

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	%	Reviewed year ended 31 March 2020 R'000	Audited* year ended 31 March 2019 R'000
	change		
Continuing operations:			
Revenue	0%	262 747	263 548
Cost of sales	29%	(71 046)	(55 079)
Gross profit		191 701	208 469
Operating expenses	5%	(145 304)	(137 841)
Operating profit	(34%)	46 397	70 628
Investment income		1 551	3 519
Finance income		3 656	5 402
Finance cost		(2)	(4)
Equity accounted earnings from associates		971	833
Net profit before capital items	(35%)	52 573	80 378
Impairment of goodwill and trademark		(4 445)	–
Net profit before taxation		48 128	80 378
Taxation		(13 960)	(24 326)
SA normal taxation		(11 661)	(20 523)
Deferred taxation		(2 299)	(3 803)
Profit from continuing operations	(39%)	34 168	56 052
Loss from discontinued operations	(54%)	(20 422)	(44 504)
Profit for the year	19%	13 746	11 548
Other comprehensive income:			
Items that will not be reclassified subsequently to profit and loss			
		(3 161)	4 656
Fair value (losses)/gains on fair value through other comprehensive income financial assets		(3 777)	6 000
Deferred tax relating to fair value adjustment		616	(1 344)
Total comprehensive income for the year	(35%)	10 585	16 204
(Loss)/Profit attributable to:			
Non-controlling interest holders		3 412	(10 907)
Equity holders of the parent	(54%)	10 334	22 455
		13 746	11 548
Total comprehensive income attributable to:			
Non-controlling interest holders		3 412	(10 907)
Equity holders of the parent		7 173	27 111
		10 585	16 204
Earnings per share (cents)	(53.6%)	130.4	280.8
– Continuing operations (cents)	(40.1%)	352.6	588.8
– Discontinued operations (cents)		(222.2)	(308.0)
Headline earnings per share (cents)	(30.5%)	378.3	544.1
– Continuing operations (cents)	(30.4%)	408.2	586.3
– Discontinued operations (cents)		(29.9)	(42.2)
Dividends per share (cents)		–	230
Weighted average number of shares in issue (000's)		7 927	7 996
Headline earnings reconciliation			
Profit attributable to equity holders		10 334	22 455
Adjustments:		19 651	21 052
Deemed disposal of subsidiary		15 245	–
Impairment of Moneyweb goodwill		4 445	–
Impairment of Classic trademark		–	11 465
Impairment of Classic goodwill		–	9 790
Profit on disposal of fixed assets		(54)	(282)
Tax on disposal of fixed assets		15	79
Headline earnings	(31%)	29 985	43 507
Profit from continuing operations attributable to equity holders		27 953	47 083
Adjustments		4 406	(203)
Impairment of Moneyweb goodwill		4 445	–
Profit on disposal of fixed assets		(54)	(282)
Tax on disposal of fixed assets		15	79
Headline earnings from continuing operations	(31%)	32 359	46 880

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

CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL POSITION

	Reviewed 31 March 2020 R'000	Audited 31 March 2019 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	123 487	87 762
Goodwill	44 026	48 471
Other intangible assets	2 000	2 000
Investments in associated companies	5 775	4 804
Other financial instruments	22 550	26 327
Deferred taxation	8 489	9 762
Current assets	102 873	137 087
Trade receivables	48 878	50 361
Other receivables	2 409	5 190
Tax paid in advance	3 911	1 155
Cash and cash equivalents	47 675	80 381
Total assets	309 200	316 213
EQUITY AND LIABILITIES		
Total equity		
Non-current liabilities	2 325	1 915
Deferred tax liability	2 325	1 915
Current liabilities	49 919	68 097
Trade payables	12 984	18 068
Other payables	34 629	48 024
Dividend payable	1 957	1 891
Taxation	349	114
Total equity and liabilities	309 200	316 213

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Reviewed year ended 31 March 2020 R'000	Audited year ended 31 March 2019 R'000
Issued capital		
Balance at beginning of year	7 933	8 012
Shares repurchased and cancelled	(10)	(79)
Balance at end of year	7 923	7 933
Share premium		
Balance at beginning of year	3 846	3 846
Balance at end of year	3 846	3 846
Retained profit		
Balance at beginning of year	226 469	229 465
Total profit for the year	10 334	22 455
Dividend declared	(11 926)	(22 483)
Shares repurchased and cancelled	(226)	(2 968)
Balance at end of year	224 651	226 469
Non-distributable reserve		
Balance at beginning of year	8 614	3 958
Other comprehensive income	(3 161)	4 656
Balance at end of year	5 453	8 614
Non-controlling interests		
Balance at beginning of year	(661)	16 601
Deemed disposal of subsidiary	16 491	–
Share of total comprehensive income for the year	3 412	(10 907)
Share of dividend	(4 159)	(6 355)
Balance at end of year	15 083	(661)
Total capital and reserves	256 956	246 201

