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AME - African Media Entertainment Limited - Reviewed results for the year

28 May 2010

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African Media Entertainment Limited

(Incorporated in the Republic of South Africa)

(Registration number 1926/008797/06)

Share code: AME ISIN: ZAE000055802

Website: www.ame.co.za

("AME" or "the group")

REVIEWED RESULTS

for the year ended 31 March 2010

CONSOLIDATED ABRIDGED STATEMENTS OF COMPREHENSIVE INCOME

	Reviewed	Unaudited	Audited	year ended 31 March 2010	year ended 31 March 2009	17 months to 31 March 2009
change	R`000	% R`000		R`000		
Revenue		5		158 373	150 894	216 386
Cost of sales				(46 641)	(46 418)	(66 550)
Gross profit				111 732	104 476	149 836
Operating expenses				(75 628)	(72 220)	(100 542)
Operating profit		12		36 104	32 256	49 294
Finance income				5 098	7 174	9 678
Finance cost				(203)	(438)	(517)
Losses attributable to associates				(2 207)	(619)	(1 900)
Net profit before taxation		1		38 792	38 373	56 555
Taxation				(14 683)	(10 768)	(15 901)
SA normal taxation				(11 477)	(10 975)	(16 355)
Deferred taxation				(1 222)	2 487	2 734
Secondary taxation on companies				(1 984)	(2 280)	(2 280)
Total comprehensive income for the period		(13)		24 109	27 605	40 654
Total comprehensive income attributable to:						
Non-controlling interest holders				2 668	3 978	6 257
Equity holders of the parent		(9)		21 441	23 627	34 397
Earnings per share (cents)		(9)		251,1	276,7	402,8
Headline earnings per share (cents)		(4)		266,6	277,1	403,2
Diluted earnings per share (cents)		(8)		249,4	272,4	396,6
Diluted headline earnings per share (cents)		(3)		264,8	272,8	397,0
Dividends per share (cents)				200	200	200
Number of shares in issue (000`s)				8 539	8 539	8 539
Diluted average number of shares in issue (000`s)				8 597	8 674	8 674
Headline earnings reconciliation						
Profit attributable to equity holders				21 441	23 627	34 397
Loss on disposal of fixed assets				29	36	36
Impairment of loans to associate				1 295	-	-
Headline earnings				22 765	23 663	34 433

CONSOLIDATED ABRIDGED STATEMENTS OF FINANCIAL POSITION

	2010	2009	Reviewed 31 March R`000	Audited 31 March R`000
Assets				
Non-current assets			61 362	53 793
Property, plant and equipment			20 258	15 457
Investment in associates			635	1 645
Goodwill			35 431	30 431
Deferred taxation			5 038	6 260
Current assets			79 383	84 813
Trade receivables			31 520	29 991
Other receivables			1 715	1 204
Cash and cash equivalents			46 148	53 618
Total assets			140 745	138 606
Equity and liabilities				
Total equity			87 960	86 546
Non-current liabilities			939	1 173
Operating lease accrual			647	923
Interest-bearing borrowings			292	250
Current liabilities			51 846	50 887
Trade payables			16 719	15 529
Other payables			14 954	13 987
Dividend payable			17 257	17 257
Operating lease accrual and interest-bearing borrowings			451	476
Taxation			2 465	3 638
Total equity and liabilities			140 745	138 606

CONSOLIDATED ABRIDGED STATEMENTS OF CHANGES IN EQUITY

	Reviewed	Unaudited	Audited
year ended	year ended	17 months to	
	31 March	31 March	31 March

	2010 R'000	2009 R'000	2009 R'000
Issued capital			
Balance at beginning and end of period	8 539	8 539	8 539
Share premium			
Balance at beginning and end of period	31 909	31 909	31 909
Retained profit			
Balance at beginning of period	39 803	33 432	22 662
Total comprehensive income for the period	21 441	23 627	34 397
Dividend	(17 256)	(17 256)	(17 256)
Balance at end of period	43 988	39 803	39 803
Non-distributable reserve			
Balance at beginning of period	1 608	1 052	861
Share based payment expense	261	556	747
Balance at end of period	1 869	1 608	1 608
Non-controlling interests			
Balance at beginning of period	4 687	7 013	4 734
Share of dividend	(5 700)	(5 902)	(5 902)
Change in shareholding	-	(402)	(402)
Share of total comprehensive income for the period	2 668	3 978	6 257
Balance at end of period	1 655	4 687	4 687
Total capital and reserves	87 960	86 546	86 546
CONSOLIDATED ABRIDGED STATEMENTS OF CASH FLOWS			
	Reviewed year ended 31 March	Unaudited year ended 31 March	Audited 17 months to 31 March
2010	2009	2009	
	R'000	R'000	R'000
Cash generated by operating activities	37 935	35 627	52 125
Net interest received	4 895	4 266	9 161
Taxation paid	(14 633)	(13 255)	(17 850)
(Increase)/decrease in working capital	(852)	12 352	3 147
Cash flows from operating activities	27 345	38 990	46 583
Dividends paid	(17 257)	-	(17 257)
Cash flows from investing activities	(12 826)	(11 940)	(13 972)
Cash flows from financing activities	(4 732)	(5 902)	(5 902)
Net (decrease)/increase in cash and cash equivalents	(7 470)	21 148	9 452
Cash and cash equivalents at beginning of period	53 618	32 470	44 166
Cash and cash equivalents at end of period	46 148	53 618	53 618

COMMENTARY

Basis of preparation

These reports have been prepared in accordance with the group's accounting policies that comply with International Financial Reporting Standards, IAS 34, the Companies Act No. 61 of 1973 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 17 month period ended 31 March 2009.

