

CHAIRMAN'S REVIEW

During the period under review, group revenue from continuing operations declined significantly by 31% to R90,7 million (2019: R131,4 million) as a result of the devastating effect of the COVID-19 pandemic (the pandemic) on the world economy and the media industry. Despite the significant decrease in revenue, the group has still managed to achieve a profit for the period of R1,4 million. Even though the group was classified as an essential service organisation and was able to continue operating, the substantially diminished advertising revenues, reduced earnings per share from continuing operations by 95,3% from 139,6 cents to 6,5 cents.

In order to mitigate the effect of the pandemic on profitability, the group focused on implementing cost saving initiatives whilst ensuring job security of its employees and conserving cash.

The group generated R7,9 million (2019: R13,8 million) in cash from its operating activities during the period. After paying tax of R1,9 million (2019: R7,3 million) cash resources increased during the period from R47,7 million to R57,2 million.

OPERATIONS

The pandemic resulted in strained operations throughout the group with the following steps being implemented to ensure sustainability of its business units:

- Despite the group being an essential service organisation, employees worked remotely enabling smooth operations throughout the lockdown period and many of its employees continue to work remotely or on a rotational basis to promote 'flattening of the curve'.
- Salary reductions were implemented for a limited period whilst administering the UIF TERS claims to reduce the impact on the cash flows of employees.

Economic conditions placed immense pressure on existing revenue streams at **Algoa FM** which was further exacerbated by the Hard Lockdown due to the pandemic. Immediate measures were put in place to drastically reduce variable operational costs without an impact on the strategic imperatives of the business. At the time of drafting this report, the cash flow as well as the availability of cash remained positive. Digital engagement with the audience spiked significantly as content pursuant to empathy and understanding was the order of the day.

Central Media Group ("CMG") has shown resilience in the face of adversity. The eventing subsidiary, Redstar Agency was closed, due to the impact of lockdown measures. COVID-19 has materially changed the business. OFM's half-year EBITDA results shows that it is a stable, sustainable and profitable business unit. Mahareng Publishing was expected to make losses close to R1 million after the first quarter but turned the corner by achieving a small profit for the six months. Digital Platforms (DP) continues to be successful in a challenging environment. DP's half years results are encouraging with EBITDA closing 25,39% above budget.

The current economic climate impacted the half year results for **MediaHeads 360**. However, the flexibility of the business structure and our diversification into and success in the Television Content Integration space has set MediaHeads 360 up to improve their performance in the second six months of the fiscal. Operating expenses were reduced by 22% to best position the business for lower than expected income. MediaHeads 360 has adapted their marketing strategy during the Covid-19 period to be more visible on their social media platforms (which have seen a growth of approximately 20% during the last six months), to position the company as thought leaders in the media industry.

The weight of the Lockdown and the concomitant collapse in demand for advertising, has required a comprehensive re-set. In response, **United Stations** have been hard at work, constructing a differentiated Media Sales House that is positioned to grow revenues and margins among its eight radio station clients and multiple digital assets. The resultant audio – based, advertiser focused product ecosystem, leverages its audiences across multiple channels and has the potential to overcome the forces of a low growth advertising environment and stagnant economy.

The hard lockdown period saw a significant upside for **Moneyweb** in higher traffic on the website. While traffic declined following the relaxation in lockdown restrictions, the figures are still higher than pre-lockdown. The site has continued to attract a significant audience base, with just under seven million pageviews a month. The **MoneywebNOW** show launched earlier in the year has since its inception, attracted almost a quarter of a million podcast downloads.

DIVIDENDS

No final dividend was declared for the year ended 31 March 2020 (2019: 150 cents per ordinary share gross). Due to the unprecedented effect of the pandemic, no interim dividend for the period ended 30 September 2020 is declared (September 2019: nil).

PROSPECTS

The board expects the trading conditions for the remaining 2021 financial year to remain tough, considering the long-lasting effects that the pandemic is having on the world. The earnings from continuing operations for the second six months are expected to be more positive than the previous six months, but below that of the corresponding results of the previous year.

ACG Molusi

Independent Non-executive Chairman
24 November 2020

AJ Isbister CA(SA)

Finance executive

Summarised notes to the financial statements

1. BASIS OF PREPARATION

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 2020.

2. OTHER FINANCIAL INSTRUMENTS

	2020	2019
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 7% and 8%. The discount rates applied were 18.5%.

3. RELATED PARTY TRANSACTIONS

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

4. SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE PERIOD

The pandemic has had a significant effect on the group's ability to generate revenue and placed strain on the resources of the group. The group continues to closely monitor the impact of COVID-19 on its businesses. Although profit has substantially declined, the group remains agile and is focused on weathering the effect of the pandemic.

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.

