

MEDIA24 HOLDINGS PROPRIETARY LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2006/021408/07)
("Media24")

OVERVIEW

Media companies worldwide are in transition. Like our international peers, Media24's print media operations continued to face industry headwinds amid the accelerated transition from offline to online, as well as sluggish economic conditions. Declines in our traditional sources of revenue, combined with higher investments in digital media, e-commerce and online job classifieds hampered this year's trading performance. We continue to unlock efficiencies and save costs in our print media operations, and achieved excellent growth in audiences across our digital and mobile platforms. Revenue grew marginally to R8,3bn, but trading profit ended the year 52% lower than the previous year, on R247m.

OPERATIONAL REVIEW

Our printing operation, Paarl Media Group, listed on the JSE Limited's stock exchange as **Novus Holdings** Limited ("Novus Holdings") to unlock growth and drive its diversification strategy. The group improved productivity and efficiencies in its core business, while diversifying into new market segments including specialised label printing for the fast-moving consumer goods market, and tissue manufacturing. The group also grew its footprint on the rest of the continent.

The **News** division recorded sizeable shortfalls in advertising and circulation revenues in line with international trends, but retained its leading advertising and circulation market share. Our emerging market titles showed good results – Daily Sun, Africa's largest daily newspaper, delivered a healthy profit while Son also performed well. City Press, the agenda-setting Sunday newspaper in South Africa, made a substantial contribution to the division's bottom-line. Netwerk24, our paid-for Afrikaans digital news destination, was well received among users and showed good subscriber uptake in its first year.

Lifestyle (formerly Magazines) delivered a good performance on the back of timeous interventions to trim costs and establish new revenue opportunities closely connected with its powerful brands. The weeklies – Huisgenoot, YOU, DRUM and Landbouweekblad – and our contract publishing division were the star performers in the stable. We improved our leading print and digital circulation market shares among the industry's top publishers and recorded strong growth in our digital and social media audiences.

Lacklustre trade sales, lower schoolbook orders in South Africa and Botswana, and the impact of rolling postal strikes negatively affected our **Books** division. Educational publisher Via Afrika acquired the local rights to TABTOR – an American-developed maths tutoring program for tablets – and Jonathan Ball Publishers landed the distribution for another international publisher, Harlequin, in South Africa.

On the Dot expanded its e-commerce warehouses and same-day delivery network in Cape Town and Johannesburg, and signed up additional retail clients. It is now the market leader in fashion and décor fulfilment. The media logistics unit continued to focus on cost and network efficiency to counter shrinking print media volumes.

24.com almost doubled average daily pageviews across its media channels over the past year, with mobile driving most of the growth. We expanded News24's operation in Nigeria and expect this region to imminently overtake our local user base. Our online recruitment classifieds business, Careers24, reached the number 1 market position in South Africa in terms of daily unique browsers and pageviews early in 2015.

Financial data business **INET BFA** upgraded and enriched its research and trading products – INET Expert and iGraph – and expanded operations into Nigeria.

In the **E-commerce** division, our online fashion business, Spree, recorded excellent sales growth. We also expanded into new categories, including menswear, signed up a leading international fashion retailer exclusively, and launched our first private label brands.

DIRECTORATE

On 31 March 2015 Mr Neil van Heerden stepped down as a director of Media24 and Media24 Proprietary Limited. Mr Lourens Jonker will also step down as a director of said companies on 30 June 2015. The board thanks these directors for their profound devotion and commitment to Media24. Messrs Koos Bekker and Trevor Petersen were appointed as non-executive directors with effect from 1 April 2015 and 1 July 2015 respectively. Short biographical details of all directors may be found on the Media24 website.

FINANCIAL REVIEW

Group **consolidated revenues** grew by 1% to R8,3bn for the year. Printing revenue was up 12% due to additional third-party work secured by Novus Holdings. The group's focus on diversifying its revenue base gained further impetus – e-commerce activities (+219%), financial data subscriptions (+154%) and gains from Novus Holdings' investments in tissue plants were the main contributors to the year-on-year growth in non-print revenues. Advertising revenue declined by 9%, partly due to a shift away from print media and partly as a result of a lacklustre economy. Print circulation revenue was flat, while digital circulation and subscription revenues grew by 132% and 70% respectively.

Book publishing revenues contracted by 24% due to lower schoolbook sales in South Africa following the finalisation of the Curriculum and Assessment Policy Statements implementation cycle in 2013 and an embargo on orders by the Botswana government.

The Lifestyle division performed well, boosting its performance through brand extensions. INET BFA also turned in a solid performance thanks to benefits resulting from the merger with I-Net Bridge. Efforts to reduce costs in our traditional businesses remained a key focus groupwide, but the substantial investments we are making to diversify into new growth areas carry an associated short- to medium-term impact on profitability. **Consolidated trading profit** for the year declined by 52% to R247m.

The group's **free cash flow** was R76m higher against the prior year. This was largely due to an inflow of working capital, plus lower capital investment and tax paid, but partly offset by lower investment income.

