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AME - African Media Entertainment - Unaudited interim results for the 6 months

20 Nov 2009

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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 ("AME" or "the group")

UNAUDITED INTERIM RESULTS

for the 6 months ended 30 September 2009

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

September	September		Unaudited 6 months to	Unaudited 6 months to
		% change	2009 R'000	2008 R'000
Revenue		3	75 229	73 213
Cost of sales			(21 267)	(21 258)
Gross profit			53 962	51 955
Operating expenses			(38 359)	(35 960)
Operating profit		(2)	15 603	15 995
Finance income			2 663	2 899
Finance cost			(160)	(183)
Losses attributable to associates			(486)	(563)
Net profit before taxation		(3)	17 620	18 148
Taxation			(5 737)	(5 429)
SA normal taxation			(5 173)	(5 393)
Deferred tax			44	229
Secondary tax on companies			(608)	(265)
Profit for the period		(7)	11 883	12 719
Attributable to:				
Minority interest			1 715	2 143
Equity holders of the company		(4)	10 168	10 576
Earnings per share (cents)		(4)	119.1	123.9
Headline earnings per share (cents)		(4)	119.1	123.9
Diluted earnings per share (cents)		(3)	118.1	121.7
Diluted headline earnings per share (cents)		(3)	118.1	121.7
Dividends per share (cents)			200	-
Weighted average number of shares in issue (000's)			8 539	8 539
Diluted average number of shares in issue (000's)			8 610	8 687
Headline earnings reconciliation				
Profit attributable to equity holders			10 168	10 576
Loss on disposal of fixed assets			-	-
Headline earnings			10 168	10 576
			Unaudited	Audited
			12 months to	17 months to
31 March	31 March		2009	2009
			R'000	R'000
Revenue			150 894	216 386
Cost of sales			(46 418)	(66 550)
Gross profit			104 476	149 836
Operating expenses			(72 220)	(100 542)
Operating profit			32 256	49 294
Finance income			7 174	9 678
Finance cost			(438)	(517)
Losses attributable to associates			(619)	(1 900)
Net profit before taxation			38 373	56 555
Taxation			(10 768)	(15 901)
SA normal taxation			(10 975)	(16 355)
Deferred tax			2 487	2 734
Secondary tax on companies			(2 280)	(2 280)
Profit for the period			27 605	40 654
Attributable to:				
Minority interest			3 978	6 257
Equity holders of the company			23 627	34 397
Earnings per share (cents)			276.7	402.8
Headline earnings per share (cents)			277.1	403.2
Diluted earnings per share (cents)			272.4	396.6
Diluted headline earnings per share (cents)			272.8	397.0
Dividends per share (cents)			-	200
Weighted average number of shares in issue (000's)			8 539	8 539
Diluted average number of shares in issue (000's)			8 674	8 674
Headline earnings reconciliation				
Profit attributable to equity holders			23 627	34 397
Loss on disposal of fixed assets			36	36
Headline earnings			23 663	34 433
CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
Unaudited	Unaudited	Audited		
	September	September	31 March	
	2009	2008	2009	
	R'000	R'000	R'000	
Assets				
Non-current assets	53 146	50 340	53 793	
Property, plant and equipment	14 778	14 988	15 457	
Investment in associates	1 633	1 060	1 645	
Goodwill	30 431	30 426	30 431	
Deferred taxation	6 304	3 866	6 260	
Current assets	74 248	77 009	84 813	
Trade receivables	30 094	37 436	29 991	
Other receivables	1 887	1 447	1 204	
Cash and cash equivalents	42 267	38 126	53 618	

Total assets	127 394	127 349	138 606
Equity and liabilities			
Total equity	94 245	87 779	86 546
Non-current liabilities	875	1 274	1 173
Operating lease accrual	712	869	923
Interest-bearing borrowings	163	405	250
Current liabilities	32 274	38 296	50 887
Trade payables	14 742	21 194	15 529
Other payables	16 875	9 160	13 987
Dividend payable	-	-	17 257
Operating lease accrual and interest-bearing borrowings	509	915	476
Taxation	148	7 027	3 638
Total equity and liabilities	127 394	127 349	138 606

STATEMENTS OF CHANGES IN EQUITY

		Unaudited 6 months to September	Unaudited 6 months to September
2009	2008	R`000	R`000
Issued capital			
Balance at beginning and end of period		8 539	8 539
Share premium			
Balance at beginning and end of period		31 909	31 909
Retained profit			
Balance at beginning of period		39 803	32 902
Profit for the period		10 168	10 576
Dividend		-	-
Balance at end of period		49 971	43 478
Non-distributable reserve			
Balance at beginning of period		1 608	1 148
Share-based payment expense		346	129
Balance at end of period		1 954	1 277
Minorities			
Balance at beginning of period		4 687	3 079
Share of dividend		(4 530)	(2 646)
Change in shareholding		-	-
Share of profit		1 715	2 143
Balance at end of period		1 872	2 576
Total capital and reserves		94 245	87 779

