

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

Despite marginal revenue growth, Media24 ended the first six months of the year on a trading profit of R217m. This solid financial performance was largely due to group-wide efforts to reduce costs and streamline our traditional businesses. The subdued topline growth for the period reflects the impact of ongoing structural changes in the media industry – with advertising and circulation revenues most vulnerable – and a sluggish economy. On the digital front, mobile audiences grew rapidly and now outpace desktop users across our digital platforms. We continue to invest in digital media, ecommerce and online recruitment classifieds to diversify Media24's portfolio and ready the business for long-term viability, with the consequent short- to medium-term impact on profitability.

The trading environment remains tough with an accelerated transition from print to digital media, continuing weakness in the rand, further tightening in consumer spending and general economic uncertainty.

Some of Media24's business operations are seasonal in nature and the half-year results may not necessarily reflect the full-year results.

#### FINANCIAL REVIEW

Consolidated revenue of R4bn for the period is marginally up on the prior year. Printing revenue grew by 5%, driven by diversification into adjacent revenue streams, and book sales increased by 7%. Print advertising revenue declined by 6% year on year, but digital advertising delivered good growth of 13%. Our ecommerce business delivered a strong topline performance with growth of nearly 60%. Digital subscription revenue also showed encouraging growth.

Trading profit grew strongly despite the impact of lower revenues from our traditional print media businesses. The investment of R142m in growth opportunities is consistent with the prior year. A continuing focus on cost reductions across all operations contributed substantially to the uplift in trading profit. Core headline earnings ended the period on a profit of R36m compared to a loss of R51m in the prior year.

Management of our cash resources, with a particular focus on working capital, remains a key priority. Seasonal factors resulted in a temporary increase in inventory, which will return to normal levels in the third quarter of our financial year.

The financial results for the half-year period should be considered in the context of a recent Competition Tribunal judgement that Media24's now-defunct Free State community newspaper, Forum, had contravened the Competition Act from 2004 to 2009 by excluding a competitor from the advertising market. The Competition Commission has since proposed remedies, including a financial payment and certain commitments. Media24 is currently preparing its response to the proposals of the Commission. The Tribunal still has to hear both parties' proposals. This is a test case under SA competition law and since the proposed payment is subject to determination by the Tribunal, no provision has been made in the period under review.

On 31 August 2015 dividends amounting to R244,8m were declared payable to shareholders.

#### OPERATIONS

Novus Holdings yielded positive gains relating to productivity and efficiency together with raw material sourcing. Further market share was gained in the core business, marginally countered by declining volumes in paid-for daily newspapers. The expansion into wet-glue printing is in full swing and the first labels have been manufactured successfully. Further investments were made into tissue manufacturing. During the period Novus concluded its first digital printing acquisition by purchasing 100% of Digital Print Solutions to strengthen its print services offering.

The News division grew its advertising market share and posted good results on the back of stringent cost control measures, which outweighed industry-wide revenue declines. Daily Sun retained its prime position as the biggest daily newspaper in South Africa and Soccer Laduma is now the biggest newspaper in South Africa in terms of paid-for circulation. Beeld claimed first spot in Media Tenor's survey of the most quoted daily newspapers in South Africa, while the agenda-setting Sunday title City Press remained the second most quoted of all media sources in the country.

Media24 Lifestyle remains the advertising and circulation market leader in the magazine publishing sector. The division is making solid progress in creating new revenue streams through print brand extensions, events and content licensing linked to its powerful brands. Our magazine titles took the first six places among the industry's top 10 paid-for copy sales (ABCs), with Huisgenoot, YOU and Move! claiming the top three positions. Kuier emerged as the best-selling women's interest magazine in the country. By end September our magazine portfolio reached 5,3m users via social media (up 31% year on year) and nearly 80% of users now visit our magazines' digital platforms via cellphones.

On average 24.com now delivers 5,8m daily pageviews across its network of channels (up 19% year on year), 74% of which on mobile browsers and apps. News24 is the undisputed market leader in digital news in South Africa and, one year in, our Afrikaans digital news platform, Netwerk24, is the largest paid-for news site in the country. We expanded News24's operation in Nigeria and successfully launched a new wire service, News24Wire. The online recruitment classifieds business Careers24 performed well amid strong competition.

On the Dot's media logistics operation continues to focus on efficiencies and optimising the distribution network to counter declining print media volumes. Pamphlets benefited from increased retailer volumes and we landed distribution of the Government Communication and Information System's national newspaper Vuk'uzenzele.

