb experienced a significant increase in sales across all platforms as compared to the same period last year and the improved performance is encouraging. Moneyweb.co.za continues to grow with an increased awareness by clients on having Moneyweb as a strategic and trusted media partner to work with from a sales and editorial point of view. Moneyweb also established an app and although it was a recent development, it is gaining momentum.

DISCONTINUED OPERATIONS

Classic FM SA was placed under voluntary business rescue on 30 September 2019 as a result of market conditions that prevented the tightly niched radio station from attracting revenue at the levels required to make it sustainable. This has resulted in a loss from discontinued operations of R20,4 million which relates to the following:

- R15,2 million relates to the loss on deemed disposal of Classic FM SA; and
- R5,2 million relates to the losses incurred by Classic FM SA for the current period ended 30 September 2019.

The loss on the deemed disposal of Classic FM SA was determined as follows:

	R'000
Fair value of consideration received	—
NCI up to disposal	(16 491)
Net liabilities up to disposal date	39 081
Realisation of net liability value	22 590
Impairment of loan to Classic FM SA	(37 835)
Loss on deemed disposal	(15 245)
Cash flows from discontinued operations	
Cash flows from operating activities	(5 193)
Cash flows from financing activities	5 345
Net increase/(decrease) in cash and cash equivalents	152

DIVIDENDS

A final dividend (dividend no. 15) of 150 cents per ordinary share (gross) was declared for the year ended 31 March 2019 (2018: 200 cents per share gross) and paid on 15 July 2019. No interim dividend for the period ended 30 September 2019 is proposed (September 2018: 80 cents per share gross).

PROSPECTS

The board expects the trading conditions for the 2020 financial year to remain challenging.

ACG Molusi

Independent Non-executive Chairman

22 November 2019

These condensed unaudited results have been prepared by the financial executive 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 2019. The adoption of IFRS 16 has no material effect on these condensed results.

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, 8th Street, Houghton Estate, Johannesburg, 2198
PO Box 3014, Houghton, 2041

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
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 Proprietary Limited
Registration number 2006/033725/07
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)
J Edwards (Independent Non-executive)
MJ Prinsloo (Independent Non-executive)
N Sooka (Independent Non-executive)
KW-Thipe (Independent Non-executive)
AJ Isbister (Finance Executive)
DM Tiltmann (Chief Executive)

COMPANY SECRETARY

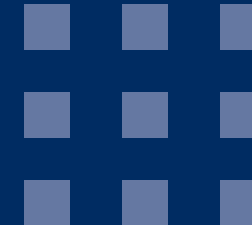
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AUDITORS

