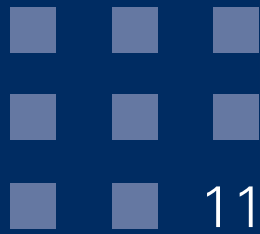


# ANNUAL REPORT

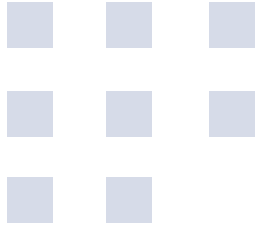


AFRICAN MEDIA  
ENTERTAINMENT



# CONTENTS

	PAGE
Group profile	2
Directorate and executive	3
Chairman's report	4
Corporate governance	5 – 7
Administration	8
<b>FINANCIAL STATEMENTS</b>	
Statement of responsibility and approval by the board of directors	9
Declaration by company secretary	10
Independent auditors report	11
Directors' report	12 – 13
Statements of financial position	14
Statements of comprehensive income	15
Statements of changes in equity	16
Statements of cash flows	17
Notes to the financial statements	18 – 45
Analysis of shareholding	46
Notice of meeting	47 – 50
Form of proxy	Attached



## AFRICAN MEDIA ENTERTAINMENT

(Incorporated in the Republic of South Africa)  
(Registration number 1926/008797/06)  
(Share code: AME)  
(ISIN: ZAE000055802)

African Media Entertainment Limited ("AME")  
is a broadcast company listed in the "Media & Entertainment"  
sector of the Johannesburg Stock Exchange ("JSE")

### AME's OPERATIONS

#### RADIO BROADCASTERS:

##### *OFM*

Covering Central South Africa – The Free State,  
The Northern Cape, North West and Vaal Triangle

##### *AlgoaFM*

Covering the Eastern and Southern Cape

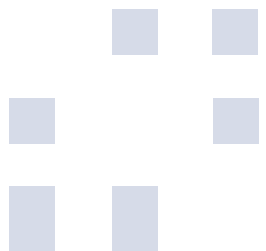
#### RADIO ADVERTISING COMPANIES:

##### *United Stations*

Specialist radio sales house operating countrywide

##### *RadioHeads*

Radio specialist focused on branded content and direct response radio



# DIRECTORATE AND EXECUTIVE

## BOARD OF DIRECTORS

**ACG ("Connie") Molusi (49)**  
*Independent Non-executive Chairman*  
BJournalism, MA  
Appointed 18 March 2004

Connie has been involved with the media industry for many years and holds a number of directorships.

**Marthinus J Prinsloo (56)**  
*Independent Non-executive Director*  
BCom (Law), CA(SA)  
Appointed 13 November 2003

Inus has spent many years in the merchant banking industry and now runs his own practice as a corporate financial advisor.

**Wilfred Tshuma (42)**  
*Independent Non-executive Director*  
BCom (Hons)  
Appointed 7 July 2004

Wilfred has held internal audit and financial positions with a number of banks. He now runs his own businesses in property, aviation and asset management.

**Navin Sooka (58)**  
*Non-executive Director*  
BCom, BCompt (Hons), CA(SA)  
Appointed 26 September 2008

Navin has extensive experience in financial positions in the manufacturing industry and within the corporate environment.

**Michelle Mynhardt (38)**  
*Executive Financial Director*  
BCompt (Hons), CA(SA)  
Appointed 1 June 2010

Michelle joined the group in April 2009 to head up the Finance Department in Johannesburg. She completed her articles at PriceWaterhouseCoopers and later joined KPMG's International Advisory Services department. She has experience in financial positions in security, market research and investment industries.

**Angela J Davies (31)**  
*Executive Director*  
CA(SA)  
Appointed 1 September 2010

Angela joined the group in April 2010. She completed her articles at Deloitte & Touche and worked for them in Johannesburg and San Francisco before moving to the UK where she worked in transactional services and as a financial analyst for a number of large organisations including the National Health Services.

## EXECUTIVE MANAGEMENT

The group is managed by the senior executives of its major subsidiaries:

**Rivak Bunce (49)**  
*United Stations and RadioHeads*

Rivak has a strong background in training, having run his own training franchise for several years. He joined Radio 702 in 1987, rising to the position of Sales Manager. He subsequently worked for Primedia Group as Group Sales Director until co-founding United Stations in March 2000. He joined the AME group when that company was acquired in November 2002.

**David Tiltmann (46)**  
*Umoya Communications – AlgoaFM*

David obtained his BCom from UPE in 1986. He began working for AlgoaFM as a freelance announcer in 1989 and has held positions as Music Manager, Programme Manager and Operations Manager since then. He was appointed Managing Director of the station in February 2000. David worked as Broadcast Liaison Officer (BLO) for the Host Broadcast Services at the 2010 World Cup, where he was the only South African BLO out of a total of 120.

**Gary Stroebel (37)**  
*Seyalemoya Communications – OFM*  
BA (Communications), MBA (UFS)

Gary joined OFM in 1996 as a presenter, and has worked as Programme Manager as well as Sales and Marketing Director. In March 2008 he was appointed CEO of the station. Gary obtained his MBA in April 2010.



## CHAIRMAN'S REPORT

### REVIEW OF THE YEAR

Revenue for the year increased by 12% to R177,4 million (2010: R158,4 million). Comprehensive income increased by 17% to R28,3 million (2010: R24,1 million).

The comprehensive income attributable to equity holders of the parent amounted to R26,2 million (2010: R21,4 million) with earnings per share of 307,4 cents (2010: 251,1 cents). Headline earnings per share were 310,3 cents (2010: 266,8 cents).

After paying tax of R13,7 million (2010: R14,6 million), the group generated R39,1 million (2010: R28,3 million) in cash from its operating activities during the year. The group invested R9,2 million to acquire a 5% economic interest in Kaya FM (Pty) Limited, invested R0,7 million in Moneyweb Limited, invested R0,3 million in the acquisition of Free Sport (Pty) Limited and spent R8,6 million (2010: R6,9 million) on capital expenditure. After paying dividends of R19,4 million, the group ended the year with cash resources of R46,6 million (2010: R46,1 million).

### OPERATIONS

In line with the industry our radio operations faced a number of challenges during the year. The World Cup provided some additional opportunities that our radio stations took full advantage of and managed to maintain a stable operating profit.

The radio stations continued to diversify into other local media brands, and revenues from website development and related activities are starting to contribute to the revenue line.

AlgoaFM acquired a 50% stake in a local monthly free-sheet newspapers: "Sport Elizabeth" with a distribution of approximately 35 000 in the Nelson Mandela Bay Metropolitan area. This is being treated as a joint venture and is proportionately consolidated.

Both radio stations' listenership during the year remained stable and they are well positioned to take full advantage of recovering markets.

Specialist media sales house, United Stations, performed well during the current year. The company entered into an agreement to represent Kaya FM (Pty) Limited in the national sales market. This, combined with an aggressive brand specific sales

strategy, shielded the business from soft advertising demand throughout the period.

RadioHeads has a team of radio specialists offering radio skills specifically in the provision of advertiser-funded programming, station imaging, creative, campaign management and Direct Response Radio solutions. Under adverse economic conditions, the planned strategies for the period proved to be difficult to implement and as a result, the company performed well below expectation. The strategic plan for the current financial year is focused on revenue streams that have been largely unaffected by the prevailing business climate and that will take full advantage of the recovering markets.

### SUBSEQUENT EVENTS

Subsequent to the year-end, AME settled a dispute by agreeing to pay an additional R4 million towards the 2002 acquisition of United Stations (Pty) Limited. This has been treated as an adjusting event and has increased the goodwill on consolidation.

OFM's 50% print media joint venture purchased "Krant", a local community free-sheet with a distribution of 40 000 copies, that is distributed weekly in twenty-four Free State towns.

### DIVIDENDS

The board believes that the group is well positioned to acquire further radio interests and consequently no dividend has been proposed (2010: 200 cents per share).

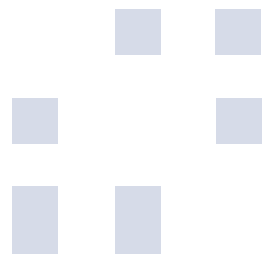
### PROSPECTS

The new financial year has started on a positive note and the board is optimistic that the earnings for the 2012 year will compare favourably with those of the prior year.

### ACG MOLUSI

*Independent Non-executive Chairman*

31 July 2011



# CORPORATE GOVERNANCE

AME supports the principles set out in the King III Report on Corporate Governance and, where appropriate to the group, is committed to the implementation of these principles. The company is listed on the JSE and complies with its Listings Requirements.

As a result of the size of the group, it has been neither appropriate nor financially expedient to set up the expensive structures envisaged by the King Report, e.g. internal audit and integrated reporting. However, where the group's resources have allowed, compliance has been achieved in the following areas:

## BOARD APPOINTMENTS

Appointments to the board are done in a formal and transparent manner and are a matter of deliberation by the board. In general, the appointment of a nomination committee is not appropriate.

## BOARD OF DIRECTORS

The board presently comprises two independent non-executive directors, one non-executive director, two executive directors and an independent non-executive chairman. AME does not have a CEO as the group is managed by the senior executives of its major subsidiaries as set out on page 2.

The board is scheduled to meet a minimum of four times in the year. During the period under review it met a total of five times.

### Board meeting attendance

	Apr 2010	May 2010	Aug 2010	Nov 2010	Mar 2011
ACG Molusi*	√	√	√	A	√
MJ Prinsloo*	√	√	√	√	√
N Sooka**	√	A	√	√	√
W Tshuma*	√	√	√	A	X
M Mynhardt***	B	B	√	√	√
AJ Davies***			B	√	√

\* independent non-executive chairman/director

\*\* non-executive director

\*\*\* executive director

A – apology X – did not attend B – by invitation

## FINANCIAL

The directors acknowledge responsibility for the preparation of the annual financial statements which, in their opinion, fairly present the state of affairs of the company and the group as at 31 March 2011 and

their operations and cashflows for the year then ended. The external auditors are responsible for reporting on the fair presentation of these financial statements.

The financial statements set out in this report have been prepared by the directors in accordance with International Financial Reporting Standards and are consistent with those for the previous annual financial statements. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements and estimates.

The directors also prepare the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements. The financial statements have been audited by independent auditors PKF (Jhb) Inc., who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board.

The directors believe that representations made to the independent auditors during their audit were valid and appropriate.

## RISK MANAGEMENT

The purpose of management is to identify risk and assess its impact on the group. This is a continuing process, commencing at board level and filtering down to all levels of management by reporting and checking mechanisms.

## AUDIT COMMITTEE

The committee presently comprises:

- MJ Prinsloo (*Chairman*)\*
  - N Sooka (*Member*) – non-executive director
  - W Tshuma (*Member*)\*
  - M Mynhardt (*Member*) – executive director
- \* *Independent Non-executive director*

At present the committee does not have a written charter. The audit committee members have considered and are of the opinion that they are adequately independent from the company and group and managements thereof, within the full spirit of the Code of Corporate Practices and Conduct.

The independent auditors have unrestricted access to the committee.

The committee meetings focus on financial reporting requirements, both internal and external and review fees charged by the independent auditors (for audit



# CORPORATE GOVERNANCE

(continued)

and consulting assignments) and directors for their professional services beyond their roles as directors, and the appointment of the independent auditors.

The scope and objectivity of the external auditors was reviewed, and the appointment of the external auditors complies with the Companies Act, 61 of 1973 ("the Companies Act") as amended and with the requirements of the JSE. The use of the independent auditors for non-audit services is reviewed to ensure that the independence of the auditors is maintained.

At the date of this report, no complaints have been received relating to accounting practices and external audit of the group, or to the content of auditing of the group's financial statements, or to any related matter.

The audit committee is responsible for evaluating the expertise and experience of the Financial Director and M Mynhardt will continue as the executive financial director.

