

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Reviewed year ended 31 March 2021 R'000	Audited # year ended 31 March 2020 R'000
Continuing operations:			
Revenue	(24%)	200 102	262 747
Cost of sales	(24%)	(54 115)	(71 046)
Gross profit		145 987	191 701
Operating expenses	(16%)	(116 616)	(139 654)
Operating profit before depreciation *	(44%)	29 371	52 047
Depreciation *		(7 208)	(5 650)
Operating profit	(52%)	22 163	46 397
Investment income		700	1 551
Finance income		2 281	3 656
Finance cost		–	(2)
Equity accounted earnings from associates		518	971
Net profit before capital items	(51%)	25 662	52 573
Impairment of goodwill and trademark		(9 112)	(4 445)
Net profit before taxation		16 550	48 128
Taxation		(13 868)	(13 960)
SA normal taxation		(5 399)	(11 661)
Deferred taxation		(8 469)	(2 299)
Profit from continuing operations		2 682	34 168
Loss from discontinued operations		–	(20 422)
Profit for the year	(80%)	2 682	13 746
Other comprehensive income:			
Items that will not be reclassified subsequently to profit and loss			
		(1 940)	(3 161)
Fair value losses on fair value through other comprehensive income financial assets		(2 500)	(3 777)
Deferred tax relating to fair value adjustment		560	616
Total comprehensive income for the year	(93%)	742	10 585
Profit attributable to:			
Non-controlling interest holders		2 400	3 412
Equity holders of the parent	(97%)	282	10 334
		2 682	13 746
Total comprehensive income/(loss) attributable to:			
Non-controlling interest holders		2 400	3 412
Equity holders of the parent		(1 658)	7 173
		742	10 585
Earnings and diluted earnings per share (cents)	(97.3%)	3.6	130.4
– Continuing operations (cents)	(99.0%)	3.6	352.6
– Discontinued operations (cents)		–	(222.2)
Dividends per share (cents)		100	–
Weighted average number of shares in issue (000's)		7 923	7 927

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Reviewed 31 March 2021 R'000	Audited 31 March 2020 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	119 121	123 487
Goodwill	36 914	44 026
Other intangible assets	–	2 000
Investments in associated companies	5 093	5 775
Other financial instruments	20 050	22 550
Deferred taxation	2 422	8 489
Current assets	119 132	102 873
Trade receivables	42 789	48 878
Other receivables	2 719	2 409
Tax paid in advance	1 343	3 911
Cash and cash equivalents	72 281	47 675
Total assets	302 732	309 200
EQUITY AND LIABILITIES		
Total equity		
Non-current liabilities	4 167	256 956
Deferred tax liability	4 167	2 325
Current liabilities	43 067	49 919
Trade payables	13 990	12 984
Other payables	26 530	34 629
Dividend payable	1 957	1 957
Taxation	590	349
Total equity and liabilities	302 732	309 200

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Reviewed year ended 31 March 2021 R'000	Audited year ended 31 March 2020 R'000
Issued capital		
Balance at beginning of year	7 923	7 933
Shares repurchased and cancelled	–	(10)
Balance at end of year	7 923	7 923
Share premium		
Balance at beginning of year	3 846	3 846
Balance at end of year	3 846	3 846
Retained profit		
Balance at beginning of year	224 651	226 469
Total profit for the year	282	10 334
Dividend paid	–	(11 926)
Shares repurchased and cancelled	–	(226)
Balance at end of year	224 933	224 651
Non-distributable reserve		
Balance at beginning of year	5 453	8 614
Other comprehensive income	(1 940)	(3 161)
Balance at end of year	3 513	5 453
Non-controlling interests		
Balance at beginning of year	15 083	(661)
Deemed disposal of subsidiary	–	16 491
Share of total comprehensive income for the year	2 400	3 412
Share of dividend	(2 200)	(4 159)
Balance at end of year	15 283	15 083
Total capital and reserves	255 498	256 956

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Reviewed year ended 31 March 2021 R'000	Audited year ended 31 March 2020 R'000
Cash generated by operating activities	29 349	47 001
Net interest received	2 281	3 657
Taxation paid	(2 590)	(14 182)
Decrease in working capital	(1 314)	(11 309)
– Decrease in trade and other receivables	5 779	2 182
– Decrease in trade and other payables	(7 093)	(13 491)
Cash flows from operating activities	27 726	25 167
Cash flows from investing activities	(920)	(41 662)
– decrease in investments and loans	1 200	–
– deemed disposal of subsidiary - net cash disposed off	–	(935)
– purchase of property, plant and equipment	(3 023)	(42 463)
– other	203	185
– dividends received	700	1 551
Cash flows from financing activities	(2 200)	(16 211)
– dividends paid to equity holders	–	(11 860)
– dividends paid to non-controlling interest holder	(2 200)	(4 115)
– repurchase of shares	–	(236)
Net increase/(decrease) in cash and cash equivalents	24 606	(32 706)
Cash and cash equivalents at beginning of year	47 675	80 381
Cash and cash equivalents at end of year	72 281	47 675