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

	Reviewed year ended 31 March 2020 R'000	Audited year ended 31 March 2019 R'000
Cash generated by operating activities	47 001	64 826
Net interest received	3 657	5 339
Taxation paid	(14 182)	(22 480)
Decrease in working capital	(11 309)	(13 769)
– Decrease in trade and other receivables	2 182	1 573
– Decrease in trade and other payables	(13 491)	(15 342)
Cash flows from operating activities	25 167	33 916
Cash flows from investing activities	(41 662)	(16 350)
– increase in investments and loans	–	1 370
– deemed disposal of subsidiary - net cash disposed off	(935)	–
– purchase of property, plant and equipment	(42 463)	(21 768)
– other	185	529
– dividends received	1 551	3 519
Cash flows from financing activities	(16 211)	(31 730)
– dividends paid to equity holders	(11 860)	(22 780)
– dividends paid to non-controlling interest holder	(4 115)	(5 903)
– repurchase of shares	(236)	(3 047)
Net decrease in cash and cash equivalents	(32 706)	(14 164)
Cash and cash equivalents at beginning of year	80 381	94 545
Cash and cash equivalents at end of year	47 675	80 381

SEGMENTAL REPORTING

	Reviewed year ended 31 March 2020 R'000	Audited year ended 31 March 2019 R'000
Revenue		
Radio Broadcasting	203 122	213 702
Media services	65 493	59 908
Corporate	–	–
Less: Revenue from discontinued operations	(5 868)	(10 062)
Total	262 747	263 548
Profitability		
Radio Broadcasting	44 184	68 537
Media services	(1 125)	(6 914)
Corporate	(1 842)	(650)
Total operating profit	41 217	60 973
Profit from associates	971	833
Investment income	1 551	3 519
Interest received	3 659	5 409
Interest paid	(2)	(70)
Impairment of goodwill and trademark	(4 445)	(34 790)
Deemed disposal of subsidiary	(15 245)	–
Taxation	(13 960)	(24 326)
Total comprehensive income for the year	13 746	11 548
Assets (excluding cash)		
Radio Broadcasting	85 834	48 705
Media services	56 190	65 255
Corporate	119 501	121 872
Total	261 525	235 832
Liabilities		
Radio Broadcasting	13 666	26 812
Media services	28 171	32 960
Corporate	10 407	10 240
Total	52 244	70 012
Capital expenditure		
Radio Broadcasting	20 638	5 807
Media services	661	924
Corporate	21 164	15 037
Total	42 463	21 768
Depreciation		
Radio Broadcasting	4 965	5 332
Media services	600	524
Corporate	273	274
Total	5 838	6 130

CHAIRMAN'S REVIEW

Group revenue from continuing operations is consistent with the prior year at R 262,7 million (2019: R263,5 million) which reflects the difficult trading conditions in the current year. The 2019 results contained a material and non-recurring gain as a result of the reversal of many years of industry specific levies of the radio stations. In order to compare the results more meaningfully with the prior year, the reversal of levies during the 2019 financial year has been eliminated:

	Change	31 March 2020 R'000	31 March 2019 R'000
Operating profit	(8%)	46 397	50 442
Net profit before capital items and tax	(13%)	52 573	60 192
Headline earnings from continuing operations	(7%)	32 359	34 964
Headline earnings per share from continuing operations (cents)	(7%)	408.2	437.3

The group generated R47 million (2019: R64,8 million) in cash from its operating activities during the year. It paid tax of R14,2 million (2019: R22,5 million), spent R42,5 million (2019: R21,8 million) on capital expenditure relating to the construction of new premises and state of the art studios for Algoa FM, paid dividends of R16 million (2019: R28,7 million) and ended the period with cash resources of R47,7 million (2019: R80,4 million).

OPERATIONS

Low business confidence and challenging trading conditions placed further strain on our resources. Innovation, group synergies and tight cost control remain imperative focus areas for the group.