BDO South Africa Incorporated

INTERIM RESULTS

For the six months ended 30 September 2019



AFRICAN MEDIA
ENTERTAINMENT

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

		Unaudited six months to 30 September 2019 R'000	Unaudited* six months to 30 September 2018 R'000	Audited* year ended 31 March 2019 R'000
Continuing operations:				
Revenue	(2%)	131 437	134 302	263 548
Cost of sales	3%	(39 074)	(38 102)	(55 079)
Gross profit		92 363	96 200	208 469
Operating expenses	1%	(76 058)	(75 059)	(137 841)
Operating profit	(23%)	16 305	21 141	70 628
Investment income		500	1 500	3 519
Finance income		2 068	2 601	5 402
Finance cost		–	(1)	(4)
Equity accounted earnings from associates		400	170	833
Net profit before taxation		19 273	25 411	80 378
Taxation		(5 203)	(6 650)	(24 326)
SA normal taxation		(6 436)	(8 599)	(20 523)
Deferred taxation		1 233	1 949	(3 803)
Profit from continuing operations	(25%)	14 070	18 761	56 052
Loss from discontinued operations	(448%)	(20 422)	(3 727)	(44 504)
(Loss)/profit for the period	(142%)	(6 352)	15 034	11 548
Other comprehensive income: Items that will not be reclassified subsequently to profit or loss				
Financial assets measured at fair value through other comprehensive income		–	–	4 656
Valuation gains on fair value through other comprehensive income financial assets		–	–	6 000
Deferred tax relating to fair value adjustment		–	–	(1 344)
Total comprehensive (loss)/income for the period	(142%)	(6 352)	15 034	16 204
(Loss)/profit attributable to:				
Non-controlling interest holders		193	1 543	(10 907)
Equity holders of the parent	(149%)	(6 545)	13 491	22 455
		(6 352)	15 034	11 548
Total comprehensive (loss)/income attributable to:				
Non-controlling interest holders		193	1 543	(10 907)
Equity holders of the parent		(6 545)	13 491	27 111
		(6 352)	15 034	16 204
(Loss)/earnings per share (cents)	(149.0%)	(82.5)	168.4	280.8
– Continuing operations (cents)	(26.4%)	139.6	189.7	588.8
– Discontinued operations (cents)		(222.1)	(21.3)	(308.0)
Headline earnings per share (cents)	(35.3%)	109.0	168.5	544.1
– Continuing operations (cents)	(26.8%)	138.9	189.8	586.3
– Discontinued operations (cents)		(29.9)	(21.3)	(42.2)
Dividends per share (cents)		–	80	230
Weighted average number of shares in issue (000's)		7 931	8 012	7 996
Headline earnings reconciliation				
(Loss)/profit attributable to equity holders		(6 545)	13 491	22 455
Adjustments:		15 190	6	21 052
Loss on disposal of subsidiary		15 245	–	–
Impairment of Classic trademark		–	–	11 465
Impairment of Classic goodwill		–	–	9 790
Profit on disposal of fixed assets		(77)	8	(282)
Tax on disposal of fixed assets		22	(2)	79
Headline earnings		8 645	13 497	43 507
Profit attributable from continuing operations attributable to equity holders		11 074	15 200	47 083
Adjustments:		(55)	6	(203)
Profit on disposal of fixed assets		(77)	8	(282)
Tax on disposal of fixed assets		22	(2)	79
Headline earnings from continuing operations		11 019	15 206	46 880

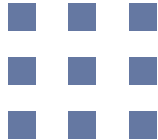
* Restated due to Classic FM South Africa (Pty) Ltd being treated as a discontinued operation.

CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL POSITION

	Unaudited 30 September 2019 R'000	Unaudited 30 September 2018 R'000	Audited 31 March 2019 R'000
ASSETS			
Non-current assets	200 041	205 446	179 126
Property, plant and equipment	107 043	78 888	87 762
Goodwill	48 471	58 262	48 471
Other intangible assets	2 000	27 000	2 000
Investments in associated companies	5 205	4 401	4 804
Other financial instruments	26 327	20 355	26 327
Deferred taxation	10 995	16 540	9 762
Current assets	91 396	140 790	137 087
Trade receivables	41 950	53 844	50 361
Other receivables	5 108	3 130	5 190
Tax paid in advance	1 984	45	1 155
Cash and cash equivalents	42 354	83 771	80 381
Total assets	291 437	346 236	316 213
EQUITY AND LIABILITIES			
Total equity	241 555	260 857	246 201
Non-current liabilities	1 915	146	1 915
Deferred tax liability	1 915	146	1 915
Current liabilities	47 967	85 233	68 097
Trade payables	13 867	25 683	18 068
Other payables	32 114	57 451	48 024
Dividend payable	1 957	1 736	1 891
Taxation	29	363	114
Total equity and liabilities	291 437	346 236	316 213