CORPORATE INFORMATION
AFRICAN MEDIA ENTERTAINMENT LIMITED

Incorporated in the Republic of South Africa
Registration number 1926/008797/06
JSE code: AME ISIN: ZAE00055802
("AME", "the company" or "the group")

REGISTERED OFFICE

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Johannesburg, 2198
PO Box 3014, Houghton, 2041

TRANSFER SECRETARIES

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Registration number 2004/003647/07
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Rosebank
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Telephone: +27 11 370 5000
Telefax: +27 11 688 5238

SPONSOR

AcaciaCap Advisors (Pty) Ltd
Registration number 2006/033725/07
20 Stirrup Lane
Woodmead Office Park
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Suite #439, Private Bag X29
Gallo Manor, 2052

DIRECTORS

ACG Molusi (*Independent Non-executive Chairman*)
MJ Prinsloo (*Independent Non-executive*)
N Sooka (*Independent Non-executive*)
KW Thipe (*Independent Non-executive*)
AJ Isbister (*Finance Executive*)
DM Tiltmann (*Chief executive*)

COMPANY SECRETARY

C Roberts CA(SA)

AUDITORS

BDO South Africa Incorporated

SEGMENTAL REPORTING

	Reviewed year ended 31 March 2021 R'000	Audited # year ended 31 March 2020 R'000
Revenue		
Radio Broadcasting	146 630	203 122
Media services	56 704	66 674
Less: Media services internal revenue	(3 232)	(1 181)
Corporate	19 334	17 346
Less: Corporate Internal revenue	(19 334)	(17 346)
Less: Revenue from discontinued operations	–	(5 868)
Total	200 102	262 747
Profitability		
Radio Broadcasting **	28 415	54 142
Media services	(4 374)	(525)
Corporate	5 330	(1 570)
Total operating profit *	29 371	52 047
Depreciation *	(7 208)	(5 650)
Profit from associates	518	971
Investment income	700	1 551
Interest received ***	2 281	3 656
Interest paid	–	(2)
Impairment of goodwill and trademark	(9 112)	(4 445)
Loss from discontinued operations **	–	(20 422)
Taxation	(13 868)	(13 960)
Profit for the year	2 682	13 746
Assets		
Radio Broadcasting	74 940	82 557
Media services	37 921	56 190
Corporate	112 497	117 003
Investment in associates	5 093	5 775
Total	230 451	261 525
Cash and cash equivalents	72 281	47 675
Total	302 732	309 200
Liabilities		
Radio Broadcasting	10 757	13 666
Media services	25 678	28 171
Corporate	10 799	10 407
Total	47 234	52 244
Capital expenditure		
Radio Broadcasting	2 566	20 638
Media services	214	661
Corporate	243	21 164
Total	3 023	42 463
Depreciation		
Radio Broadcasting	6 410	4 965
Media services	564	600
Corporate	234	273
Less: Depreciation from discontinued operations	–	(188)
Total	7 208	5 650

Notes

* Reclassified due to depreciation that was previously included in total operating profit, being separately disclosed to provide more relevant and reliable information

** Reclassified due to radio broadcasting profitability previously including the Classic FM South Africa t/a Classic 1027 losses for the period, which has been excluded for comparability purposes and included under losses from discontinued operations

*** Reclassified due to interest received previously including Classic FM South Africa t/a Classic 1027 which was removed and included under losses from discontinued operations



REVIEW

For the year ended 31 March 2021

CHAIRMAN'S REVIEW

The economic downturn precipitated by the Covid-19 pandemic (the pandemic), adversely impacted on the group revenue from continuing operations, which ended at R200,1 million (2020: R262,7 million), a 24% decline. Although businesses of the group were classified as essential service organisations and were able to continue operating, the decline in revenue was due to the knock-on effect of reduced media and advertising spend across the industry.

In an attempt to ensure the sustainability of its business units and reduce the effect of the decline in revenue on profitability, the group reduced its operating costs by 16% to R116,6 million (2020: R139,7 million). These reductions were achieved without resorting to retrenchments in order to preserve jobs. Due to the economic circumstances and its possible effect in the foreseeable future, the carrying amount of intangible assets, namely the goodwill and trademark relating to Moneyweb and goodwill in respect of United Stations, were impaired. The total impairment recognised was R9,1 million (2020: R4,4 million). In addition, the deferred tax assets of R5,6 million arising from those tax losses were reversed.