DIVIDEND

The board recommends that, subject to the approval of shareholders at the annual general meeting on 31 August 2015, a dividend of R144,8m (2014: R144,8m) and a once-off special dividend of R100m (2014: Rnil) be declared and paid to shareholders.

WELKOM YIZANI

Welkom Yizani, Media24's broad-based black economic empowerment company launched in 2006, started trading its shares on 9 December 2013. This brought to an end the seven-year retention period of the scheme, enabling existing shareholders to trade their shares. New qualifying shareholders can also buy shares in Welkom Yizani now. Welkom Yizani had 94 310 shareholders on 31 March 2015.

The Welkom Yizani annual general meeting will be held on 31 August 2015. The Welkom Yizani board recommends that an ordinary dividend of R4,3m (2014: R4,3m) be declared to ordinary shareholders. This results in a dividend of 29,4 cents per ordinary share (2014: 29,4 cents per ordinary share) before dividend tax. In terms of the preference share agreement, a dividend of 46,6 cents per preference share (2014: 46,6 cents per preference share), before dividend tax, is recommended. After the deduction of dividend tax, Welkom Yizani ordinary shareholders will receive a net dividend of 25 cents per ordinary share (2014: 25 cents per ordinary share). The declaration of the dividends is subject to approval by the shareholders at the annual general meeting on 31 August 2015.

Welkom Yizani will also receive a once-off special dividend of R15m (2014: Rnil) and will in turn, subject to shareholder approval at the annual general meeting on 31 August 2015, declare a special preference dividend of R12m (2014: Rnil) and a special ordinary dividend of R3m (2014: Rnil). Dividend tax will amount to 3 cents per Welkom Yizani ordinary share. As a result, Welkom Yizani ordinary shareholders will receive a net special dividend of 18 cents per ordinary share (2014: Rnil).

During the past year the Registrar of Securities Services ("the Registrar") indicated that all traditional over-the-counter trading platforms like Welkom Yizani should regularise their affairs in terms of the Financial Markets Act, 2012. Welkom Yizani has engaged and continues to engage proactively with the Registrar in this regard and will continue to build on the positive engagement it has had with the Registrar thus far. Welkom Yizani remains committed to complying with any directives and/or conditions issued by the Registrar.

BASIS OF PRESENTATION

The summarised consolidated financial statements have been extracted from the complete set of audited financial statements for the year ended 31 March 2015. The latter have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective, or issued and early adopted, and in the manner required by the South African Companies Act No 71 of 2008. The summarised consolidated financial statements should be read in conjunction with the complete set of audited consolidated annual financial statements. These accounting policies have been applied consistently to all the years presented, unless otherwise stated.

Core headline earnings exclude non-recurring and non-operating items. We believe that it is a useful measure of the group's sustainable operating performance. However, it is not a defined term under IFRS and may not be comparable with similarly titled measures reported by other companies.

The financial results have been prepared under the supervision of Mr Manie Mayman, Media24 director responsible for the finance function.

REPORT OF THE INDEPENDENT AUDITOR

This annual results announcement has been audited by PricewaterhouseCoopers Inc., registered auditor. Their unqualified audit opinion is available on request at the company's registered office during normal office hours (contact person: Mr Manie Mayman) and on the company's website. Any reference to future financial performance in this annual results announcement has not been reviewed or reported on by PricewaterhouseCoopers Inc.

On behalf of the board

Rachel Jafta
Chair
Esmaré Weideman
Chief executive

Cape Town
29 June 2015

Directors

R C C Jafta (chair), E Weideman, G M Landman, S S de Swardt, D Meyer, L N Jonker
H S S Willemsse, J C Held, S J Z Pacak, A Mayman, J P Bekker

Group company secretary

L J Klink

Registered office

40 Heerengracht, Cape Town 8001
(PO Box 2271, Cape Town 8000)

Transfer secretaries

Equity Express, a division of Singular Systems Proprietary Limited
71 Corlett Drive, Birnam 2196
(PO Box 1266, Bramley 2018)

	Year ended 31 March	
	2015 Audited R'm	2014 Audited R'm
SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS		
Revenue	8 250	8 171
Cost of providing services and sale of goods	(5 739)	(5 488)
Selling, general and administration expenses	(2 273)	(2 175)
Other (losses)/gains	(115)	85
Operating profit	123	593
Interest received	20	16
Interest paid	(113)	(81)
Other finance costs	(48)	(25)
Share of associate equity-accounted results	(2)	(2)
Share of JV equity-accounted results	29	28
Profit on acquisitions and disposals	-	78
Profit before taxation	9	607
Taxation	(128)	(241)
(Loss)/profit for the period	(119)	366
Attributable to:		
Equity holders of the group	(163)	288
Non-controlling interest	44	78
	(119)	366
Core headline (loss)/earnings for the year	(50)	142
Headline (loss)/earnings for the year	(73)	255

RECONCILIATION OF OPERATING PROFIT TO TRADING PROFIT

	Year ended 31 March	
	2015 Audited R'm	2014 Audited R'm
Operating profit	123	593
Amortisation of intangible assets	9	11
Other losses/(gains)	115	(85)
Trading profit	247	519