Our efashion business, Spree, continues to deliver strong growth and added a number of leading local and international fashion retailers to its brand portfolio. Shoppers increased by 104% year on year, while orders were up 112% against the prior year.

Flat trade sales hampered the performance of NB Publishers and clubs business Leisure Books/Leserskring. Via Afrika performed well and continues to make progress with its digital initiatives – its digital training materials for teachers were approved by the South African Council for Educators. Jonathan Ball Publishers fared well thanks to a strong list of local and international titles, supported by good growth in ebook sales.

INET BFA rolled out an enriched version of its flagship trading platform, IGraph, and sales of its global capital markets product, Fronteer, outperformed expectations. Trading conditions are likely to toughen in the second semester amid deepening cost cutting by institutional fund managers.

#### BOARD OF DIRECTORS

Mr Steve Pacak retired as director of Media24 and Media24 Proprietary Limited on 30 June 2015. The board would like to thank Mr Pacak for his outstanding dedication and commitment to Media24.

#### BASIS OF PRESENTATION

The consolidated financial information for the half-year to 30 September 2015 has been prepared in accordance with IAS 34 "Interim Financial Reporting".

Accounting policies used for the interim results are consistent with those applied in the previous financial statements and with International Financial Reporting Standards (IFRS).

Core headline earnings exclude one-off and non-operating items. We believe 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.

#### REPORT OF THE INDEPENDENT AUDITOR

The results for the period to 30 September 2015 have been reviewed by the company's auditor, PricewaterhouseCoopers Inc., and a copy of his unqualified report is available on request at the company's registered office. Any reference to future financial performance in this announcement has not been reviewed or reported on by PricewaterhouseCoopers Inc.

The interim report has been prepared under the supervision of Abduraghaman (Manie) Mayman (CA)SA, chief financial officer of the Media24 Holdings group.

On behalf of the board

**Rachel Jafta**

Chair

Cape Town

27 November 2015

**Esmaré Weideman**

Chief executive

#### Directors

R C C Jafta (chair), J P Bekker, S S de Swardt, J C Held, G M Landman, A Mayman, D Meyer, T D Petersen, E Weideman, H S S Willemsse

#### 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)

	Six months ended 30 September		Year ended 31 March
	2015 Reviewed R'm	2014 Reviewed R'm	2015 Audited R'm
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS</b>			
<b>Revenue</b>	<b>3 986</b>	3 965	8 250
Cost of providing services and sale of goods	(2 716)	(2 792)	(5 739)
Selling, general and administration expenses	(1 082)	(1 085)	(2 273)
Other losses	-	(3)	(115)
<b>Operating profit</b>	<b>188</b>	85	123
Interest received	16	9	20
Interest paid	(13)	(55)	(113)
Other finance costs – net	(23)	(14)	(48)
Share of associate equity-accounted results	(2)	(1)	(2)
Share of joint-venture equity-accounted results	13	19	29
<b>Profit before taxation</b>	<b>179</b>	43	9
Taxation	(103)	(96)	(128)
<b>Profit/(Loss) for the period</b>	<b>76</b>	(53)	(119)
<b>Attributable to:</b>			
Equity holders of the group	(11)	(76)	(163)
Non-controlling interest	87	23	44
	<b>76</b>	(53)	(119)
Core headline earnings/(loss) for the period	<b>36</b>	(51)	(50)
Headline loss for the period	(12)	(70)	(73)

	Six months ended 30 September		Year ended 31 March
	2015 Reviewed R'm	2014 Reviewed R'm	2015 Audited R'm
<b>RECONCILIATION OF OPERATING PROFIT TO TRADING PROFIT</b>			
<b>Operating profit</b>	<b>188</b>	85	123
Amortisation of intangible assets	5	4	9
Equity-settled share-based payment charges	24	-	-
Other losses	-	3	115
<b>Trading profit</b>	<b>217</b>	92	247