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

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

TRANSFER SECRETARIES

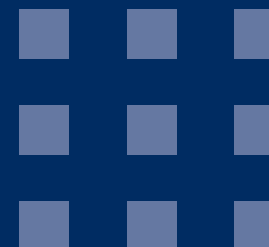
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INTERIM RESULTS

For the six months ended 30 September 2020



CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited # six months to 30 September 2020 R'000	Unaudited # six months to 30 September 2019 R'000	Audited # year ended 31 March 2020 R'000
Revenue	(31%) 90 739	131 437	262 747
Cost of sales	(35%) (25 578)	(39 074)	(71 046)
Gross profit	65 161	92 363	191 701
Other operating expenses	(22%) (57 213)	(73 505)	(139 654)
Operating profit before depreciation	(58%) 7 948	18 858	52 047
Depreciation*	(3 694)	(2 553)	(5 650)
Operating profit	4 254	16 305	46 397
Investment income	125	500	1 551
Finance income	1 129	2 068	3 656
Finance cost	–	–	(2)
Equity accounted earnings from associates	49	400	971
Net profit before capital items	(71%) 5 557	19 273	52 573
Impairment of goodwill	–	–	(4 445)
Net profit before tax	5 557	19 273	48 128
Taxation	(4 126)	(5 203)	(13 960)
Profit from continuing operations	(90%) 1 431	14 070	34 168
Loss from discontinued operations	–	(20 422)	(20 422)
Profit/(loss) for the period	1 431	(6 352)	13 746
Other comprehensive income: Items that will not be reclassified subsequently to profit or loss.			
Financial assets measured at fair value through other comprehensive income	–	–	(3 161)
Fair value losses on fair value through other comprehensive income financial assets	–	–	(3 777)
Deferred tax relating to fair value adjustment	–	–	616
Total comprehensive income/(loss) for the period	1 431	(6 352)	10 585
Profit/(loss) attributable to:			
Non-controlling interest holders	913	193	3 412
Equity holders of the parent	518	(6 545)	10 334
1 431	(6 352)	13 746	
Total comprehensive (loss)/income attributable to:			
Non-controlling interest holders	913	193	3 412
Equity holders of the parent	518	(6 545)	7 173
1 431	(6 352)	10 585	
Earnings/(loss) per share (cents)			
– Continuing operations (cents)	(95.3%) 6.5	(82.5)	130.4
– Discontinued operations (cents)	6.5	139.6	352.6
Headline earnings/(loss) per share (cents)	(94.0%) 6.6	109.0	378.3
– Continuing operations (cents)	(95.3%) 6.6	138.9	408.2
– Discontinued operations (cents)	–	(29.9)	(29.9)
Dividends per share (cents)	–	–	–
Weighted average number of shares in issue (000's)	7 923	7 931	7 927
Headline earnings reconciliation			
Profit/(loss) attributable to equity holders	518	(6 545)	10 334
Adjustments:	1	15 190	19 651
Deemed disposal of subsidiary	–	15 245	15 245
Impairment of Moneyweb goodwill	–	–	4 445
Loss/(profit) on disposal of fixed assets	1	(77)	(54)
Tax on disposal of fixed assets	–	22	15
Headline earnings	(94.0%) 519	8 645	29 985
Profit from continuing operations attributable to equity holders	518	11 074	27 953
Adjustments:	1	(55)	4 406
Impairment of Moneyweb goodwill	–	–	4 445
Loss/(profit) on disposal of fixed assets	1	(77)	(54)
Tax on disposal of fixed assets	–	22	15
Headline earnings from continuing operations	(95.3%) 519	11 019	32 359

CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL POSITION

	Unaudited 30 September 2020 R'000	Unaudited 30 September 2019 R'000	Audited 31 March 2020 R'000
ASSETS			
Non-current assets	202 122	200 041	206 327
Property, plant and equipment	120 517	107 043	123 487
Goodwill	44 026	48 471	44 026
Other intangible assets	2 000	2 000	2 000
Investments in associated companies	5 623	5 205	5 775
Other financial instruments	22 550	26 327	22 550
Deferred taxation	7 406	10 995	8 489
Current assets	104 114	91 396	102 873
Trade receivables	40 995	41 950	48 878
Other receivables	3 099	5 108	2 409
Tax paid in advance	2 868	1 984	3 911
Cash and cash equivalents	57 152	42 354	47 675
Total assets	306 236	291 437	309 200
EQUITY AND LIABILITIES			
Total equity and liabilities	258 387	241 555	256 956
Non-current liabilities	2 764	1 915	2 325
Deferred tax liability	2 764	1 915	2 325
Current liabilities	45 085	47 967	49 919
Trade payables	15 178	13 867	12 984
Other payables	27 928	32 114	34 629
Dividend payable	1 957	1 957	1 957
Taxation	22	29	349
Total equity and liabilities	306 236	291 437	309 200