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Unaudited six months to 30 September 2019 R'000	Unaudited six months to 30 September 2018 R'000	Audited year ended 31 March 2019 R'000
Issued capital			
Balance at beginning of period	7 933	8 012	8 012
New shares issued	–	–	–
Shares repurchased and cancelled	(10)	–	(79)
Balance at end of period	7 923	8 012	7 933
Share premium			
Balance at beginning of period	3 846	3 846	3 846
Balance at end of the period	3 846	3 846	3 846
Retained earnings			
Balance at beginning of period	226 469	229 465	229 465
Total (loss)/profit for the period	(6 545)	13 491	22 455
Dividend	(11 926)	(16 059)	(22 483)
Shares repurchased and cancelled	(226)	–	(2 968)
Balance at end of period	207 772	226 897	226 469
Non-distributable reserve			
Balance at beginning of period	8 614	3 958	3 958
Other comprehensive income	–	–	4 656
Balance at end of period	8 614	3 958	8 614
Non-controlling interests			
Balance at beginning of period	(661)	16 601	16 601
Deemed disposal of subsidiary	16 491	–	–
Comprehensive income for the period	193	1 543	(10 907)
Share of dividend	(2 623)	–	(6 355)
Balance at end of period	13 400	18 144	(661)
Total capital and reserves	241 555	260 857	246 201


CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

	Unaudited six months to 30 September 2019 R'000	Unaudited six months to 30 September 2018 R'000	Audited year ended 31 March 2019 R'000
Cash generated by operating activities	13 786	19 215	64 826
Net interest received	2 071	2 593	5 339
Taxation paid	(7 349)	(9 196)	(22 480)
Decrease in working capital	(8 668)	(142)	(13 769)
– decrease/(increase) in trade and other receivables	6 412	149	1 573
– (decrease)/increase in trade and other payables	(15 080)	(291)	(15 342)
Cash flows from operating activities	(160)	12 470	33 916
Cash flows from investing activities	(23 148)	(7 185)	(16 350)
– decrease/(increase) in investments and loans	–	1 076	1 370
– deemed disposal of subsidiary – net cash disposed off	(935)	–	–
– purchase of property plant and equipment	(22 852)	(9 951)	(21 768)
– other	139	190	529
– dividends received	500	1 500	3 519
Cash flows from financing activities	(14 719)	(16 059)	(31 730)
– dividends paid to equity holders	(11 860)	(16 059)	(22 780)
– dividends paid to non-controlling interest holder	(2 623)	–	(5 903)
– repurchase of shares	(236)	–	(3 047)
Net decrease in cash and cash equivalents	(38 027)	(10 774)	(14 164)
Cash and cash equivalents at beginning of period	80 381	94 545	94 545
Cash and cash equivalents at end of period	42 354	83 771	80 381

SEGMENTAL REPORTING

	Unaudited six months to 30 September 2019 R'000	Unaudited six months to 30 September 2018 R'000	Audited year ended 31 March 2019 R'000
Revenue			
Radio broadcasting	105 256	108 089	213 702
Media services	32 049	31 914	59 908
Corporate	–	–	–
Less: Revenue from discontinued operations	(5 868)	(5 701)	(10 062)
Total	131 437	134 302	263 548
Profitability			
Radio broadcasting	16 189	21 539	68 537
Media services	(4 085)	(5 210)	(6 914)
Corporate	(979)	(357)	(650)
Total operating profit	11 125	15 972	60 973
Profits from associates	400	170	833
Investment income	500	1 500	3 519
Interest received	2 071	2 601	5 409
Interest paid	–	(8)	(70)
Impairment of goodwill and trademark	–	–	(34 790)
Loss on disposal of subsidiary	(15 245)	–	–
Taxation	(5 203)	(5 201)	(24 326)
Total comprehensive (loss)/income for the year	(6 352)	15 034	11 548
Assets (excluding cash)			
Radio broadcasting	53 378	114 927	48 705
Media services	60 595	68 521	65 255
Corporate	135 110	79 017	121 872
Total	249 083	262 465	235 832
Liabilities			
Radio broadcasting	13 500	49 453	26 812
Media services	25 019	28 356	32 960
Corporate	11 363	7 570	10 240
Total	49 882	85 379	70 012
Capital expenditure			
Radio broadcasting	9 761	3 742	5 807
Media services	490	612	924
Corporate	12 601	5 598	15 037
Total	22 852	9 952	21 768
Depreciation			
Radio broadcasting	2 269	2 851	5 332
Media services	303	251	524
Corporate	169	133	274
Total	2 741	3 235	6 130