The above factors led to a decrease in earnings per share from continuing operations by 99,0% from 352,6 cents to 3,6 cents and a decrease in headline earnings from continuing operations by 72,4% from 408,2 cents to 112,7 cents per share.

Throughout the year, the group continued to conserve cash and was able to generate R29,3 million (2020: R47,0 million) in cash from its operating activities. It paid tax of R2,6 million (2020: R14,2 million), spent R3,0 million (2020: R42,5 million) on capital expenditure and paid no dividends (2020: R16 million), thus ending the year with cash resources of R72,3 million (2020: R47,7 million).

OPERATIONS

Operations were more stable during the second half of the year; however the expectation of a third wave of the pandemic continued to place strain on the normalisation of operations to pre-Covid-19 levels. The group remains committed to promoting 'flattening of the curve' of the pandemic with staff working remotely or on a rotational basis whilst striving towards achieving its strategic objectives despite the diminished economic conditions.

Algoa FM remained resilient throughout the various levels of lockdown. While national sales revenues declined rapidly, the cancellation of many events and festivals lead to declines in local sales. Simultaneously, many SMME's experienced extremely tough trading conditions, resulting in reduced advertising spend. Significant savings in operating expenditure offset close-on a third of the losses in projected revenues. Innovation lead to the 22nd annual Algoa FM Big Walk for Cancer being hosted virtually, with 5 620 participants across four countries and in 50 towns throughout South Africa. Listenership remained stable with independent qualitative research also indicating higher incidence of engaged listening and a 26% growth in online streaming.

Central Media Group ("CMG") like with many media businesses, was negatively impacted by the pandemic. Eventing services came to a standstill during the South African lockdown, which resulted in the closure of Redstar Agency. Radio sales were negatively impacted, together with print advertising sales. New strategies were put in place in relation to introducing new innovative radio and print sales solutions, which changed the sales environment positively for OFM and Mahareng Publishing. Toward the end of the year local sales saw an increase, however national sales were impacted most by the pandemic. Digital Platforms performed well under trying conditions.

MediaHeads 360 continues to evolve their content marketing and sales strategy and develop new revenue streams in this volatile market. The past year has been fraught with challenging economic trading conditions and has resulted in lower than anticipated profitability for the year. As a proud Level 1 BEE specialist media agency, MediaHeads 360 demonstrated their commitment to black economic empowerment by announcing its partnership with entrepreneur, CEO and founder of Known Associates, Tshepiso Chikapa-Phiri in January 2021. A highlight of the year has been the bespoke content solutions created for clients in the new local series uBettina Wethu which launched on SABC 1.

Although **United Stations** grew its market share against its peers, the year remained a demanding one. The company's continuing efforts to build a more resilient media ecosystem with a stable and sustainable future, has shown significant progress. One such initiative is an exclusive deal with Wondery (the world's largest independent podcast producer) to monetise their content in South Africa. United Stations has significantly expanded its skillsets and its overall ability to create value for advertisers

within its portfolio of Radio, Digital, Events, Business Content, Video and Online Audio. Opportunities are now available for United Stations to acquire new platforms and enter strategic alliances that will complement its current portfolio.

Moneyweb continues to navigate the tough economic times but despite the uncertainties, audience numbers are consistently on the rise. The company is excited by the series of premium content it has created in the past year with the Moneyweb Crypto platform, webinars and podcasts to cover topics which are of importance and interest to our audience. The new personal finance focused Money Savvy podcast, Crypto podcast as well as the Property Pod have so far been well received. The morning breakfast podcast MoneywebNOW celebrated its first birthday recently with episode downloads for the show continuing to increase monthly with over 750 000 downloads to date.

DIVIDENDS

No interim dividend was declared for the period ended 30 September 2020 (September 2019: Nil). Due to the cash reserves available, a final dividend (dividend no. 16) for the year ended 31 March 2021 of 100 cents per ordinary share (gross) (March 2020: Nil) is proposed.

Declaration of final dividend no. 16

The board resolved to declare a final dividend (dividend no. 16) of 100,00 cents per ordinary share (gross) for the year ended 31 March 2021. The dividend is subject to the Dividends Withholding Tax ("DWT") that was introduced with effect from 1 April 2012. In accordance with the provisions of the JSE Listings Requirements, the following additional information is disclosed:

- the dividend has been declared out of distributable retained profit;
- the local Dividend Tax rate is 20%;
- the gross dividend amount is 100,00 cents per ordinary share for shareholders exempt from DWT;
- the net dividend amount is 80,00 cents per ordinary share for shareholders liable for DWT;
- the company has 7 923 125 ordinary shares in issue;
- the company's income tax reference number is 9100/169/71/4.