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Unaudited six months to 30 September 2020 R'000	Unaudited six months to 30 September 2019 R'000	Audited year ended 31 March 2020 R'000
Issued capital			
Balance at beginning of period	7 923	7 933	7 933
Shares repurchased and cancelled	–	(10)	(10)
Balance at end of period	7 923	7 923	7 923
Share premium			
Balance at beginning of period	3 846	3 846	3 846
Balance at end of period	3 846	3 846	3 846
Retained earnings			
Balance at beginning of period	224 651	226 469	226 469
Total (loss)/profit for the period	518	(6 545)	10 334
Dividend declared	–	(11 926)	(11 926)
Shares repurchased and cancelled	–	(226)	(226)
Balance at end of period	225 169	207 772	224 651
Non-Distributable Reserve			
Balance at beginning of period	5 453	8 614	8 614
Other comprehensive income	–	–	(3 161)
Balance at end of period	5 453	8 614	5 453
Non-controlling interests			
Balance at beginning of period	15 083	(661)	(661)
Deemed disposal of subsidiary	–	16 491	16 491
Comprehensive income for the period	913	193	3 412
Share of dividend	–	(2 623)	(4 159)
Balance at end of period	15 996	13 400	15 083
Total capital and reserves	258 387	241 555	256 956

Notes

- * Restated due to depreciation that was previously included in total operating profit, being separately disclosed to provide more relevant and reliable information
- ** Restated due to radio broadcasting profitability previously including the Classic FM South Africa v/a Classic 1027 losses for the period, which has been excluded for comparability purposes and included under losses from discontinued operations
- *** Restated due to interest received previously including Classic FM South Africa v/a Classic 1027 which was removed and included under losses from discontinued operations

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

	Unaudited six months to 30 September 2020 R'000	Unaudited six months to 30 September 2019 R'000	Audited year ended 31 March 2020 R'000
Cash generated by operating activities	7 948	13 786	47 001
Net interest received	1 129	2 071	3 657
Taxation paid	(1 888)	(7 349)	(14 182)
Increase/(decrease) in working capital	2 670	(8 668)	(11 309)
– decrease in trade and other receivables	7 175	6 412	2 182
– decrease in trade and other payables	(4 505)	(15 080)	(13 491)
Cash flows from operating activities	9 859	(160)	25 167
Cash flows from investing activities	(382)	(23 148)	(41 662)
– decrease in investments and loans	200	–	–
– deemed disposal of subsidiary – net cash disposed of	–	(935)	(935)
– purchase of property plant and equipment	(722)	(22 852)	(42 463)
– other	15	139	185
– dividends received	125	500	1 551
Cash flows from financing activities	–	(14 719)	(16 211)
– dividends paid to equity holders	–	(11 860)	(11 860)
– dividends paid to non-controlling interest holder	–	(2 623)	(4 115)
– repurchase of shares	–	(236)	(236)
Net increase/(decrease) in cash and cash equivalents	9 477	(38 027)	(32 706)
Cash and cash equivalents at beginning of period	47 675	80 381	80 381
Cash and cash equivalents at end of period	57 152	42 354	47 675

SEGMENTAL REPORTING

	Unaudited six months to 30 September 2020 R'000	Unaudited # six months to 30 September 2019 R'000	Audited # year ended 31 March 2020 R'000
Revenue			
Radio broadcasting	67 966	105 256	203 122
Media services	29 594	40 717	66 674
Corporate	5 595	5 340	17 346
Internal revenue	(12 416)	(14 008)	(18 527)
Less: Revenue from discontinued operations	–	(5 868)	(5 868)
Total	90 739	131 437	262 747
Profitability			
Radio broadcasting**	10 780	23 451	54 142
Media services	(5 524)	(3 782)	(525)
Corporate	2 692	(811)	(1 570)
Total operating profit before depreciation*	7 948	18 858	52 047
Depreciation*	(3 694)	(2 553)	(5 650)
Profits from associates	49	400	971
Investment income	125	500	1 551
Interest received***	1 129	2 068	3 656
Interest paid	–	–	(2)
Impairment of goodwill and trademark	–	–	(4 445)
Taxation	(4 126)	(5 203)	(13 960)
Loss from discontinued operations**	–	(20 422)	(20 422)
Total comprehensive income/(loss) for the year	1 431	(6 352)	13 746
Assets			
Radio broadcasting	79 835	50 539	82 557
Media services	48 797	60 595	56 190
Corporate	114 829	132 744	117 003
Investment in associates	5 623	5 205	5 775
Cash and cash equivalents	249 084	249 083	261 525
Total	57 152	42 354	47 675
Total	306 236	291 437	309 200
Liabilities			
Radio broadcasting	11 877	13 500	13 666
Media services	26 758	25 019	28 171
Corporate	9 214	11 363	10 407
Total	47 849	49 882	52 244
Capital expenditure			
Radio broadcasting	580	9 761	20 638
Media services	85	490	661
Corporate	57	12 601	21 164
Total	722	22 852	42 463
Depreciation			
Radio broadcasting	3 293	2 269	4 965
Media services	284	303	600
Corporate	117	169	273
Less: Depreciation from discontinued operations	–	(188)	(188)
Total	3 694	2 553	5 650