## Audit committee meeting attendance

	Apr 2010	May 2010	Nov 2010	Mar 2011
MJ Prinsloo	√	√	√	√
N Sooka	√	√	√	√
W Tshuma	√	√	A	X
M Mynhardt	√	√	√	√

A – apology X – did not attend

## REMUNERATION COMMITTEE

The committee presently comprises:

- MJ Prinsloo (*Chairman*)\*
- N Sooka (*Member*) – Non-executive director
- W Tshuma (*Member*)\*
- M Mynhardt (*Member*) – Executive director
- K Reed (*Member*) – Financial Director AlgoaFM
- M Vermeulen (*Member*) – Financial Director OFM

\* *Independent Non-executive director*

The committee comprises two independent non-executive directors, one non-executive director, one executive director and representatives from the group's subsidiary companies.

In order to comply with the requirements of the new Companies Act, the executive director will be replaced with an independent non-executive director.

The committee decides the remuneration of the executive directors of the company and its subsidiaries. It also reviews management's remuneration policies and makes recommendations on the remuneration to the group's staff, particularly incentive-based remuneration.

## Remuneration committee meeting attendance

	Apr 2010	May 2010	Mar 2011
MJ Prinsloo	√	√	√
Z Lacob	√	D	D
N Sooka	√	√	√
W Tshuma	√	X	X
M Mynhardt	√	√	√
K Reed	√	√	√
M Vermeulen	√	√	√

A – apology X – did not attend D – deceased

Both board sub-committees are scheduled to meet twice in the current year, however, they will meet additionally if considered necessary to perform the functions for which they were established.

## INTERNAL CONTROLS

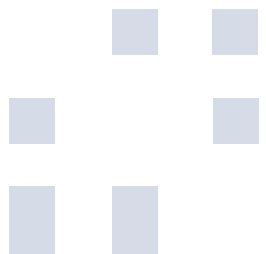
The system of internal controls established by management is considered sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the group's assets for the benefit of all stakeholders.

## EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT

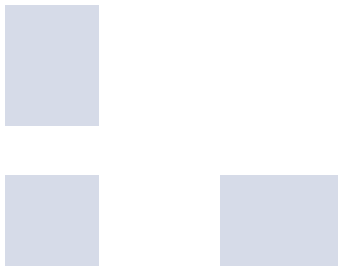
Throughout the group, equitable employment policies are in place to ensure individuals from all demographic groupings are given the opportunity to be employed and trained by the group. The group places an increased emphasis on maintaining and training those members of staff who can provide excellent service in a small team environment. To this end, the staff incentive scheme will provide financial rewards appropriate to the personal performance of individual staff members.

## HIV/AIDS

The board has given consideration to the HIV/AIDS pandemic and its possible impact on the group's







human resources and do not consider this to be a major risk.

#### **GOING CONCERN**

The going concern basis has been adopted in preparing the financial statements. The current strong financial position and the continued tight control on expenditures and cash flows, give the directors reason to believe that the business of the group will continue to function as a going concern for the foreseeable future.

#### **COMPANY SECRETARIAL AND PROFESSIONAL ADVICE**

All directors have unlimited access to the advice and services of the company secretary who is responsible to the board for ensuring that board procedures are followed. All directors are entitled to seek independent professional advice, at the group's expense, concerning the affairs of the group, after obtaining the approval of the chairman.


#### **SUSTAINABILITY**

##### **Licence**

The group's continued existence is dependent on broadcasting licence being granted to OFM and Algoa FM. Both stations were granted a 10-year licence in 2008.

##### **Needletime**

The radio broadcasting industry is currently in discussions regarding the payable royalties for needletime. The discussions arose as a result of an impasse that was reached between the National Association of Broadcasters (the NAB) and South African Music Performance Rights Association (SAMPRO) in negotiations on what constitutes an appropriate royalty. The matter has now been referred to the Copyright Tribunal for the determination of the appropriate levy and the date from which it is payable. The matter has been set down for a period, from 21 November 2011 to 2 December 2011, before the Copyright Tribunal. The directors consider that adequate provision has been made for this liability.





## ADMINISTRATION

### **AFRICAN MEDIA ENTERTAINMENT LIMITED**

Incorporated in the Republic of South Africa  
Registration number: 1926/008797/06  
Share code: AME  
ISIN: ZAE000055802

### **AUDITORS**

#### **PKF (Jhb) Inc.**

Registered Auditors  
Chartered Accountants (SA)  
42 Wierda Road West  
Wierda Valley  
Johannesburg 2196

### **BANKERS**

#### **ABSA Business Bank**

15 Alice Lane Towers  
Podium Floor  
Sandton 2196

### **LEGAL ADVISORS**

#### **Martini-Patlansky Attorneys**

32 St John Road  
Houghton  
Johannesburg 2198

#### **Fluxmans Attorneys**

11 Biermann Avenue  
Rosebank  
Johannesburg 2196

### **SECRETARY AND REGISTERED OFFICE**

#### **M Mynhardt**

Block A, Oxford Office Park  
No. 5, 8th Street  
Houghton Estate  
Johannesburg 2198

PO Box 3014, Houghton 2041

### **SPONSOR**

#### **Arcay Moela Sponsors (Proprietary) Limited**

Registration number: 2006/033725/07  
Arcay House, 3 Anerley Road  
Parktown  
Johannesburg 2193

PO Box 62397, Marshalltown 2107

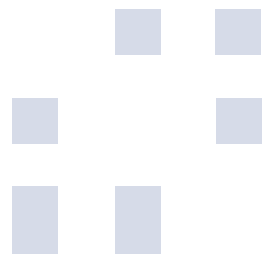
### **TRANSFER SECRETARIES**

#### **Computershare Investor Services (Proprietary) Limited**

Ground Floor, 70 Marshall Street  
Marshalltown  
Johannesburg 2001

PO Box 61051, Johannesburg 2107

Telephone: +27 11 370 5000  
Telefax: +27 11 668 7721



# STATEMENT OF RESPONSIBILITY AND APPROVAL BY THE BOARD OF DIRECTORS

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards, IAS 34, the AC 500 series of interpretation, the Companies Act and the Listings Requirements of the Johannesburg Stock Exchange.

The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group, and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group.

While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 March 2012 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors PFK (Jhb) Inc. are responsible for independently reviewing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditors and their unqualified report is presented on page 11.

The annual financial statements set out on pages 12 to 45, which have been prepared on the going concern basis, were approved by the board of directors and are signed on its behalf by:



**ACG MOLUSI**  
*Independent Non-executive Chairman*

31 July 2011

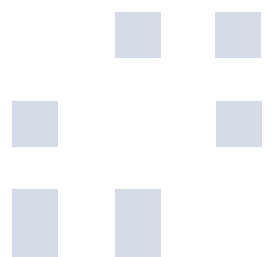


## DECLARATION BY COMPANY SECRETARY

In terms of section 268 G(d) of the Companies Act, I certify that the company has lodged with the Registrar of Companies all such returns as are required by the Companies Act.

**M MYNHARDT**  
*Company Secretary*

31 July 2011



# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AFRICAN MEDIA ENTERTAINMENT LIMITED

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of African Media Entertainment Limited which comprise the consolidated and separate statements of financial position as at 31 March 2011, and the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes and the directors' report set out on pages 12 to 13.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of African Media Entertainment Limited as of 31st March 2011, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act.



**PKF (Jhb) Inc.**  
*Registered Auditors*  
*Chartered Accountants (SA)*  
Registration No. 1994/001166/21

**Director: RJ Lawson**

Sandton  
31 July 2011



# DIRECTORS' REPORT

for the year ended 31 March 2011

## NATURE OF BUSINESS

The group's main activities are set out on page 2 of this report.

## FINANCIAL RESULTS

The financial results of the group and of the company are set out on page 15 of this report. A review of the group's results and performance of the business units is given in the Chairman's report on page 4.

## DIVIDENDS

No dividend was declared for the year (2010: 200 cents per share).

## SHARE CAPITAL

### Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the period under review.

## DIRECTORATE AND SECRETARY

Details of the directorate are given on page 3 of this report. Non-executive directors only receive remuneration for services as directors, executive directors have service contracts with the company and are salaried directors. Details of their remuneration are set out below:

	Salary 2011 R'000	Salary 2010 R'000	Fees 2011 R'000	Fees 2010 R'000
ACG Molusi*			46	57
Z Lacob* (deceased 22 April 2010)			9	70
MJ Prinsloo*			159	117
N Sooka – non-executive director			70	171
W Tshuma*			41	44
M Mynhardt**	920	708		
AJ Davies**	300			
Total remuneration	1 220	708	325	459
Paid by the company	1 220	708	252	427
Paid by the subsidiaries			73	32
Total remuneration	1 220	708	325	459

## SHARE OPTIONS GRANTED

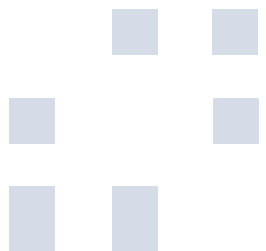
	Options	Options
M Mynhardt	75 000	75 000
AJ Davies	50 000	

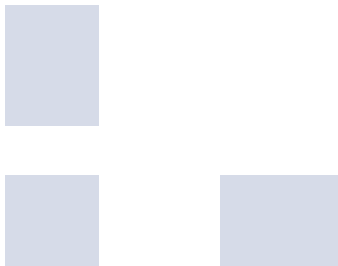
\* independent non-executive director

\*\* executive director

In terms of the articles of association of the company, not less than a third of the non-executive directors retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

None of the independent non-executive directors of the company have a director's service contract with the company.





As at 31 March 2011, the aggregate direct and indirect, beneficial interests of the directors in the fully paid issued share capital of the company, was nil (2010 – nil). There has been no material change in the directors' interests in the issued share capital between 31 March 2011 and the date of this report.

#### **PROPERTY, PLANT AND EQUIPMENT**

The group acquired property, plant and equipment at a cost of R8 572 000 (2010: R7 210 000) during the financial year under review. There have been no major changes in the nature of or the policy relating to the use of property, plant and equipment in the group.

#### **POST FINANCIAL YEAR END EVENTS**

The company was involved in arbitration procedures relating to the purchase of United Stations (Pty) Limited. An arbitration award of R4 million in favour of Nevala Investments (Pty) Limited and Worldwide Capital Limited was paid by the company in May 2011. This has been treated as an adjustment event and has increased the goodwill on consolidation.

There have been no other matters between the group's year-end and the date of this report that require to be brought to the attention of shareholders or required an adjustment to the financial statements.

#### **INVESTMENT IN SUBSIDIARY COMPANIES**

The financial information in respect of the company's interest in its major subsidiary companies is set out in note 5 on page 30 of the financial statements.

The aggregate profits and losses after taxation of the subsidiaries attributable to the company amounted to R25 221 000 (2010: R25 088 000); subsidiaries making profits amounted to R26 307 000 (2010: R25 502 000) and subsidiaries making losses amounted to R1 086 000 (2010: R416 000).

#### **GOING CONCERN**

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

#### **EMPLOYEE SHARE INCENTIVE SCHEMES**

Details of options granted to employees, including any executive directors, are detailed in note 24 on page 40.

The share scheme presently holds 89 275 (2010: 89 275) ordinary shares, none of which have been allocated. Other than these shares, no further shares have been set aside for the scheme. In terms of the Trust deed, up to 10% of the company's share capital, being 862 831 ordinary shares, can be utilised for purposes of the scheme. At 31 March 2011, 773 556 ordinary shares can still be issued in terms of the share scheme.