The following dates are applicable to the dividend:

Last date to trade in order to be eligible for the dividend: Tuesday, 6 July 2021

Date trading commences *ex-dividend*: Wednesday, 7 July 2021

Record date: Friday, 9 July 2021

Date of payment to shareholders: Monday, 12 July 2021

Share certificates may not be dematerialised/rematerialised between Wednesday, 7 July 2021 and Friday, 9 July 2021, both days inclusive.

PROSPECTS

The board expects the trading conditions for the 2022 financial year to be uncertain due to the continued impact of the pandemic on businesses and the economy.

The board is responsible for the preparation of the provisional consolidated financial statements in accordance with the requirements of the JSE Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal controls as the directors deem necessary to ensure that the provisional consolidated financial statements are free from material misstatement due to fraud or error.

ACG Molusi

Independent Non-executive Chairman
2 June 2021

AJ Isbister (CA) SA

Financial Director

These results have been reviewed by BDO South Africa Inc and their unmodified review report is available for inspection at the company's registered office and can also be reviewed on the following web-link: <https://www.ame.co.za>.

The auditor's reviewed report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's review report with the accompanying financial information from the issuers' registered office or via the weblink: <https://www.ame.co.za>.

SUMMARISED NOTES TO THE PROVISIONAL FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These provisional results have been prepared by the financial director in accordance with International Financial Reporting Standards ("IFRS"), the Companies Act no. 71 of 2008, as amended, IAS 34: Interim Financial Reporting, the Listings Requirements of the Johannesburg Stock Exchange, Financial Pronouncements as issued by the Financial Reporting Standards Council and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee on a basis consistent with the policies and methods of computation as used in the annual financial statements for the year ended 31 March 2020.

2. HEADLINE EARNINGS PER SHARE

	Reviewed year ended 31 March 2021	Audited year ended 31 March 2020
	R'000	R'000
Headline earnings per share (cents)	112.7	378.3
– Continuing operations (cents)	112.7	408.2
– Discontinued operations (cents)	–	(29.9)
Headline earnings reconciliation		
Profit attributable to equity holders	282	10 334
Adjustments:	8 649	19 651
Deemed disposal of subsidiary	–	15 245
Impairment of Moneyweb and United Stations goodwill	7 112	4 445
Impairment of Moneyweb trademark	2 000	–
Reversal of deferred tax liability on trademark	(448)	–
Profit on disposal of fixed assets	(21)	(54)
Tax on disposal of fixed assets	6	15

Headline earnings (70%) **8 931** 29 985

Profit from continuing operations attributable to equity holders	282	27 953
Adjustments	8 649	4 406
Impairment of Moneyweb and United Stations goodwill	7 112	4 445
Impairment of Moneyweb trademark	2 000	–
Reversal of deferred tax liability on trademark	(448)	–
Profit on disposal of fixed assets	(21)	(54)
Tax on disposal of fixed assets	6	15

Headline earnings from continuing operations (72%) **8 931** 32 359

3. RELATED PARTY TRANSACTIONS

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

4. OTHER FINANCIAL INSTRUMENTS

	Group	
	2021	2020
	R'000	R'000
Investments in unlisted securities – Level 3	20 050	22 550

Level 3 fair value is determined by a valuation that uses inputs that are not based on observable market data. The movement in current year relates to fair value losses processed through other comprehensive income of R2,5 million.

Investments are valued based on discounted cash flow models. Should the variables differ by 1% the value of the investments will decrease by between 5% and 7%. The discount rates used vary between 17,1% and 18,1% and the terminal growth rates applied were 4%. A marketability discount of 16,5% and a minority discount of 17,4% were considered in determining the value.

5. SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE PERIOD

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

In the current financial year, Moneyweb goodwill was impaired by R4,6 million and its trademark was impaired by R2 million due to a further downward revision of its revenue and growth rate assumptions as a result of the longer than anticipated impact of the pandemic. Although there was a significant reduction in losses in the previous year and digital revenue improved slightly in the current year, radio revenue significantly declined since the previous year. This was not expected at the time that forecasts were performed as this was contrary to its historical performance in the prior year. The present value of expected cash flows was determined by applying an appropriate discount rate based on the current market assessments of the time value of money and risks specific to Moneyweb.

In addition, United Stations goodwill of R2,5 million was impaired in full. The uncertainty in the performance of the media industry in the next year in addition to significant recovery required to reach pre-Covid-19 levels, has resulted in downward revision of revenue and growth rate assumptions. The present value of expected cash flows was determined by applying an appropriate discount rate based on the current market assessments of the time value of money and risks specific to United Stations.

In addition, the deferred tax assets of R5,6 million arising from those tax losses were reversed.

6. 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.

7. EVENTS AFTER THE REPORTING PERIOD

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

The group remains cognisant of the Covid-19 restrictions and is constantly monitoring its impact on revenue and profitability.