Review by Auditors

The results for the year to 31 March 2010 have been reviewed by our auditors, PKF (Jhb) Inc. and their unqualified review report is available for inspection at the company's registered office. Comparative 12 month figures for the year ended 31 March 2009 are presented for information purposes only. These figures have not been audited and no opinion is expressed on these by the auditors.

Financial results

Due to the change in year end, the reviewed results for the year to 31 March 2010 and for the seventeen month period to 31 March 2009 are not comparable. Revenue for the period was R158,4 million with a comprehensive income of R24,1 million.

After paying tax of R14,6 million, the group generated R27,3 million in cash from its operating activities during the year. The group invested R4,7 million in the acquisition of property in Johannesburg, R2,5 million on equipment and R5 million was spent to purchase the 5% shareholding in Algoa FM that the group did not already own. After paying a dividend of R17,3 million, the group ended the year with cash resources of R46,1 million. The comprehensive income attributable to equity holders of the parent amounted to R21,4 million (2009: R34,4 million) with earnings per share of 251,1 cents (2009: 402,8 cents). Headline earnings per share were 266,6 cents (2009: 403,2 cents).

Segmental information has not been supplied as the group generates revenue exclusively out of radio broadcasting and related operations in South Africa.

Supplementary information for the year to 31 March 2009

The statements of comprehensive income for the year ended 31 March 2009 have been presented for information purposes only. These statements of comprehensive income each contain one peak season and make comparison more meaningful.

Revenue increased by 5% year on year mainly due to the increase in direct sales.

Net finance income declined by R1,8 million to R4,9 million, mainly due to the lower interest rates.

The loss from associates including M-Power FM is in line with expectations and is mainly attributable to M-Power FM still being in the developmental stage.

The comprehensive income attributable to the equity holders of the parent amounted to R21,4 million (2009: R23,6 million) with earnings per share of

251,1 cents (2009: 276,7 cents). Headline earnings per share were 266,6 cents (2009: 277,1 cents).

Algoa FM

Trading conditions remained tough during the period. On a comparative annual basis, there was a marginal increase in Algoa FM's national and local advertising. Even with a strategic focus on cost control, year on year profits were 6% less than last year.

Algoa FM's latest Radio Audience Measurement Survey (RAMS) listenership figures reflect a year on year growth of 6,2% from 759 000 to 806 000. The All Media Product Survey (AMPS) places Algoa FM at 2,8% of the total radio audience.

The Algoa FM brand received excellent local, national and even international exposure from the media sponsorship of the IPL games in the region and the Warriors Cricket team winning both the MTN and Standard Bank one day series. Algoa FM received R0,5 million for local charities by winning the national Vodacom Fame competition whereby listeners voted nationally for the best station produced video. Algoa FM's entry received more votes than the combined votes of all the other stations.

OEM

The prevailing economic conditions during the year under review had a significant impact on the business as revenue from National Advertisers reduced significantly. This was in part offset by cost-cutting measures as well as growth from alternative revenue streams, profit from events and growth in the direct advertising market.

Changes to the broadcast lineup also started showing results, with Rian van Heerden's show enjoying a 27% increase in audience. Further changes were made with a new morning show (The Breakfast Club) being introduced in April 2010. Audience levels have increased by 13% in the latest RAMS.

The station was able to keep bad debts under control during the tough trading conditions, and cash flow remained positive and strong. The business is now well positioned to take advantage of the recovering markets, and good growth is foreseen especially in the non-traditional revenue channels.

United Stations

Specialist media sales house United Stations exceeded budgeted profit for the year to 31 March 2010 mainly as a result of benefits coming through from significant investments made in new business during the previous fiscal and cost reductions from restructuring its local sales activities. These factors combined with an aggressive brand specific sales strategy protected the business from the general decline in advertising spending which started to contract mid-year 2009. United Stations achieved several major goals that have positioned the company well to tackle what promises to continue to be difficult trading conditions for the remainder of 2010.

RadioHeads

RadioHeads is a team of radio specialists offering radio skills specifically in the provision of Branded Content, Station Imaging, Creative and Campaign management and Direct Response Radio solutions.

Despite the successful launch of a number of proprietary advertising properties, the reduction of advertising spend by several large clients and an investment in staff has led to a small loss for the 2010 year.

This is only a temporary setback as RadioHeads is well positioned at present with a new syndicated show, promising to herald an exciting new chapter in radio. We look forward to a strong rebound in advertising spend in the run up to the World Cup 2010 and the recovery of the economy.

Dividends

A dividend of R2 per share (2009: R2) was declared in respect of the year under review and was paid to equity holders of the parent registered on 9 April 2010. Cash resources are retained to fund organic growth opportunities that may arise from new primary radio licences.

Subsequent events

There have been no events subsequent to the financial year end that have not been recognised in these financial results.

Prospects

The Board is of the view that the World Cup will provide some additional opportunities and is cautiously optimistic about the results for the year ahead.

By order of the Board

ACG Molusi Chairman

MJ Prinsloo Director

28 May 2010

Johannesburg

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Directors

ACG Molusi (Chairman)*

Z Lacob*(deceased 22 April 2010)

MJ Prinsloo*

N Sooka*

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