# STATEMENTS OF FINANCIAL POSITION

(continued)

for the year ended 31 March 2011

	Notes	GROUP		COMPANY	
		31 March 2011 R'000	31 March 2010 R'000	31 March 2011 R'000	31 March 2010 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>		<b>80 753</b>	<b>61 362</b>	<b>87 647</b>	<b>77 505</b>
Property, plant and equipment	3	25 412	20 258	8 649	8 267
Goodwill	4	39 785	35 431	–	–
Investment in subsidiaries	5	–	–	66 386	64 498
Investment in associated companies	6	1 031	633	–	1 494
Other financial instruments	7	9 883	2	11 980	2 100
Deferred taxation	8	4 642	5 038	632	1 146
<b>Current assets</b>		<b>90 955</b>	<b>79 383</b>	<b>38 026</b>	<b>41 874</b>
Trade receivables	9	41 906	31 520	–	17
Other receivables		2 468	1 715	2 864	2 023
Cash and cash equivalents		46 581	46 148	35 162	39 834
<b>Total assets</b>		<b>171 708</b>	<b>140 745</b>	<b>125 673</b>	<b>119 379</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Total equity</b>		<b>113 976</b>	<b>87 960</b>	<b>114 413</b>	<b>94 815</b>
Share capital	10	8 539	8 539	8 628	8 628
Share premium		31 909	31 909	32 356	32 356
Non-distributable reserve	11	2 073	1 869	22 112	22 016
Retained earnings		70 237	43 988	51 317	31 815
Equity attributable to equity holders of the company		112 758	86 305	114 413	94 815
Non-controlling interest holders		1 218	1 655	–	–
<b>Non-current liabilities</b>		<b>717</b>	<b>939</b>	<b>–</b>	<b>–</b>
Operating lease accrual	12	518	647	–	–
Interest-bearing borrowings	13	199	292	–	–
<b>Current liabilities</b>		<b>57 015</b>	<b>51 846</b>	<b>11 260</b>	<b>24 564</b>
Trade payables		28 498	16 719	4 902	4 365
Other payables		26 694	14 954	5 971	1 692
Dividend payable		387	17 257	387	17 257
Operating lease accrual	12	138	355	–	–
Interest-bearing borrowings	13	86	96	–	–
Taxation		1 212	2 465	–	1 250
<b>Total equity and liabilities</b>		<b>171 708</b>	<b>140 745</b>	<b>125 673</b>	<b>119 379</b>



# STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2011

	Notes	GROUP		COMPANY	
		Year ended 31 March 2011 R'000	Year ended 31 March 2010 R'000	Year ended 31 March 2011 R'000	Year ended 31 March 2010 R'000
Revenue	17	177 366	158 373	4 512	4 569
Cost of sales		(54 663)	(46 641)	–	–
Gross profit		122 703	111 732	4 512	4 569
Operating expenses	18	(86 118)	(75 628)	(5 725)	(7 263)
Operating profit/(loss)		36 585	36 104	(1 213)	(2 694)
Investment income	19	1 184	–	21 230	32 240
Finance income	19	3 901	5 098	1 458	2 862
Finance costs	19	(149)	(203)	–	–
Reversal of losses in subsidiaries		–	–	235	1 814
Losses attributable to associates		(425)	(2 207)	(1 694)	(1 295)
Net profit before taxation		41 096	38 792	20 016	32 927
Taxation	20	(12 806)	(14 683)	(514)	(2 304)
<b>Total comprehensive income for the year</b>		<b>28 290</b>	<b>24 109</b>	<b>19 502</b>	<b>30 623</b>
<b>Attributable to:</b>					
Non-controlling interest holders		2 041	2 668	–	–
Equity holders of the parent		26 249	21 441	19 502	30 623
Earnings per share (cents)	21	307,4	251,1		
Diluted earnings per share (cents)	21	302,5	249,4		

# STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2011

	GROUP		COMPANY	
	31 March 2011 R'000	31 March 2010 R'000	31 March 2011 R'000	31 March 2010 R'000
<b>Issued capital</b>	8 539	8 539	8 628	8 628
Balance at beginning of year	8 628	8 628	8 628	8 628
Consolidation of share trust	(89)	(89)	-	-
<b>Share premium</b>	31 909	31 909	32 356	32 356
Balance at beginning of year	32 356	32 356	32 356	32 356
Consolidation of share trust	(447)	(447)	-	-
<b>Non-distributable reserve</b>	2 073	1 869	22 112	22 016
Balance at beginning of year	1 869	1 608	22 016	21 981
Share-based payment reserve	204	261	96	35
<b>Retained earnings</b>	70 237	43 988	51 317	31 815
Balance at beginning of year	43 988	39 803	31 815	18 449
Comprehensive income for the year	26 249	21 441	19 502	30 623
Dividend declared	-	(17 256)	-	(17 257)
<b>Non-controlling interest holders</b>	1 218	1 655	-	-
Balance at beginning of year	1 655	4 687	-	-
Share of dividend	(2 504)	(5 700)	-	-
Change in shareholding	26	-	-	-
Comprehensive income for the year	2 041	2 668	-	-
<b>Total equity</b>	<b>113 976</b>	<b>87 960</b>	<b>114 413</b>	<b>94 815</b>

# STATEMENTS OF CASH FLOWS

for the year ended 31 March 2011

	Notes	GROUP		COMPANY	
		Year ended 31 March 2011 R'000	Year ended 31 March 2010 R'000	Year ended 31 March 2011 R'000	Year ended 31 March 2010 R'000
<b>Cash flows from operating activities</b>		<b>39 078</b>	<b>28 325</b>	<b>24 109</b>	<b>30 858</b>
Profit before taxation		41 096	38 792	20 016	32 927
Adjustments		(1 396)	(845)	(1 316)	(3 339)
– investment income		(1 184)	–	(1 484)	–
– finance income		(3 901)	(5 098)	(1 458)	(2 862)
– finance cost		149	203	–	–
– depreciation		3 260	2 110	40	7
– loss on disposal of property, plant and equipment		47	42	31	–
– rental smoothing		87	(283)	–	–
– non cash expenditure		(483)	(287)	–	–
– share-based payments reserve	24	204	261	96	35
– provision for impairment in subsidiaries		–	–	(235)	(1 814)
– impairment losses attributable to associates		425	2 207	1 694	1 295
Operating profit before working capital changes		39 700	37 947	18 700	29 588
– (increase)/decrease in trade and other receivables		(10 230)	(2 040)	385	(559)
– increase in trade and other payables		19 519	2 157	816	604
Cash generated by operations		48 989	38 064	19 901	29 633
Net interest received		3 752	4 895	1 458	2 862
Taxation paid	22	(13 663)	(14 634)	(1 250)	(1 637)
Dividend paid to equity holders		(16 870)	(17 257)	(16 870)	(17 257)
<b>Cash flows from investing activities</b>		<b>(19 271)</b>	<b>(12 838)</b>	<b>(7 911)</b>	<b>(8 830)</b>
Increase in investments and loans	23	(11 085)	(6 197)	(7 733)	(8 790)
Purchase of property, plant and equipment		(8 572)	(6 899)	(453)	(40)
Dividends received		275	–	275	–
Proceeds on disposal of property, plant and equipment		111	258	–	–
<b>Cash flows from financing activities</b>		<b>(2 504)</b>	<b>(5 700)</b>	<b>–</b>	<b>–</b>
Dividends paid to non-controlling interest holder		(2 504)	(5 700)	–	–
Net (decrease)/increase in cash and cash equivalents		433	(7 470)	(4 672)	4 771
Cash and cash equivalents at beginning of year		46 148	53 618	39 834	35 063
<b>Cash and cash equivalents at end of year</b>		<b>46 581</b>	<b>46 148</b>	<b>35 162</b>	<b>39 834</b>



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

## 1. ACCOUNTING POLICIES

### 1.1 Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), AC 500 series, the Companies Act No. 61 of 1973, as amended, 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 year ended 31 March 2010.

The financial statements are prepared under the historical cost convention except for financial instruments which are accounted for in terms of IAS 39.

The policies set out below have been consistently applied to all the periods presented.

### 1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company ("its subsidiaries"). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income, from the effective date of acquisition or up to the effective date of disposal, as appropriate. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. Identifiable assets, liabilities and contingent liabilities acquired or assumed are initially measured at their respective fair values at acquisition date.

All intra-group transactions, balances, income and expenses and unrealised gains and losses, are eliminated in full on consolidation.

Non-controlling interest holders' interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interest holders' interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest holders' share of changes in equity since the date of the combination.

Investments in associates are accounted for by way of the equity method and initially recognised at cost. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment loss and is adjusted for the group's share of the associates post acquisition reserve movements. Costs associated with the acquisition are expensed. When the group's share of losses equals to or exceeds its interest in the associate, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains and losses are eliminated to the extent of the group's shareholding. Unrealised losses are only eliminated provided they do not indicate a potential impairment.

### 1.3 Significant judgements

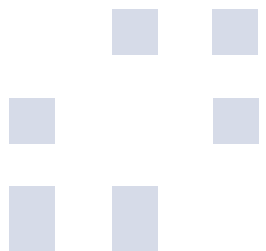
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Judgements made by management in applying the accounting policies are:

#### *Asset lives and residual values*

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at each reporting date and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

#### *Deferred tax assets*

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, inflation, taxation rates and competitive forces. Deferred tax assets are recognised on Secondary Tax on Companies credits only to the extent it is probable that future dividends will utilise these credits.



#### *Impairment of assets*

Property, plant and equipment as well as financial and non-financial assets are assessed at each reporting date for indications that impairment might exist. These assets are tested for impairment if there is reason to believe that an impairment may be necessary. The future cash flows expected to be generated by the assets are projected taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current carrying value and, if lower, the assets are impaired to the present value.

#### *Options granted*

Management used the Black-Scholes Merton Option Valuation Model to determine the fair value of the options at issue date. Additional details regarding the estimates are included in note 24 – Share-based payments.

### **1.4 Goodwill**

Goodwill is initially measured as the excess of cost of the business combination over the group's interest of the fair value of the net identifiable assets, liabilities and contingent liabilities.

Subsequently goodwill is carried at cost less any accumulated impairment. Goodwill is tested at least annually for impairment.

The excess of the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in the statement of comprehensive income.

### **1.5 Property, plant and equipment**

Property, plant and equipment is initially recorded at cost. Impairment losses and reversal of impairment losses are recognised in the statement of comprehensive income. Costs include costs incurred initially to acquire an item of property, plant and equipment and costs incurred subsequently to add to, or replace part of it. Costs are only capitalised to the extent that the cost can be measured reliably and it is probable that the cost will result in the inflow of future economic benefits to the group.

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

- land 0% not depreciated
- buildings 1,25%
- electronic equipment 20 – 33%
- motor vehicles 20 – 25%
- office equipment 10 – 20%
- leasehold improvements period of the lease

The carrying values of property, plant and equipment are reviewed at each financial reporting date for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. Impairment losses are recognised in the statement of comprehensive income immediately.

Leasehold improvements are depreciated over the shorter of the lease term and the useful life of the asset. The useful lives and residual values of property, plant and equipment are assessed annually and subsequently carried at cost less accumulated depreciation and impairment.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

### **1.6 Investments in subsidiaries**

In the company's separate financial statements, investments in subsidiaries are carried at cost less impairment.



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 March 2011

The cost of an investment in a subsidiary is measured at the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company.

### *Contingent consideration*

The fair value of contingent consideration at acquisition date is recognised as part of the consideration transferred in exchange for the acquiree.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

## **1.7 Investments in associates**

Associates are entities over which the group has significant influence but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are recognised at cost, less amounts written off and accumulated impairment losses, at a stand-alone level.

The group's investment in associates includes goodwill identified on acquisition (net of any accumulated impairment loss). The group's share of the associates' post-acquisition profits or losses is recognised in the statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

## **1.8 Impairment of assets**

The group assesses at each reporting date whether there is any indication that objective evidence exists that might indicate that an asset or group of assets is impaired.

Irrespective of whether there is any indication of impairment, the group also tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

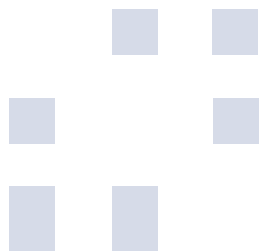
An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of comprehensive income. Goodwill acquired in a business combination is allocated, from the acquisition date, to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

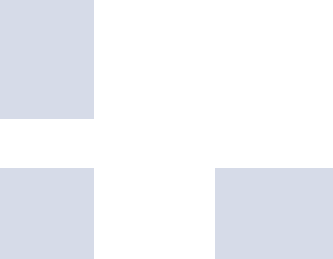
An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit.

The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then
- to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.





The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in the statement of comprehensive income.

In the case of available for sale financial assets, a significant or prolonged decline in the fair value of the instrument below its cost is considered as an indicator of impairment. If such an indicator exists, the cumulative loss (measured as the difference between the acquisition cost and the current fair value less any impairment loss on that instrument previously recognised in the statement of comprehensive income) is removed from equity and recognised in the statement of comprehensive income.

### 1.9 Leased assets

Leases of property, plant and equipment where the company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are recognised at the lower of the fair value of the asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges are included in other long-term payables. The interest element of the finance charge is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the assets useful life and the period of the lease.