	Six months ended 30 September		Year ended 31 March
	2015 Reviewed R'm	2014 Reviewed R'm	2015 Audited R'm
<b>CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND CHANGES IN EQUITY</b>			
<b>Balance at beginning of the period</b>	<b>3 424</b>	2 335	2 335
<b>Loss for the period</b>	<b>(11)</b>	(76)	(163)
<b>Total other comprehensive income/(loss), net of tax, for the period</b>	<b>25</b>	3	(27)
Cash flow hedges	33	2	(6)
Actuarial remeasurement reserve	(1)	-	(24)
Movement in other reserves	2	1	1
Tax on other comprehensive income	(9)	-	2
<b>Changes in other reserves</b>	<b>(245)</b>	(144)	326
Movement in share-based compensation reserve	13	1	8
Movement in other reserves	(13)	-	463
Dividends paid to shareholders	(245)	(145)	(145)
<b>Changes in non-controlling interest</b>	<b>2</b>	8	953
Total comprehensive income for the period	<b>100</b>	23	44
Dividends paid to minorities	(75)	(15)	(28)
Movement in non-controlling interest in reserves	(23)	-	937
<b>Balance at end of the period</b>	<b>3 195</b>	2 126	3 424
<b>Comprising:</b>			
Share capital and premium	4 867	4 867	4 867
Retained earnings	(489)	(135)	(224)
Share-based compensation reserve	84	64	70
Existing control business combination reserve	(3 584)	(4 046)	(3 580)
Capital contribution	1 077	1 077	1 077
Hedging reserve	18	1	(5)
Actuarial remeasurement reserve	(23)	1	(23)
Foreign currency translation reserve	21	19	20
Non-controlling interest	1 224	278	1 222
<b>Total</b>	<b>3 195</b>	2 126	3 424

	Six months ended 30 September		Year ended 31 March
	2015 Reviewed R'm	2014 Reviewed R'm	2015 Audited R'm
<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>			
<b>ASSETS</b>			
Non-current assets	3 493	3 546	3 435
Current assets	2 846	2 867	2 669
<b>Total assets</b>	<b>6 339</b>	6 413	6 104
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves	3 195	2 126	3 424
Non-current liabilities	596	650	608
Current liabilities	2 548	3 637	2 072
<b>Total equity and liabilities</b>	<b>6 339</b>	6 413	6 104

	Six months ended 30 September		Year ended 31 March
	2015 Reviewed R'm	2014 Reviewed R'm	2015 Audited R'm
<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS</b>			
Cash flow generated from/(used in) operating activities	201	(18)	435
Cash flow utilised in investing activities	(175)	(228)	(477)
Cash flow utilised in financing activities	(218)	(50)	968
<b>Net movement in cash and cash equivalents</b>	<b>(192)</b>	(296)	926
Foreign exchange translation adjustments	1	1	-
Cash and cash equivalents at beginning of the period	491	(435)	(435)
<b>Cash and cash equivalents at end of the period</b>	<b>300</b>	(730)	491

	Six months ended 30 September		Year ended 31 March
	2015 Reviewed R'm	2014 Reviewed R'm	2015 Audited R'm
<b>CALCULATION OF HEADLINE AND CORE HEADLINE EARNINGS/(LOSS)</b>			
<b>Net loss attributable to shareholders</b>	<b>(11)</b>	(76)	(163)
Adjusted for:			
- impairment of goodwill/other assets	-	8	124
- profit on sale of property, plant, equipment and intangibles including insurance proceeds	(1)	(2)	(5)
- loss on sale of investments	-	-	1
Total tax effects of adjustments	-	-	(23)
Total adjustment for non-controlling interest	-	-	(7)
<b>Headline loss</b>	<b>(12)</b>	(70)	(73)
Adjusted for:			
- amortisation of intangible assets	5	5	9
- foreign exchange losses	24	17	17
- equity-settled share-based payment charges	19	-	-
- fair-value adjustment on put liability	-	(3)	(3)
<b>Core headline earnings/(loss)</b>	<b>36</b>	(51)	(50)



## INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

*To the Shareholders of Media24 Holdings (Pty) Ltd*

### Introduction

We have reviewed the accompanying consolidated interim statement of financial position of Media24 Holdings (Pty) Ltd as at 30 September 2015 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six-months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standards, (IAS 34) "Interim Financial Reporting", and the requirements of the Companies Act of South Africa. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements is not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.  
Director: H Zeelie  
Registered Auditor  
Cape Town  
20 November 2015

---

*PricewaterhouseCoopers Inc., 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*

Chief Executive Officer: T D Shango  
Management Committee: T P Blandin de Chalain, S N Madikane, P J Mothibe, C Richardson, F Tonelli, C Volschenk  
Western Cape region – Partner in charge: D J Fölscher  
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg.no. 4950174682