		Unaudited 12 months to	Audited 17 months to
31 March	31 March	2009 R`000	2009 R`000
Issued capital			
Balance at beginning and end of period		8 539	8 539
Share premium			
Balance at beginning and end of period		31 909	31 909
Retained profit			
Balance at beginning of period		16 176	22 662
Profit for the period		23 627	34 397
Dividend		-	(17 256)
Balance at end of period		39 803	39 803
Non-distributable reserve			
Balance at beginning of period		1 052	861
Share-based payment expense		556	747
Balance at end of period		1 608	1 608
Minorities			
Balance at beginning of period		7 013	4 734
Share of dividend		(5 902)	(5 902)
Change in shareholding		(402)	(402)
Share of profit		3 978	6 257
Balance at end of period		4 687	4 687
Total capital and reserves		86 546	86 546

CONSOLIDATED CASH FLOW STATEMENTS

		Unaudited 6 months to September	Unaudited 6 months to September
2009	2008	R`000	R`000
Cash generated by operating activities		17 656	19 389
Net interest received		1 749	2 010
Taxation paid		(9 270)	(7 002)
Decrease in working capital		345	5 502
Cash flows from operating activities		10 480	19 899
Dividends paid		(17 257)	-
Cash flows from investing activities		(1 012)	(11 588)
Cash flows from financing activities		(3 562)	(2 655)
Net (decrease)/increase in cash and cash equivalents		(11 351)	5 656
Cash and cash equivalents at beginning of period		53 618	32 470
Cash and cash equivalents at end of period		42 267	38 126

		Unaudited 12 months to	Audited 17 months to
31 March	31 March	2009 R`000	2009 R`000
Cash generated by operating activities		35 627	52 125
Net interest received		4 266	9 161
Taxation paid		(13 255)	(17 850)
Decrease in working capital		12 352	3 147
Cash flows from operating activities		38 990	46 583
Dividends paid		-	(17 257)
Cash flows from investing activities		(11 940)	(13 972)
Cash flows from financing activities		(5 902)	(5 902)

Net (decrease)/increase in cash and cash equivalents	21 148	9 452
Cash and cash equivalents at beginning of period	32 470	44 166
Cash and cash equivalents at end of period	53 618	53 618

COMMENTARY

Basis of preparation

These reports have been prepared in accordance with the group's accounting policies, which comply with International Financial Reporting Standards. The interim reports have been prepared in accordance with the requirements of IAS 34, Interim Financial Reporting, the Companies Act and the JSE Listings Requirements and 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. The adoption of IAS 1 during the period has had no impact on the results reported.

Financial results

Despite the slowdown in the economy, sales revenue for the first six months of the year increased by 3% over the comparative period of the prior year from R73.2 million to R75.2 million. Both Algoa FM and OFM maintained their previous period revenue through the continued growth in non traditional revenue streams. United Stations, the group's advertising selling agency, managed to return to profitability for the six months ending 30 September 2009.

The improved results are due to a saving in the expenses relating to infrastructure expansion and the MPower Radio Sales team handed back to MPower Radio in May 2009.

Radio Heads, which offers branded content and Direct Response Radio to advertisers, reflects a loss for the period. Their sales was adversely affected by the slowdown in the economy with ad spend being the casualty of many companies' rationalisation policies.

Margins decreased compared to the previous period as a result of the difficult trading conditions. Operating expenses increased by 6.7%.

The loss from the associate, MPower Radio, was in line with expectations.

Profit attributable to shareholders amounted to R10.2 million (2008: R10.6 million) with headline earnings per share of 119.1 cents (2008: 123.9 cents) decreasing by 4% over the previous period.

The group generated R10.5 million in cash from its operating activities during the period under review. After paying the dividend of R17.3 million, the group ended the six months with cash of R42.3 million.

Prospects

Given the prevailing weak economic environment and low business confidence the board believes that the trading environment over the next six months will remain challenging.

By order of the Board

ACG Molusi Chairman

20 November 2009

Johannesburg

African Media Entertainment Limited

(Incorporated in the Republic of South Africa)

(Registration number 1926/008797/06)

Share code: AME ISIN: ZAE000055802 ("AME" or "the group")

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Sponsor

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Directors

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