Leases of property, plant and equipment where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

### 1.10 Taxation

#### *Current tax assets and liabilities*

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred taxation is provided using a statement of financial position liability method on all temporary differences between the carrying amounts, for financial reporting purposes and the amounts used for taxation purposes, except for differences relating to goodwill which are not deductible for taxation purposes and the initial recognition of assets or liabilities in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.

Secondary Taxation on Companies is provided in respect of dividend payments net of dividends received or receivable and is recognised as a taxation charge for the year.



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 March 2011

## 1.11 Financial instruments

### *Initial recognition and subsequent measurement*

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised when the group becomes party to the contractual provisions of the instrument. Financial assets are initially measured at fair value plus transaction cost.

Transaction costs in respect of financial assets classified as, at fair value through profit or loss, are expensed. Financial liabilities are initially measured at fair value plus transaction cost. Transaction costs in respect of financial liabilities classified as at fair value through profit or loss are expensed.

### *Financial assets*

A financial asset is an asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Trade and other receivables are classified as loans and receivables and are measured at amortised cost, using the effective interest method, less provision for doubtful debts. Write-downs of these assets are expensed in the statement of comprehensive income. The movement in the provision for doubtful debts are recognised in profit and loss and any subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

Other investments are classified as available-for-sale financial assets. These investments are carried at fair value with any gains or losses being recognised in other comprehensive income, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income. Fair value for this purpose is market value if listed or a value arrived at by using the present value of future cash flow valuation model if unlisted.

Cash and cash equivalents comprise cash on hand and demand deposits and are measured at fair value.

### *Financial liabilities*

A financial liability is a liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the other entity.

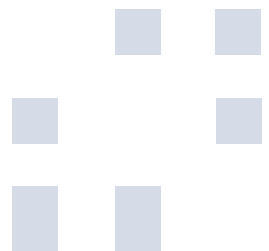
Non-derivative financial liabilities that are not designated on initial recognition as financial liabilities at fair value through profit or loss (including interest-bearing borrowings and bank overdrafts) are measured at amortised cost, using the effective interest method.

Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the terms of the borrowings in accordance with the accounting policy for borrowing costs, using the effective interest method.

### *Derecognition*

Financial assets (or a portion thereof) are derecognised when the group realises the rights to the benefits specified in the contract, the rights expire or the group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. In derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that have been reported as other comprehensive income are included in the statement of comprehensive income.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and amount paid for it are included in the statement of comprehensive income.





#### *Fair value methods and assumptions*

The fair value of financial instruments not traded in an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risks existing at reporting date, including independent appraisals and discounted cash flow methods. The fair value determined is adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their normal amounts as the effects of the time value of money are considered to be immaterial.

#### *Set-off*

Where a legally enforceable right to set-off exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are set-off in the financial statement.

### **1.12 Employee benefits**

#### *Short-term employee benefit costs*

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid annual leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### *Defined contribution plans*

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

### **1.13 Share-based payments**

The cost of goods or services received in a share-based payment transaction is recognised as the goods or services are received.

A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

For equity-settled share-based payment transactions, the goods or services received are measured, as well as the corresponding increase in equity, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity are measured by reference to the fair value of the equity instruments granted.

For cash-settled share-based payment transactions, the goods or services received and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in the statement of comprehensive income for the period. The estimate of the number of options expected to vest, is carried out at each reporting date. Any adjustments are made through the statement of comprehensive income with a corresponding adjustment to equity.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the company accounts for those services as they are rendered by the counterparty during the vesting period, or on a straight-line basis over the vesting period.



# NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 March 2011

Proceeds received net of any attributable transaction costs are credited to share capital and share premium when the options are exercised.

## 1.14 Translation of foreign currencies

Foreign currency transactions are recorded, on initial recognition in Rand, by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are reported using the closing rate;
- non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction; and
- non-monetary items, which are carried at fair value denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or expenses in the period in which they arise.

## 1.15 Revenue recognition

Revenue comprises the invoiced value for the sale of services, net of value added tax and discounts and after eliminating sales within the group. Revenue from the sale of airtime is recognised upon broadcasting of the advertising material. Revenue from management fees is recognised evenly throughout the year. Revenue from training and development is recognised when the training and development takes place.

## 1.16 Borrowing cost

Borrowing costs are recognised as an expense in the period in which they are incurred. To the extent that they are incurred in respect of a qualifying asset, they are capitalised.

## 1.17 Provisions

Provisions are recognised when:

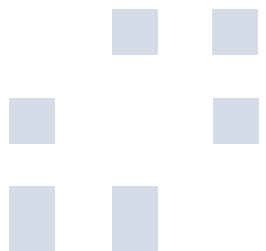
- there is a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is minimal. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the increases specific to the liability. The increase in the provision due to the passage of time is recognised as a finance expense.

## 1.18 Segmental reporting

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segments and assesses its performance; and
- for which discrete financial information is available.



## 2. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The following standards and interpretations have been applied by the company from 1 April 2010:

		Details of amendment	Effective from
IFRS 2	Share-based Payments	Amendments relating to group cash-settled share-based payment transactions – clarity of the definition of the term “group” and where in a group share-based payments must be accounted for.	01 January 2010
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations.	01 January 2010
IFRS 8	Operating Segments	Disclosure of information about segment assets.	01 January 2010
IAS 1	Presentation of Financial Statements	Current/non-current classification of convertible instruments.	01 January 2010
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Classification of expenditures on unrecognised assets.	01 January 2010
IAS 10	Events after the Reporting Period	Amendment resulting from the issue of IFRIC 17.	01 July 2009
IAS 17	Leases	Classification of leases of land and buildings.	01 January 2010
IAS 21	The Effects of Changes in Foreign Exchange Rates	Consequential amendments from changes to business combinations.	01 July 2009
IAS 32	Financial Instruments: Presentation	Accounting for rights issues (including rights, options or warrants) that are denominated in a currency other than the functional currency of the Issuer.	01 February 2010
IAS 36	Impairment of Assets	Unit of accounting for goodwill impairment test.	01 January 2010
IAS 39	Financial Instruments: Recognition and Measurement	Treating loan prepayment penalties as closely related embedded derivatives. Scope exemption for business combination contracts. Cash flow hedge accounting.	01 January 2010

The following standards and interpretations became effective from 1 April 2010 but were not relevant.

		Details of amendment	Effective from
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments		01 April 2010

At the date of the authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 March 2011

		Details of amendment	Effective from
IFRS 1	First-Time Adoption of International Financial Reporting Standards	Amendment relieves first-time adopters of IFRSs from providing the additional disclosures introduced through Amendments to IFRS 7 in March 2009.	01 July 2010
		Accounting policy changes in the year of adoption.	01 January 2011
		Revaluation basis as deemed cost.	01 January 2011
		Use of deemed cost for operations subject to rate regulation.	01 January 2011
		Standard amended to provide guidance for entities emerging from severe hyper-inflation and resuming presentation of IFRS compliant financial statements, or presenting IFRS compliant financial statements for the first time.	01 July 2011
		Standard amended to remove the fixed date of 1 January 2004 relating to the retrospective application of the derecognition requirements of IAS 39 and relief for first-time adopters from calculating day 1 gains on transactions that occurred before the date of adoption.	01 July 2011
IFRS 3	Business Combinations	Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS.  Measurement of non-controlling interests.  Unreplaced and voluntarily replaced share-based payment awards.	01 January 2011
IFRS 7	Financial Instruments: Disclosures	Clarification of disclosures.	01 January 2011
		Additional disclosure on transfer transactions of financial assets.	01 July 2011
IFRS 9	Financial Instruments	New standard that forms the first part of a three-part project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> .	01 January 2013

		Details of amendment	Effective from
IFRS 10	Consolidated Financial Statements	New standard that replaces the consolidation requirements in SIC-12 <i>Consolidation – Special Purpose Entities</i> and IAS 27 <i>Consolidated and Separate Financial Statements</i> . Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company, and provides additional guidance to assist in the determination of control where this is difficult to assess.	01 January 2013
IFRS 11	Joint Arrangements	New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities.	01 January 2013
IFRS 12	Disclosure of Interest in Other Entities	New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	01 January 2013
IFRS 13	Fair Value Measurements	New guidance on fair value measurement and disclosure requirements.	01 January 2013
IAS 1	Presentation of Financial Statements	Clarification of statement of changes in equity.  New requirements to group together items within OCI that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact of the overall performance of an entity.	01 January 2011  01 July 2012
IAS 12	Income Taxes	Rebuttable presumption introduced that an investment property will be recovered in its entirety through sale.	01 July 2012
IAS 19	Employee Benefits	Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans.	01 January 2013

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 March 2011

		Details of amendment	Effective from
IAS 21	The Effects of Changes in Foreign Exchange Rates	Consequential amendments from changes to IAS 27 <i>Consolidated and Separate Financial Statements</i> (clarification of the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation).	01 July 2010
IAS 24	Related Party Disclosure	Simplification of the disclosure requirements for government-related entities.  Clarification of the definition of related party.	01 January 2011
IAS 27	Consolidated and Separate Financial Statements	Transition requirements for amendments arising as a result of IAS 27.  Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	01 July 2010  01 January 2013
IAS 28	Investments in Associates	Consequential amendments from changes to IAS 27 <i>Consolidated and Separate Financial Statements</i> (clarification on the transaction rules in respect of the disposal or partial disposal of an interest in a foreign operation).  Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	01 July 2010  01 January 2013
IAS 31	Interest in Joint Ventures	Consequential amendments from changes to IAS 27 <i>Consolidated and Separate Financial Statements</i> (clarification on the transaction rules in respect of the disposal or partial disposal of an interest in a foreign operation).	01 July 2010
IAS 32	Financial Instruments: Presentation	Accounting for rights issues (including rights, options or warrants) that are denominated in a currency other than the functional currency of the user.	01 February 2011
IAS 34	Interim Financial Reporting	Significant events and transactions.	01 January 2011
IFRIC 13	Customer Loyalty Programmes	Fair value of award credits.	01 January 2011

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the group and of the company.

	Electronic equipment R'000	Office equipment R'000	Motor vehicles R'000	Leasehold improve- ments R'000	Freehold land and building R'000	Total R'000
<b>3. PROPERTY, PLANT AND EQUIPMENT GROUP</b>						
<b>Year ended 31 March 2011</b>						
Opening net book value	3 839	1 195	410	1 241	13 573	20 258
Additions	3 935	615	–	3 836	186	8 572
Depreciation	(1 847)	(496)	(109)	(808)	–	(3 260)
Disposals/transfers	(173)	(11)	–	26	–	(158)
Closing net book value	5 754	1 303	301	4 295	13 759	25 412
<b>At 31 March 2011</b>						
Cost	13 765	3 394	1 214	5 433	13 759	37 565
Accumulated depreciation	(8 011)	(2 091)	(913)	(1 138)	–	(12 153)
Net book value	5 754	1 303	301	4 295	13 759	25 412
<b>Year ended 31 March 2010</b>						
Opening net book value	3 160	1 371	566	1 453	8 907	15 457
Additions	1 928	591	20	5	4 666	7 210
Depreciation	(1 181)	(536)	(176)	(217)	–	(2 110)
Disposals/transfers	(68)	(231)	–	–	–	(299)
Closing net book value	3 839	1 195	410	1 241	13 573	20 258
<b>At 31 March 2010</b>						
Cost	11 644	2 962	1 214	1 574	13 573	30 967
Accumulated depreciation	(7 805)	(1 767)	(804)	(333)	–	(10 709)
Net book value	3 839	1 195	410	1 241	13 573	20 258
<b>COMPANY</b>						
<b>Year ended 31 March 2011</b>						
Opening net book value	–	90	–	917	7 260	8 267
Additions	–	438	–	15	–	453
Depreciation	–	(40)	–	–	–	(40)
Disposals/transfers	–	(62)	–	31	–	(31)
Closing net book value	–	426	–	963	7 260	8 649
<b>At 31 March 2011</b>						
Cost	–	473	–	963	7 260	8 696
Accumulated depreciation	–	(47)	–	–	–	(47)
Net book value	–	426	–	963	7 260	8 649
<b>Year ended 31 March 2010</b>						
Opening net book value	–	62	–	912	7 260	8 234
Additions	–	35	–	5	–	40
Depreciation	–	(7)	–	–	–	(7)
Closing net book value	–	90	–	917	7 260	8 267
<b>At 31 March 2010</b>						
Cost	–	97	–	917	7 260	8 274
Accumulated depreciation	–	(7)	–	–	–	(7)
Net book value	–	90	–	917	7 260	8 267

Freehold buildings have not been depreciated as their residual value at the reporting date exceeds their original purchase price. Office equipment with a carrying value of R263 892 (2010: R372 000) is held in terms of Finance leases – see note 13.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 March 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
<b>4. GOODWILL</b>				
Cost less accumulated impairment	39 785	35 431	–	–
<b>Movement for the period</b>				
Carrying value at beginning of year	35 431	30 431	–	–
Acquired investment*	–	5 000	–	–
Investment in Freesport (Pty) Ltd**	354	–	–	–
United Stations (Pty) Ltd acquisition settlement***	4 000	–	–	–
Carrying value at end of year	39 785	35 431	–	–

In accordance with the group's accounting policy, an impairment test was performed on goodwill at year-end. Budgeted operating cash flows for the related business units were projected based on revenue growth of 2% per annum and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that the goodwill was not impaired.