Algoa FM took occupation of its new premises in the Baakens Valley of Port Elizabeth on 1 January 2020. Capital expenditure of R 19,8m was invested into a future proof and eco-friendly premises for the radio station. Poor trading conditions since May 2019 combined with the cancellation of advertising from March 2020, due to the COVID-19 virus, resulted in lower than anticipated profitability for the year. The Algoa FM Big Walk for Cancer set a new record with 13,230 registered participants as well as new record for revenue. Listenership for the period April 2019 to March 2020 increased by 18% to 505,000.

Central Media Group ("CMG") had a year with mixed results across the four business units. The OFM direct radio sales team provided revenues above the previous year under challenging economic conditions, with national radio sales performing below budget. OFM audience figures for the period April 2019 to March 2020 increased to 315,000 listeners which is a year on year increase of 22% in audience. Digital Platforms performed well and continues to deliver value to CMG in the digital marketing and development space. Mahareng Publishing had a very successful 2019 / 2020 year, performing above expectation. Redstar Agency continued to perform below budget.

MediaHeads 360 has firmly entrenched their new name and media offerings in the marketplace. Our committed and passionate focus as a specialised media agency on innovations, tech driven solutions and a 360-degree integrated approach, has been well received by the marketing industry and established our business and services as a vital asset for client's campaigns. MediaHeads 360 exceeded its budgeted profits.

The past financial year was a challenging one for **United Stations** in terms of profitability, as it continued to build a more resilient media ecosystem with a stable and sustainable future. To move ahead of its competition, the company has been broadening its skillsets and ability to create value for advertisers within a portfolio of Radio, Digital, Events, Business Content, Video and Online Audio. Tight trading conditions are expected to persist and this presents an opportunity for United Stations to intensify its efforts to acquire new clients and enter strategic alliances that will complement its current portfolio.

Moneyweb achieved a significant increase in radio sales and continues to broadcast and provide quality business shows across its radio platforms. Moneyweb has secured a three-year arrangement for these platforms. One of its business shows was nominated for best business show at the Radio awards which is testament to the premium quality of Moneyweb's content. Moneyweb.co.za has experienced a remarkable increase in audience of 97% since February 2020 as well as an increase in subscriptions, especially since the COVID-19 lock down. Moneyweb also recently launched a new Breakfast business live streaming show.

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 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 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 investing activities	–
Cash flows from financing activities	5 345
Net increase in cash and cash equivalents	152

DIVIDENDS

No interim dividend was declared for the period ended 30 September 2019 (September 2018: 80 cents per share gross). Due to the tough business conditions that we are currently experiencing, no final dividend has been declared for the year ended 31 March 2020. (2019: 150 cents per ordinary share gross)

PROSPECTS

The board expects the trading conditions for the 2021 financial year to be more challenging due to the depressed economy and the COVID-19 pandemic.

The board is 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.

ACG Molusi
Independent Non-executive Chairman

AJ Isbister (CA) SA
Financial Director

11 June 2020

These results have been reviewed by BDO South Africa Inc and their unmodified 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 these 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 2019.

2. RELATED PARTY TRANSACTIONS

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

3. OTHER FINANCIAL INSTRUMENTS

	GROUP	
	2020 R'000	2019 R'000
Level 3	22 550	26 327
	22 550	26 327

Level 3 fair value is 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 by between 3% and 22%. The discount rates used vary between 17,86% and 18,5%.

4. SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE PERIOD

The group is required to test, on an annual basis, whether the indefinite useful life intangible assets have suffered any impairment. The recoverable amount is determined based on a discounted cash flow model.

In the current financial year, Moneyweb goodwill was impaired by R4,4 million due to revised revenue and growth rate assumptions. Although there was a significant reduction in losses incurred by Moneyweb in the current year, the turnaround strategy for the business took longer than anticipated. This was not expected when initial forecasts were made at the end of the prior year.

The present value of expected cash flows was determined by applying an appropriate discount rate based on the current market assessments of the time value of money and risks specific to Moneyweb. This has declined in the current year mainly due to the downward revision of revenue forecasts.

5. EVENTS AFTER THE REPORTING PERIOD

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

The group is cognisant of the COVID-19 restrictions and is constantly monitoring the impact of it on revenue and profitability. At this stage, it is too early to determine the impact on the results for the 2021 financial year.

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
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TRANSFER SECRETARIES

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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

C Roberts CA(SA)

AUDITORS

BDO South Africa Incorporated

REVIEW

For the year ended 31 March 2020