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND CHANGES IN EQUITY

	Year ended 31 March	
	2015 Audited R'm	2014 Audited R'm
Balance at beginning of the period	2 335	2 123
Profit for the period	(163)	288
Total other comprehensive income, net of tax, for the period	(27)	4
Cash flow hedges	(6)	-
Actuarial re-measurement reserve	(24)	1
Movement in other reserves	1	3
Tax on other comprehensive income	2	-
Changes in other reserves	326	(135)
Movement in share-based compensation reserve	8	2
Movement in existing control business combination reserve	463	5
Dividends paid to shareholders	(145)	(142)
Changes in non-controlling interest	953	55
Total comprehensive income for the period	44	78
Dividends paid to minorities	(28)	(23)
Movement in non-controlling interest in reserves	937	-
Balance at end of period	3 424	2 335
Comprising:		
Share capital and premium	4 867	4 867
Retained earnings	(224)	88
Share-based compensation reserve	70	63
Existing control business combination reserve	(3 580)	(4 048)
Capital contribution	1 077	1 077
Hedging reserve	(5)	(1)
Actuarial re-measurement reserve	(23)	1
Foreign currency translation reserve	20	18
Non-controlling interest	1 222	270
Total	3 424	2 335

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Year ended 31 March	
	2015 Audited R'm	2014 Audited R'm
ASSETS		
Non-current assets	3 435	3 378
Current assets	2 669	2 494
Total assets	6 104	5 872
EQUITY AND LIABILITIES		
Capital and reserves	3 424	2 335
Non-current liabilities	608	591
Current liabilities	2 072	2 946
Total equity and liabilities	6 104	5 872

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 March	
	2015 Audited R'm	2014 Audited R'm
Cash flow generated from operating activities	435	436
Cash flow utilised in investing activities	(477)	(558)
Cash flow generated from/(utilised in) financing activities	968	(171)
Net movement in cash and cash equivalents	926	(292)
Foreign exchange translation adjustments	-	1
Cash and cash equivalents at beginning of the period	(435)	(144)
Cash and cash equivalents at end of the period	491	(435)

CALCULATION OF HEADLINE AND CORE HEADLINE EARNINGS

	Year ended 31 March	
	2015 Audited R'm	2014 Audited R'm
Net (loss)/profit attributable to shareholders	(163)	299
Adjusted for:		
- Impairment of goodwill/other assets	124	41
- (Profit)/loss on sale of property, plant and equipment and intangibles	(5)	15
- Loss/(profit) on sale of investments	1	(82)
Total tax effects of adjustments	(23)	(5)
Total adjustment for non-controlling interest	(7)	(2)
Headline earnings	(73)	255
Adjusted for:		
- Business combination related costs	-	4
- Amortisation of intangible assets	9	10
- Foreign exchange losses/(gains)	17	14
- Fair-value adjustment on put liability	(3)	(142)
- Core earnings adjustments of joint ventures	-	1
Core headline earnings	(50)	142



Report of the independent auditor on the summarised consolidated and separate annual financial statements

TO THE MEMBERS OF MEDIA24 HOLDINGS PROPRIETARY LIMITED

The summarised consolidated and separate financial statements, which comprise the summary consolidated and separate statement of financial position as at 31 March 2015, and the summary consolidated and separate statements of comprehensive income and cash flows for the year then ended, as presented here, was derived from the audited consolidated and separate financial statements of Media24 Holdings Proprietary Limited for the year ended 31 March 2015. We expressed an unmodified audit opinion on those consolidated and separate financial statements in our report dated 19 June 2015. Our auditor's report on the audited consolidated and separate financial statements contained a paragraph, "Other reports required by the Companies Act" (refer below).

The summary consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated and separate financial statements, therefore, is not a substitute for reading the audited consolidated and separate financial statements of Media24 Holdings Proprietary Limited.

Directors' responsibility for the summary consolidated and separate financial statements

The company's directors are responsible for the preparation of a summary of the audited consolidated and separate financial statements in accordance with the requirements of the Companies Act of South Africa as applicable to summary financial statements and for such internal control deemed necessary by the directors to compile financial statements free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the summarised consolidated and separate annual financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summarised consolidated and separate financial statements derived from the audited consolidated and separate financial statements of Media24 Holdings Proprietary Limited for the year ended 31 March 2015 are consistent, in all material respects, with those consolidated and separate financial statements, in accordance with the requirements of the Companies Act of South Africa as applicable to summary financial statements.

The "Other reports required by the Companies Act" paragraph in our audit report dated 19 June 2015 states that as part of our audit of the consolidated and separate financial statements for the year ended 31 March 2015, we have read the directors' report and the audit committee's report for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. The "Other reports required by the Companies Act" paragraph states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The "Other reports required by the Companies Act" paragraph does not have an effect on the summary consolidated and separate financial statements or our opinion thereon.

PricewaterhouseCoopers Inc.

Director: H Zeelie

Registered auditor

Cape Town

19 June 2015

*PricewaterhouseCoopers, No 1 Waterhouse Place, Century City 7441, P O Box 2799, Cape Town 8000
T: +27 (21) 529 2000, F: +27 (21) 529 3300, www.pwc.co.za*