\* The investment acquired was in respect of the cash purchase of the shares held by the Algoa share trust in 2010 and the company now owns 100% of AlgoaFM

\*\* Freesport (Pty) Ltd is a local monthly free-sheet newspaper distributed in the Nelson Mandela Bay Metropolitan area. Algoa FM acquired 50% of the shares in the company on 1 August 2010 as part of their expansion in new media platforms. The goodwill represents the excess of the amount paid over the net asset value.

\*\*\* Goodwill on United Stations arose due to the R4 million settlement paid towards the 2002 acquisition of United Stations, and have been accounted for in terms of the old IFRS 3

	COMPANY	
	2011 R'000	2010 R'000
<b>5. INVESTMENT IN SUBSIDIARIES</b>		
Shares at cost less provision for write-down		
AME Broadcasting (Pty) Limited (Holding company)		
– 100 shares representing a 100% holding*	–	–
– Loan	724	724
United Stations (Pty) Limited (Radio Advertising Sales House)		
– 1 000 shares representing a 100% holding	4 000	–
– Loan	9 169	13 015
Seyalemoya Communications (Pty) Limited (t/a OFM)		
– 77 525 shares representing a 70,1% holding	28 968	28 968
Umoya Communications (Pty) Limited (t/a Algoa FM)		
– 1 000 (2010: 1 000) shares representing a 100% (2010: 100%) holding	23 683	23 683
Radio Heads Investment Holdings (Pty) Limited (Holding company)		
– 1 share representing a 0,1% holding*	–	–
– Loan	15	14
Radio Heads (Pty) Limited (Radio Advertising Sales House)		
– 490 shares representing a 49% holding*	–	–
– Loan	1 545	47
	68 104	66 451
Provision for impairment in subsidiaries	(1 718)	(1 953)
	66 386	64 498

\* less than R1 000

The loans to subsidiaries are unsecured and interest free. The subsidiary companies have an unconditional right to defer settlement of the loan for 12 months. The company has impaired R1 545 000 (2010: R1 779 000) of loans to subsidiaries.



	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
<b>6. INVESTMENT IN ASSOCIATED COMPANIES</b>				
M-Power Radio (Pty) Limited (t/a Mpower FM)				
– 498 shares representing a 24,9% holding	1 494	1 494	1 494	1 494
– Impairment of investment	–	–	(1 494)	–
– Share of post acquisition loss	(1 494)	(1 494)	–	–
– Loan	1 494	1 295	1 494	1 295
– Impairment of loan	(1 494)	(1 295)	(1 494)	(1 295)
Mahareng Publishing (Pty) Limited				
– 500 shares representing a 50% holding	1	1	–	–
– Loan	2 900	2 275	–	–
Share of post acquisition loss	(1 870)	(1 643)	–	–
	<b>1 031</b>	<b>633</b>	<b>–</b>	<b>1 494</b>
M-Power Radio has a June financial year-end, March 2011 management accounts information was used in the preparation of the financial statements.				
Summary of the financial information:				
Total assets	4 515	7 020		
Total liabilities	7 414	3 554		
Accumulated loss	14 477	7 484		
Mahareng Publishing has a March financial year-end.				
Summary of the financial information:				
Total assets	2 926	1 996		
Total liabilities	6 667	5 282		
Accumulated Loss	3 738	3 287		
<b>7. OTHER FINANCIAL INSTRUMENTS</b>				
Available for sale financial assets				
Loan to Share Incentive Trust	–	–	6 865	6 865
Provision for diminution in value	–	–	(4 767)	(4 767)
Chestnut Hill Investments 265 (Pty) Limited				
– 1 247 cumulative redeemable preference shares	1 247	1 247	1 247	1 247
– Provision for diminution in value	(1 246)	(1 246)	(1 246)	(1 246)
Before The Wind Investments 160 (Pty) Limited				
– 1 300 cumulative redeemable preference shares	1 300	1 300	1 300	1 300
– Provision for diminution in value	(1 298)	(1 299)	(1 299)	(1 299)
Mokgosi Holdings (Pty) Limited				
– 10 (2010: nil) "B" ordinary shares at cost	9 200	–	9 200	–
Moneyweb Limited				
– 1 000 000 (2010: nil) ordinary shares at cost	680	–	680	–
	<b>9 883</b>	<b>2</b>	<b>11 980</b>	<b>2 100</b>

The loan to the Share Incentive Trust is interest free and there are no fixed terms of repayment. At the date of this report, none of the 89 275 shares held in the Share Incentive Trust have been allotted and no options in respect of these shares have been granted. Basis of valuation: The investments in Mokgosi Holdings (Pty) Limited and Moneyweb Limited were acquired in the current year and there have been no material changes in the value since the dates of acquisition. The investments in Moneyweb Limited and the loan to the Share Incentive Trust are level 1 investments and the remainder are level 2 investments in terms of IRFS 7.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 March 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
<b>8. DEFERRED TAXATION</b>				
Balance at beginning of year	5 038	6 260	1 146	2 200
Movements during the year attributable to:				
– Temporary differences	809	204	(22)	(246)
– Computed tax losses	(1 205)	(1 426)	(492)	(808)
Balance at end of year	4 642	5 038	632	1 146
The balance comprises:				
Provision for leave pay	247	437	30	46
Income received in advance	426	17	–	–
Prepaid expenditure	(29)	(133)	–	–
Accelerated tax allowances	(210)	(199)	–	–
Lease accrual	193	225	–	–
Provisions other	1 138	737	154	160
Provision for doubtful debts	612	484	–	–
Computed tax losses	2 265	3 470	448	940
	4 642	5 038	632	1 146

The group expects that with the profits expected to be generated in future years, the computed tax losses will be utilised.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
<b>9. TRADE RECEIVABLES</b>				
Trade accounts receivable	45 060	34 070	–	17
Allowance for impairment of receivables	(3 154)	(2 550)	–	–
	41 906	31 520	–	17
Exposure to credit risk				
The maximum exposure to credit risk at the reporting date was	45 060	34 070	–	17
The maximum exposure to credit risk for gross trade receivables at the reporting date by type of customer was:				
Average debtors' terms (days)				
Parastatals/Government	30	930	250	–
Corporates	30/60	23 424	28 616	17
SMMEs	30	20 704	5 204	–
Individuals	30	2	–	–
	45 060	34 070	–	17

	GROUP		COMPANY		
	2011 R'000	2010 R'000	2011 R'000	2010 R'000	
<b>9. TRADE RECEIVABLES (continued)</b>					
The maximum exposure to credit risk for gross trade receivables at the reporting date by geographical region was:					
	Average debtors' terms (days)				
South Africa	30/60	45 060	34 070	–	17
		45 060	34 070	–	17
Within terms					
Current		29 558	19 015	–	17
Due 30 days and less		9 356	10 119	–	–
Past due					
Due 30 to 60 days		703	1 196	–	–
Due 60 to 90 days		4 691	3 186	–	–
Due 90 days +		752	554	–	–
		45 060	34 070	–	17

Credit risk is minimised through an initial new client acceptance procedure whereby potential customers are individually assessed before an appropriate credit limit is allocated. The subsidiaries use a vetting agency who maintains current credit data on most companies in South Africa. R3 060 000 (2010: R2 999 000) of the group's trade and other receivables has been ceded as security for Media Credit Co-ordination's accreditation.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Allowance for impairment of receivables				
Balance at beginning of year	(2 550)	(2 419)		
Impairment loss recognised	(1 535)	(824)		
Impairment loss reversed/(provided)	931	693		
	(3 154)	(2 550)	–	–
The reason for recognising the following impairment losses were:				
Financial difficulties/bankruptcy	2 837	2 202		
Absconded	25	5		
Disputed	292	343		
	3 154	2 550	–	–

Listings of overdue customer balances are reviewed monthly against their credit terms/limits. Customers exceeding their credit terms/limits must settle their overdue balances before any further credit is extended.

Appropriate action is taken to recover long overdue debts.

Balances past due are not impaired except to the extent that financial difficulty of the customer has been identified.

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 March 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
<b>10. SHARE CAPITAL</b>				
<i>Authorised</i>				
15 000 000 ordinary shares of R1 each	15 000	15 000	15 000	15 000
<i>Issued</i>				
8 628 308 ordinary shares of R1 each	8 628	8 628	8 628	8 628
Held by the AME Share Incentive Trust	(89)	(89)	-	-
	8 539	8 539	8 628	8 628

## Unissued shares

The 6 371 692 (2010 – 6 371 692) unissued shares are under the control of the directors in terms of a resolution of members passed at the annual general meeting of shareholders on 22 October 2010. The authority is valid until the next annual general meeting.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
<b>11. NON-DISTRIBUTABLE RESERVE</b>				
Restatement of investment in subsidiaries	-	-	15 624	15 624
Share-based payment reserve	2 073	1 869	306	210
Fair value adjustment on available for sale financial assets reserve	-	-	6 182	6 182
	2 073	1 869	22 112	22 016
<b>12. OPERATING LEASE ACCRUAL</b>				
Liabilities for future rental payments	656	1 002	-	-
Less: Current portion included in current liabilities	138	355	-	-
	518	647	-	-
<b>13. INTEREST-BEARING BORROWINGS</b>				
Finance leases	285	388	-	-
Less: Current portion included in current liabilities	86	96	-	-
To be settled between 2 to 5 years	199	292	-	-

The capitalised finance lease liability is secured by office equipment (note 3). Interest is charged at 13,62% per annum. The lease agreements provide for 60 monthly payments of R9 945 per month. The agreements do not provide for contingent payments.

*Reconciliation between the total minimum lease payments and their present value:*

Minimum lease payments due

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
- within one year	120	110	-	-
- in second to fifth year inclusive	224	315	-	-
	344	425	-	-
Future finance charges	(59)	(37)	-	-
Present value of minimum lease payments	285	388	-	-

#### 14. BANK FACILITIES

The banking facilities for debit order transactions of the group are secured by limited suretyships by each individual subsidiary for its own facility.

#### 15. FINANCIAL ASSETS BY CATEGORY

	Loans and receivables R'000	Fair value through profit or loss – held for trading R'000	Non- financial instruments R'000	Available- for-sale R'000	Total R'000
<b>Group</b>					
<b>2011</b>					
Other financial instruments	–	–	–	9 883	9 883
Trade receivables	41 906	–	–	–	41 906
Other receivables	1 182	–	1 286	–	2 468
Cash and cash equivalents	46 581	–	–	–	46 581
	89 669	–	1 286	9 883	100 838
<b>2010</b>					
Other financial instruments	–	–	–	2	2
Trade receivables	31 520	–	–	–	31 520
Other receivables	348	–	1 367	–	1 715
Cash and cash equivalents	46 148	–	–	–	46 148
	78 016	–	1 367	2	79 385
<b>Company</b>					
<b>2011</b>					
Other financial instruments	–	–	–	11 980	11 981
Trade receivables	–	–	–	–	–
Other receivables	2 469	–	395	–	2 864
Cash and cash equivalents	35 162	–	–	–	35 162
	37 631	–	395	11 980	50 007
<b>2010</b>					
Other financial instruments	–	–	–	2 100	2 100
Trade receivables	17	–	–	–	17
Other receivables	1 501	–	522	–	2 023
Cash and cash equivalents	39 834	–	–	–	39 834
	41 352	–	522	2 100	43 974

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 March 2011

## 16. FINANCIAL LIABILITIES BY CATEGORY

	Non-financial instruments R'000	Amortised cost R'000	Total R'000
<b>Group</b>			
<b>2011</b>			
Interest bearing borrowings	–	285	285
Trade payables	–	28 498	28 498
Other payables	2 285	24 409	26 694
Dividend payable	–	387	387
	<b>2 285</b>	<b>53 579</b>	<b>55 864</b>
<b>2010</b>			
Interest bearing borrowings	–	388	388
Trade payables	–	16 719	16 719
Other payables	1 250	13 704	14 954
Dividend payable	–	17 257	17 257
	<b>1 250</b>	<b>48 068</b>	<b>49 318</b>
<b>Company</b>			
<b>2011</b>			
Trade payables	–	4 902	4 902
Other payables	170	5 801	5 971
Dividend payable	–	387	387
	<b>170</b>	<b>11 090</b>	<b>11 260</b>
<b>2010</b>			
Trade payables	–	4 365	4 365
Other payables	63	1 629	1 692
Dividend payable	–	17 257	17 257
	<b>63</b>	<b>23 251</b>	<b>23 314</b>

	GROUP		COMPANY	
	Year ended 31 March 2011 R'000	Year ended 31 March 2010 R'000	Year ended 31 March 2011 R'000	Year ended 31 March 2010 R'000
<b>17. REVENUE</b>				
Commercial advertising	177 366	158 373	–	–
Management fees received from subsidiaries	–	–	4 513	4 569
<b>18. OPERATING EXPENSES</b>				
are stated after taking the following into account:				
<b>Expenses</b>				
Administration and management fees paid				
– other companies	300	300	–	–
Auditors' remuneration				
– audit fees	631	631	260	255
– other services	25	–	–	–
Consulting fees	553	1 445	229	1 067
Depreciation	3 260	2 110	40	7
Directors' remuneration				
– fees for services as directors	325	459	252	427
– other services	1 220	–	1 220	–
Legal fees	1 472	1 515	1 186	1 366
Loss on disposal of property, plant and equipment	47	42	31	–
Operating lease charges				
– premises	2 731	2 301	–	–
– office equipment	815	673	–	–
Secretarial fees	7	11	4	8
Staff costs	52 669	46 246	627	2 059
Defined contribution plans	2 473	2 168	146	188
Average number of employees	146	132	4	5
<b>19. INVESTMENT INCOME AND FINANCE COSTS</b>				
<b>Investment income</b>				
– dividends received from subsidiary companies	–	–	19 746	31 952
– dividends received from other companies	1 184	–	1 184	–
– preference dividends receivable from associate companies	–	–	300	288
	1 184	–	21 230	32 240
<b>Finance income</b>				
– interest received from bank	2 026	3 184	1 274	2 162
– interest received from debtors	1 792	1 214	–	–
– other	83	700	184	700
	3 901	5 098	1 458	2 862
<b>Finance costs</b>				
Interest paid to				
– other	149	203	–	–
	149	203	–	–

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 March 2011

	GROUP		COMPANY	
	Year ended 31 March 2011 R'000	Year ended 31 March 2010 R'000	Year ended 31 March 2011 R'000	Year ended 31 March 2010 R'000
<b>20. TAXATION</b>				
SA normal taxation				
– current	12 160	11 477	–	–
– deferred	396	1 222	514	1 054
Secondary tax on companies	250	1 984	–	1 250
	<b>12 806</b>	<b>14 683</b>	<b>514</b>	<b>2 304</b>
<b>Tax rate reconciliation:</b>	%	%	%	%
Statutory tax rate	28,0	28,0	28,0	28,0
Non-deductible expenditure	3,8	4,7	4,3	2,6
Exempt income	(0,8)	–	(29,7)	(27,4)
Secondary tax on companies	0,2	5,1	–	3,8
Effective tax rate	<b>31,2</b>	<b>37,8</b>	<b>2,6</b>	<b>7,0</b>

The company has an estimated tax loss of R1 600 000 (2010: R3 359 000) and the group has an estimated tax loss of R6 666 000 (2010: R11 799 000) available for set-off against future taxable income. These amounts have not yet been assessed and their recoverability is dependent on the company and the group earning future taxable income. Deferred tax assets have been raised to the extent that it is reasonably certain that the estimated tax losses will be utilised against future taxable income.

The company has unutilised STC credits of R nil (2010: R nil) available to set-off against future dividends declared.



	GROUP		COMPANY	
	Year ended 31 March 2011 R'000	Year ended 31 March 2010 R'000	Year ended 31 March 2011 R'000	Year ended 31 March 2010 R'000
<b>21. EARNINGS AND HEADLINE EARNINGS PER SHARE</b>				
The earnings and headline earnings per share information is based on the following:				
Profit attributable to the equity holders of the company	26 249	21 441	-	-
Loss on disposal of property, plant and equipment	47	42	-	-
Impairment of loans to associates	199	1 295	-	-
<b>Headline earnings</b>	<b>26 495</b>	<b>22 778</b>	<b>-</b>	<b>-</b>
Earnings per share (cents)	307,4	251,1		
Headline earnings per share (cents)	310,3	266,8		
Diluted earnings per share (cents)	302,5	249,4		
Diluted headline earnings per share (cents)	305,3	265,0		
Weighted average number of shares in issue (000's)	8 539	8 539	-	-
Diluted average number of shares in issue (000's)	8 678	8 597	-	-
The movement between weighted average and diluted average number of shares, relates to the following:				
Weighted average number of shares in issue (000's)	8 539	8 539		
Add net dilution effect of options issued/ exercised	139	58		
<b>Diluted average number of shares in issue (000's)</b>	<b>8 678</b>	<b>8 597</b>		
<b>22. TAXATION PAID</b>				
Amount unpaid at beginning of year	(2 465)	(3 638)	(1 250)	(1 637)
Amount charged to statement of comprehensive income	(12 410)	(13 461)	-	(1 250)
Amount unpaid at end of year	1 212	2 465	-	1 250
	<b>(13 663)</b>	<b>(14 634)</b>	<b>(1 250)</b>	<b>(1 637)</b>
<b>23. INCREASE IN INVESTMENTS AND LOANS</b>				
Acquisition of 5% of Algoa FM	-	5 000	-	-
Acquisition of Freesport (Pty) Limited	(380)	-	-	-
Decrease/(increase) in investments in subsidiaries	-	-	2 347	(8 169)
Increase in investments in associates	(824)	(1 197)	(199)	(622)
Increase in financial instruments	(9 881)	-	(9 881)	-
	<b>(11 085)</b>	<b>(6 197)</b>	<b>(7 733)</b>	<b>(8 790)</b>

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 March 2011

	GROUP		COMPANY		
	Year ended 31 March 2011 R'000	Year ended 31 March 2010 R'000	Year ended 31 March 2011 R'000	Year ended 31 March 2010 R'000	
<b>24. SHARE-BASED PAYMENTS</b>					
Expense arising from share-based payment transactions	204	261	96	35	
	Number of options		Number of options		
Balance at beginning of year	500 001	525 000	108 334	50 000	
Number exercised/(cash settled) (Grant 1)	(83 333)	(99 999)	(16 667)	(16 666)	
Number exercised/(cash settled) (Grant 2)	–	–	–	–	
Number granted (Grant 3)	–	75 000	–	75 000	
Number granted (Grant 4)	50 000	–	50 000	–	
Balance at end of year	466 668	500 001	141 667	108 334	
	Grant 1	Grant 2	Grant 3	Grant 4	
Date of grant	1 August 2006	7 May 2008	3 September 2009	1 October 2010	Total
Number of options					
Number at beginning of year	325 001	100 000	75 000	–	500 001
Number cash settled	(83 333)	–	–	–	(83 333)
Number granted	–	–	–	50 000	50 000
Number at end of year	241 668	100 000	75 000	50 000	466 668
Contractual life:	5 years	5 years	5 years	5 years	
Vesting conditions:					
after 3 years	33,3%	33,3%	33,3%	33,3%	
after 4 years	33,3%	33,3%	33,3%	33,3%	
after 5 years	33,3%	33,3%	33,3%	33,3%	

Executive directors and management of certain subsidiary companies received share options as part of the group's share bonus scheme. There were 466 668 (2010: 501 000) options outstanding at the end of the financial period. Angela Davies was granted 50 000 share options on 1 October 2010 and was appointed as an Executive Director on 1 September 2010.

The weighted average share prices at the date of cash settlement was R34 (2010:28,17).

The values of the share options were determined using the Black-Scholes Merton Option Valuation Model. The model inputs were as follows:

	Grant 1	Grant 2	Grant 3	Grant 4
Share price at grant date	R18,00	R26,50	R24,50	R33,00
Exercise price	R17,50	R26,50	R24,50	R33,00
Expected volatility	25,6%	39,5%	43,1%	46,7%
Risk-free interest rate	8,54%	10,31%	7,42%	7,34%
Dividend yield	0%	7,5%	8,2%	6,1%
Fair value	R6,56	R6,72	R5,67	R9,65

The volatility is based on statistical analysis of the daily share prices over the last five years, prior to issue date. The group expects the future volatility of its share price to be in line with the historical volatility.

## 25. BORROWING POWERS

In terms of the company's articles of association, the borrowing powers of the company are unlimited.

At 31 March 2011 the company's borrowings totalled R nil (2010: R nil), and its subsidiaries' borrowings totalled R285 000 (2010: R388 000).

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## 26. RETIREMENT BENEFITS

Certain subsidiary companies presently contribute to defined contribution retirement benefit plans, being either provident funds or pension funds governed by the Pension Funds Act, 1956, which due to the nature of the funds do not require actuarial valuations.

It is compulsory for the employees of the subsidiary companies to be a member of a fund. The subsidiaries and members of the funds contribute to the funds in equal proportions.

The group has no obligations to fund post-retirement medical benefits.

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## 27. RELATED PARTIES

### Identity of related parties

The subsidiaries of the group are identified in note 5 and the associates in note 6. Significant shareholders are detailed on page 46. The directors are listed in the directors' report. Details of key management are listed on page 3.

### Related party transactions

Details of the directors' remunerations are listed in the directors' report. Trading transactions occur between subsidiaries and divisions within the group's companies and are reversed on consolidation of the accounts.

Details of such transactions, including loans, other receivables, management fees and dividends are detailed below:

	COMPANY	
	2011 R'000	2010 R'000
<i>Loan accounts – Owing by related parties</i>		
AME Broadcasting (Proprietary) Limited	724	724
United Stations (Proprietary) Limited	9 169	13 015
RadioHeads (Proprietary) Limited	1 545	47
RadioHeads Investment Holdings (Proprietary) Limited	15	14
<i>Amounts included in other receivables regarding related parties</i>		
Umoya Communications (Proprietary) Limited	190	224
Seyalemoya Communications (Proprietary) Limited	85	182

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 March 2011

	COMPANY	
	Year ended 31 March 2011 R'000	Year ended 31 March 2010 R'000
<b>27. RELATED PARTIES (continued)</b>		
<i>Management fees received from related parties</i>		
Umoya Communications (Proprietary) Limited	2 277	2 325
Seyalemoya Communications (Proprietary) Ltd	1 822	1 860
United Stations (Proprietary) Limited	282	264
Radio Heads (Proprietary) Limited	132	120
<i>Rental received from related parties</i>		
United Stations (Proprietary) Limited	720	600
RadioHeads (Proprietary) Limited	100	240
<i>Interest received from related parties</i>		
RadioHeads (Proprietary) Limited	146	–
<i>Dividends received from related parties</i>		
Umoya Communications (Proprietary) Limited	12 000	15 120
Seyalemoya Communications (Proprietary) Limited	7 745	15 900
RadioHeads (Proprietary) Limited	–	931
RadioHeads Investment Holdings (Proprietary) Limited	–	1

Key management personnel (being the executive management as per page 3) remuneration for the period amounted to R4 402 000 (2010: R4 257 000), which comprise short term remuneration of R4 163 982 (2010: R4 017 000) and long-term benefits of R238 018 (2010: R240 000), together with share-based payments of R1 100 000 (2010: R411 000).

Details of guarantees between the holding company and its subsidiaries are contained in note 29 of these financial statements.

None of the directors or major shareholders of the group, nor their families, had any direct or indirect interests in any transaction concluded with the group in the current or prior financial years, other than is disclosed in this note.

## 28. FINANCIAL INSTRUMENTS

### Credit risk

Financial assets which potentially subject the group to concentrations of credit risk consist principally of cash, short-term deposits and trade receivables. The group's cash equivalents and short-term deposits are placed with high credit quality financial institutions. Trade receivables are presented net of the allowance for doubtful receivables. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the group's customer base and their dispersion across different industries and geographical areas. Accordingly, the group has no significant concentration of credit risk.

In regard to the company, loans to subsidiaries are impaired when necessary. Trade receivables are presented net of allowances for impairment. Credit risk with regard to loans to associates is not material to the group.

The carrying amounts of financial assets included in the consolidated statements of financial position represent the group's exposure to credit risk in relation to these assets.

## 27. FINANCIAL INSTRUMENTS (continued)

### Fair values

At 31 March 2011 and 31 March 2010 the carrying amounts of cash and short-term deposits, receivables, payables and accrued expenses and short-term borrowings approximated their fair values due to the short-term maturities of these assets and liabilities. The carrying values of available for sale assets also approximate their fair values.

### Liquidity risk

The group and company's exposure to liquidity risk is as a result of the availability of funds to cover future commitments. The group manages its liquidity risk through an ongoing review of future commitments and by monitoring cash flow forecasts. The only financial instruments which expose the group to liquidity risk are interest-bearing borrowings and trade payables, all of which will be paid within agreed credit terms.

The table below analyses the group's and company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying value as the impact of discounting is not significant.

Group	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
<b>At 31 March 2011</b>				
Borrowings	120	120	104	–
Trade and other payables	55 192	–	–	–
<b>At 31 March 2010</b>				
Borrowings	110	102	213	–
Trade and other payables	31 673	–	–	–
<b>Company</b>				
<b>At 31 March 2011</b>				
Borrowings	–	–	–	–
Trade and other payables	10 873	–	–	–
<b>At 31 March 2010</b>				
Borrowings	–	–	–	–
Trade and other payables	6 057	–	–	–
	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>

### Interest rate risk

The group's and company's exposure to interest rate risk and the effective interest rates on financial instruments at reporting date were:

Floating interest rate instruments	46 296	45 760	35 162	39 834
Cash and cash equivalents	46 581	46 148	35 162	39 834
Interest-bearing borrowings	(285)	(388)	–	–
Weighted average effective interest rate (%)	5.4	6.7	5.4	6.8

Surplus cash flows exposed to interest rate risk are placed with institutions and facilities which yield the highest rate of return.

At 31 March 2011 and 31 March 2010, if interest rates had been 1% higher with all other variables held constant, post-tax profit of the group for the period would have increased by approximately R270 000 (2010: R499 000) and for the company by approximately R170 000 (2010: R375 000).

# NOTES TO THE FINANCIAL STATEMENTS

(continued)

for the year ended 31 March 2011

## 28. FINANCIAL INSTRUMENTS (continued)

### Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from the previous reporting period.

The capital structure of the group consists of debt, which includes interest-bearing liabilities disclosed in note 13, cash and cash equivalents and equity attributable to holders of the parent, comprising issued capital, reserves and retained earnings respectively.

In order to maintain or adjust the capital structure, the group may adjust the dividend distribution to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	GROUP		COMPANY	
	Year ended 31 March 2011 R'000	Year ended 31 March 2010 R'000	Year ended 31 March 2011 R'000	Year ended 31 March 2010 R'000
<b>29. COMMITMENTS</b>				
Future operating lease charges for premises and office equipment:				
Payable within one year	1 316	1 751	-	-
Premises	1 231	1 641	-	-
Office equipment	85	110	-	-
Payable within two to five years	1 747	2 562	-	-
Premises	1 619	2 247	-	-
Office equipment	128	315	-	-
	3 063	4 313	-	-
Operating lease payments represent rentals payable by the company for certain of its premises and office equipment. Leases are negotiated for an average of two to five years. No contingent rent is payable.				
Future funding commitment to M-Power Radio (Proprietary) Limited	-	199	-	199

## 30. CONTINGENT LIABILITIES

The company stands surety for the liabilities amounting to R3 060 000 (2010: R3 597 000) of one of its subsidiary companies for the benefit of Media Credit Co-ordination. The suretyships will remain in force for an indefinite period.

	RADIO		SALES HOUSES		COMPANY		GROUP TOTAL	
	BROADCASTERS							
	Year	Year	Year	Year	Year	Year	Year	Year
	ended	ended	ended	ended	ended	ended	ended	ended
31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March	
2011	2010	2011	2010	2011	2010	2011	2010	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>31. SEGMENTAL REPORTING</b>								
<b>Revenue</b>								
Total revenue	160 030	147 292	30 249	21 587	4 513	4 569	194 792	173 448
Internal revenue	–	–	(12 913)	(10 506)	(4 513)	(4 569)	(17 426)	(15 075)
External revenue	160 030	147 292	17 336	11 081	–	–	177 366	158 373
<b>Profitability</b>								
Segment profit from operations	37 023	37 567	775	1 231	(1 213)	(2 694)	36 585	36 104
Unallocated/eliminated corporate net expense and intercompany consolidation							(425)	(2 207)
							36 160	33 897
							1 184	–
Finance income							3 901	5 098
Finance cost							(149)	(203)
Taxation							(12 806)	(14 683)
Profit for the year							28 290	24 109
<b>Assets</b>								
Segment assets	69 223	66 234	33 425	18 847	21 448	9 516	124 096	94 597
Investment in associates	1 031	–	–	–	–	–	1 031	–
							125 127	94 597
Cash and cash equivalents							46 581	46 148
							171 708	140 745
<b>Liabilities</b>								
Segment liabilities	19 821	16 321	27 617	12 868	10 294	23 596	57 732	52 785
Capital expenditure	4 686	1 820	3 433	5 350	453	40	8 572	7 210
Depreciation	2 478	1 657	742	446	40	7	3 260	2 110

# ANALYSIS OF SHAREHOLDING

(continued)

for the year ended 31 March 2011

	Number of shares held '000	Shares held %	Number of share- holders	Share- holder %
<b>SIZE OF SHAREHOLDING</b>				
1 – 1 000	118	1,4	455	74,5
1 001 – 10 000	462	5,4	117	19,1
10 001 – 100 000	979	11,3	24	3,9
100 001 +	7 069	81,9	15	2,5
Total	8 628	100,0	611	100,0
<b>CATEGORY</b>				
Private individuals	1 709	19,8	485	79,4
Nominee companies or trusts	6 060	70,2	80	13,1
Investment companies	647	7,5	12	1,9
Limited companies	33	0,4	1	0,2
Other corporate bodies	179	2,1	33	5,4
Total	8 628	100,0	611	100,0
<b>SHAREHOLDER SPREAD</b>				
Non-public shareholders				
AME Share Incentive Trust	89	1,0	1	0,1
Shareholders holding more than 5% of the issued ordinary shares				
– Moolman and Coburn Partnership	2 053	23,8	1	0,1
– Golden Hind Partnership	1 219	14,1	1	0,1
– Frances Elizabeth Coburn	1 130	13,1	1	0,1
– MGM Family Trust	497	5,8	1	0,1
	4 988	57,8	5	0,5
Public shareholders	3 640	42,2	606	99,5
Total	8 628	100,0	611	100,0

## DIRECTORS' INTERESTS

There are no directors holding, directly or indirectly, in excess of 1% of the issued shares of the company on 31 March 2011.



# NOTICE OF ANNUAL GENERAL MEETING



## AFRICAN MEDIA ENTERTAINMENT

(Incorporated in the Republic of South Africa)  
(Registration number 1926/008797/06)  
(Share code: AME) (ISIN: ZAE000055802)

Notice is hereby given that the thirteenth annual general meeting of the shareholders of African Media Entertainment Limited ("AME" or "the company") will be held in the boardroom, Block A, Oxford Office Park, No. 5, 8th Street, Houghton Estate, Johannesburg at 10:00 on Monday, 31 October 2011.

### Purpose of meeting

The purpose of this meeting is to present the director's report and the audited annual financial statements of the company and the group for the year ended 31 March 2011, and to consider and if deemed fit, to pass, with or without modifications, the resolutions set out below:

### ORDINARY RESOLUTIONS

To consider, and, if deemed fit, approve the following ordinary resolutions with or without modification.

**Explanation:** In order to be adopted, all ordinary resolutions require the support of a majority of the votes cast by shareholders present or represented by proxy at this meeting.

1. **Ordinary resolution number 1: adoption of annual financial statements**

"Resolved that:

The annual financial statements of the company and the group for the year ended 31 March 2011 be and are hereby adopted."

**Explanation:** The reason for and effect of the ordinary resolution number 1 is to receive and adopt the annual financial statements for the company and the group for the year ended 31 March 2011.

2. **Ordinary resolution number 2: to place the unissued shares of the company under the control of the directors**

"Resolved that:

All the unissued shares in the capital of the company be placed under the control of the directors in terms of article 3 of the articles of association of AME Limited, as a general authority in terms of the Companies Act, 2008 (Act 71 of 2008), as amended ("the Act"), who are hereby authorised to allot and issue shares in the capital of the company to those persons, upon such terms and conditions, as the directors in their sole discretion deem fit, until the next annual general meeting subject to the provisions of the Act and the Listings Requirements of the Johannesburg Stock Exchange ("the JSE")."

**Explanation:** In terms of article 3 of the articles of association of AME Limited and in terms of the general authority of the Companies Act, 2008 (Act 71 of 2008) the authority given at the annual general meeting needs to be renewed.

3. **Ordinary resolution number 3: to approve the directors' emoluments for the year ended 31 March 2011**

"Resolved that:

The directors emoluments for the year ended 31 March 2011 be and are hereby approved."

**Explanation:** Directors emoluments for the year ended 31 March 2011 have to be approved by the shareholders.

4. **Ordinary resolution number 4: re-election of Directors**

"Resolved that:

4.1 Mr ACG Molusi, who retires by rotation in terms of the articles of association of the company and who is eligible and available for re-election, be and is hereby re-elected as the chairman of the company.

4.2 Mr W Tshuma, who retires by rotation in terms of the articles of association of the company and who is eligible and available for re-election, be and is hereby re-elected as a director of the company."

**Explanation:** To re-elect Mr ACG Molusi and Mr W Tshuma, who are recommended by the board and whose appointment automatically terminates on the day of the annual general meeting in terms of articles 12.2 and 13.1 of the articles of association of the company. Brief biographies of these directors appear on page 3. The ordinary resolutions number 4.1 and 4.2 will be considered separately.

5. **Ordinary resolution number 5: appoint Miss AJ Davies to the board of directors.**

"Resolved that:

Miss AJ Davies be appointed to the board of directors."

**Explanation:** The articles of a association requires that directors appointed during the year retire at the annual general meeting. This director, if eligible, may also be re-elected. A brief biography appears on page 3.



# NOTICE OF MEETING

(continued)

**6. Ordinary resolution 6: re-appointment of independent auditors**

"Resolved that:

PKF (Jhb) Inc. be and is hereby re-appointed as independent auditors of the company from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the company."

**Explanation:** The reason for this ordinary resolution is that the company, being a listed public company, must appoint an independent auditor and have its annual financial statements audited.

**7. Ordinary resolution number 7: re-election of the audit and risk committee members and chairman**

"Resolved that:

7.1 Mr MJ Prinsloo be and is hereby re-elected as a member and chairman of the audit and risk committee until the conclusion of the next annual general meeting.

7.2 Mr N Sooka be and is hereby re-elected as a member of the audit and risk committee until the conclusion of the next annual general meeting.

7.3 Mr W Tshuma be and is hereby re-elected as a member of the audit and risk committee until the conclusion of the next annual general meeting.

**Explanation:** To re-elect Mr MJ Prinsloo, Mr N Sooka and Mr W Tshuma, who are recommended by the board and whose appointment automatically terminates on the day of the annual general meeting. The reason for this ordinary resolution is that at each annual general meeting, a public company must elect an audit and risk committee comprising of at least three members.

Brief biographies of these directors appear on page 3.

The ordinary resolutions number 7.1, 7.2 and 7.3 will be considered separately.

**8. Ordinary resolution number 8: authority to sign documentation**

"Resolved that:

Any director of the company or the company secretary be and is hereby authorised the take all actions necessary and sign all documentation required to give effect to the ordinary and special resolutions which have been passed at the annual general meeting."

**SPECIAL RESOLUTIONS**

To consider and, if deemed fit, approve the following special resolutions with or without modifications.

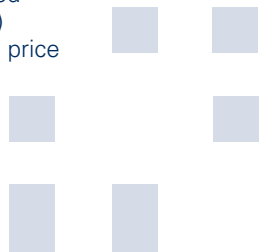
**Explanation:** In order to be adopted, all special resolutions required the support of 75% or more of the votes cast by shareholders present or represented by proxy at this meeting.

**9. Special resolution number 1: general authority for company and/or subsidiary to acquire the company's own shares**

"Resolved that:

The company and/or a subsidiary of the company be and is hereby authorised to re-purchase or purchase, as the case may be, ordinary shares issued by the company on such terms and conditions and in such amounts as the directors of the company may decide, but subject always to the provisions of section 48 of the Companies Act, 2008 (the Act) the Listings Requirements of the JSE, which currently stipulates that:

- the repurchase of securities being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- at any point in time the company may only appoint one agent to effect any repurchases on the company's behalf;
- the company may only undertake a repurchase of securities if after such repurchase it still complies with the shareholder spread requirements of the JSE;
- the company or any of its subsidiaries may not repurchase securities during a prohibited period as defined in paragraph 3.67 in the Listings Requirements of the JSE;
- this general authority shall only be valid until the company's next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- a paid press announcement will be published as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue, at the time of passing of this Special Resolution, and any 3% (three percent) increments thereafter which announcements shall contain full details of such acquisitions;
- acquisitions of ordinary shares by the company in terms of this general authority in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital nor may any subsidiary hold more than 10% (ten percent) of the company's issued shared capital at any one time;
- in determining the price at which ordinary shares issued by the company are acquired in terms of this general authority, the maximum price at which such ordinary shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market price



at which such ordinary shares traded on the JSE over the 5 (five) business days immediately preceding the date on which the transaction is effected.

The general authority to repurchase the company's shares will be acted upon within the parameters laid down by the JSE, as and when the directors deem it to be appropriate. After considering the effect of a general repurchase within these parameters, the directors are of the view that for a period of at least 12 (twelve) months after the date of this notice:

- AME and the group will be able in the ordinary course of business to pay its debts;
- the assets of AME and the group, fairly valued in accordance with accounting policies used in the latest audited report, will be in excess of the liabilities of the company and the group for a period of 12 (twelve) months after the date of this notice of annual general meeting;
- the ordinary capital and reserves of AME and the group will be adequate for the purposes of the company's and the group's businesses respectively; and
- the working capital of AME and the group will be adequate for their requirements.

The company will provide the sponsor and the JSE with all documentation as required in Schedule 25 of the Listings Requirements of the JSE and will not recommence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

The reason for this special resolution is to grant a general approval in terms of the Act and the Listings Requirements of the JSE for the acquisition by the company or its subsidiaries of shares issued by the company, subject to statutory and regulatory limitations and controls.

The effect of this Special Resolution is to enable the company and/or a subsidiary, by way of a general approval, to repurchase up to a maximum of 20% (twenty percent) of its share capital in any one financial year.

#### Additional disclosure requirements in terms of the JSE Listings Requirements

As per Section 11.26b of the Listings Requirements of the JSE, shareholders are referred to the following sections in the annual report to which this notice of annual general meeting is attached:

- Details of directors on page 3;
- Directors' interests in securities on page 46 (which beneficial interests have not changed since 31 March 2011, there are no non-beneficial interests);
- Major shareholders on page 46;

- Material changes in the nature of the company's trading or financial position post 31 March 2011 on page 14; and
- The share capital note on page 34.

#### Litigation statement

The directors are not aware of any legal or arbitration proceedings active, pending or threatened against or being brought by the company, which may have a material effect on the group's financial position or which have had a material effect during the 12 months preceding the date of this notice of annual general meeting.

#### Directors' responsibility statement

The directors, whose names appear on page 3 of the integrated annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that, to the best of their knowledge and belief, there are no facts which have been omitted which would make any statement false or misleading, and that all reasonable enquires to ascertain such facts have been made and that the resolution contains all information relevant to special resolution number 1.

#### Material changes

Other than the facts and developments reported on in the annual financial statements, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

#### Explanation

The reason for and effect of special resolution number 1 is to give a mandate to the directors to re-purchase or purchase ordinary shares issued by the company.

#### 10. Special resolution number 2: approval of non-executive directors' fees

"Resolved that:

The remuneration of the non-executive directors be and is hereby increased with effect from 1 April 2011 as set out below:

Directors fees are payable per meeting attended.

<b>Board</b>	<b>R</b>
Chairman	15 000
Other	10 500
<hr/>	
<b>Audit and risk committee</b>	
Chairman	10 000
Other	7 000
<hr/>	
<b>Remuneration, human resources and transformation committee</b>	
Chairman	10 000
Other	7 000
<hr/>	



## NOTICE OF MEETING

(continued)

**Explanation:** The reason for and effect of special resolution number 2 is to grant the company the authority to pay fees to its non-executive directors for their services as directors.

### Voting and proxies

Each shareholder who, being a natural person, is present in person, by proxy or agent, or, being a company, is present by representative proxy or agent at the general meeting is entitled to one vote on a show of hands. On a poll, each shareholder, whether present in person or by proxy or by representation, is entitled to one vote for each share held.

A form of proxy is attached for use by certificated or own name shareholders who are unable to attend the general meeting but wish to be represented thereat. They are required to complete and return the form of proxy so as to be received by the transfer secretaries of the company, Computershare Investor Services (Proprietary) Limited (70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107) not later than 10:00 on Thursday, 27 October 2011.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, other than by own name registration who wish to attend the general meeting must instruct their CSDP or broker to issue them with the necessary letters of representation to attend the meeting, in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration, who wish to vote by way of proxy should provide their CSDP or broker with their voting instructions by the cut-off time or date advised by their CSDP or broker for transactions of this nature.

Each certificated or own name dematerialised shareholder entitled to attend and vote at the general meeting may appoint one or more proxies (none of whom need be an AME shareholder) to attend, speak and vote in his/her stead. The completion and lodging of a form of proxy will not preclude a shareholder from attending the meeting and speaking and voting thereat to the exclusion of the proxy so appointed.

*By order of the board*

**M MYNHARDT**  
*Company secretary*

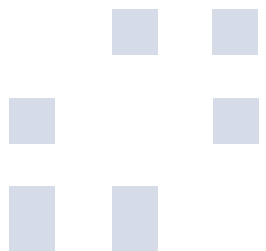
31 July 2011

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**

70 Marshall Street, Johannesburg, 2001  
PO Box 61051, Marshalltown, 2107

Telephone: +27 11 370 5000  
Telefax: +27 11 668 7721



# FORM OF PROXY



## AFRICAN MEDIA ENTERTAINMENT

(Incorporated in the Republic of South Africa)  
(Registration number 1926/008797/06)  
(Share code: AME) (ISIN: ZAE000055802)

For use by certificated shareholders and dematerialised shareholders with own name registration at the thirteenth annual general meeting of the holders of ordinary shares in the company ("AME shareholders") to be held in the boardroom, Block A, Oxford Office Park, No. 5, 8th Street, Houghton Estate, Johannesburg at 10:00 on Monday, 31 October 2011 ("the annual general meeting").

I/We

being the registered holder/s of  ordinary shares in the capital of the company of (address):

hereby appoint (see note 1):

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her,

3. the chairman of the annual general meeting,  
as my/our proxy to act for me/us at the annual general meeting for the purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, and at each adjournment thereof, and to vote for or against the resolutions or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions (see note 2).

Resolution number	For	Against	Abstain
Ordinary resolutions			
1. To adopt the annual financial statements for the year ended 31 March 2011			
2. To place unissued ordinary shares of the company under the control of the directors			
3. To approve the directors' emoluments for the year ended 31 March 2011			
4.1 To re-elect Mr ACG Molusi as director of a the company			
4.2 To re-elect Mr W Tshuma as director of the company			
5. To appoint Ms AJ Davies as director of the company			
6. To re-appoint PKF (Jhb) Inc. as the independent auditors			
7.1 To re-elect Mr MJ Prinsloo as member and chairman of the audit and risk committee			
7.2 To re-elect Mr N Sooka as member of the audit and risk committee			
7.3 To re-elect Mr W Tshuma as member of the audit and risk committee			
8. To authorise the directors or company secretary to sign documentation to effect resolutions passed			
Special resolutions			
9. To approve the general authority for the company and/or the subsidiary to acquire the company's own shares			
10. To approve the remuneration of the non-executive directors			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2011

Signature \_\_\_\_\_

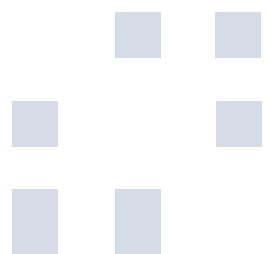
Assisted by (where applicable state capacity and full name) \_\_\_\_\_

Each AME shareholder is entitled to appoint one or more proxy/ies (who need not be a shareholder/s) of the company to attend, speak and vote in his/her stead at the annual general meeting.



## NOTES

1. An AME shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the AME shareholder concerned. The person whose name appears first on the form of proxy and who is present at the annual general meeting, will be entitled to act as proxy to the exclusion of those names that follow.
2. An AME shareholder's instruction to the proxy must be shown by indicating in the appropriate boxes provided the manner in which that AME shareholder wishes to vote by inserting an "X" in the relevant box unless a shareholder wishes to split his/her votes. In this case, the relevant number of shares to be so voted must be indicated in the relevant box. Failure to comply with the above will be deemed to authorise the proxy to vote, or abstain from voting, at the annual general meeting as he/she deems fit in respect of all the AME shareholder's votes exercisable thereat.
3. An AME shareholder or his/her proxy is not obliged to use all the votes exercisable by the member or to cast all these votes exercised in the same way, but the total of the votes cast, and in respect whereof abstention is recorded, may not exceed the total of the votes exercisable by the member. Failure to comply with the above will be deemed to be authority to the chairman of the annual general meeting, if he is the authorised proxy, to vote in favour of the resolutions proposed at the annual general meeting or any other proxy to vote or abstain from voting, at the annual general meeting as he deems fit, in respect of the shares concerned.
4. Forms of proxy and any power of attorney by virtue of which such proxy is signed (or a notarially certified copy of such power of attorney) must be lodged at or posted to the transfer secretaries of the company, Computershare Investor Services (Proprietary) Limited (70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107), to be received by not later than 10:00 on Thursday, 27 October 2011.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's secretary or waived by the chairman of the annual general meeting.
7. If you are a dematerialised shareholder, other than by own name registration, you must inform your appointed Central Securities Depository Participant ("CSDP") or broker of the manner in which you wish to vote in order for them to notify the secretary by not later than 10:00 on Thursday, 27 October 2011. Only registered certificated shareholders recorded in the main register of members of the company or under own names in the dematerialised register, may complete a proxy form or alternatively attend the annual general meeting. Those dematerialised shareholders who are not registered under their own names who wish to attend the annual general meeting or vote by proxy must contact their CSDP or broker who will provide them with the necessary authority to do so, or carry out their instructions.
8. This must be done in terms of the agreement between the shareholder and his/her CSDP as applicable.
9. The chairman of the annual general meeting may reject or accept any proxy form which is completed and/or received, other than in compliance with the articles of association of the company or these notes.







AFRICAN MEDIA  
ENTERTAINMENT

[WWW.AME.CO.ZA](http://WWW.AME.CO.ZA)