

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

In the past six months Media24 accelerated its investment in key growth areas, with a particular focus on ecommerce, digital initiatives and expansion projects in the rest of Africa. Our print businesses continued to experience tough trading conditions as a result of the weakening economy and structural changes to the media industry. Digital audiences grew exponentially but circulation remained under pressure and advertising, still our biggest source of revenue, declined as advertisers shrunk their marketing spend or diversified their spend. The ongoing South African Post Office strike had a negative impact on service delivery for *Leisure Books* customers and magazine subscribers.

## OPERATIONS

Paarl Media made satisfactory progress in diversifying its printing operations in South Africa and grew its African footprint through new commercial contracts. Effective 1 June 2014, it acquired Correll Tissue to expand its manufacturing operations in the paper industry.

Despite implementing cost control measures and stabilising subscription sales, our news division recorded declines in advertising revenues and softer retail circulation sales. Our titles continue to rank high in the opinion stakes and set the news agenda in South Africa – *Beeld* claimed the third spot in the Media Tenor's credibility survey, with *City Press* still in the second position. Digital news audiences showed strong growth and the new Afrikaans digital news platform, *Netwerk24*, received a warm welcome in the market.

Magazines retained its leading share (53%) among the top five publishers in South Africa and eight out of ten magazine readers consume a title from within our stable. The division benefited from timeous efficiency initiatives to curb muted top-line growth, strong performances from its weekly magazine portfolio and associates, and new revenue opportunities tied to its powerful brands. *Huisgenoot*, *YOU* and *DRUM* hosted the international Days of the Dinosaur exhibition in South Africa, topping the world record for ticket sales. Users accessing Magazines' digital platforms via mobile now account for 64%.

Across Africa, 24.com now reaches more than 3m users (+35% year on year) and 8m (+22% year on year) pageviews per day, with most users accessing the publishing network via mobile web and apps. *News24 isiZulu* doubled its pageviews, and the 2014 elections app saw a record number of 22m pageviews on a single day – strengthening *News24.com*'s position as the leading digital publisher on the continent. *News24 Nigeria* is also seeing strong growth and has been set as the default news channel on Opera browsers in the region. Our jobs classifieds business *Careers24* continues to outperform targets and key metrics are tracking upward despite strong competition in the market.

Media24's efashion business, *Spree*, strengthened its leading position in the local market for online fashion. Menswear and beauty categories were launched in April and an exclusive contract was signed with clothing brand Next – the leading online apparel retailer in the UK – to sell its apparel and accessories in South Africa. *Efinity*, our fulfilment services platform aimed at small and medium-sized enterprises, was launched in August.

Our book publishing businesses experienced a tough half-year, mostly due to lacklustre trade sales. Via Afrika performed well – albeit at lower levels than last year due to the finalisation of the Curriculum and Assessment Policy (CAPS) school curriculum in 2013. Jonathan Ball Publishers benefited from a strong publishing list and saw good growth in ebook sales.

Our distribution company, On the Dot, continued to reposition itself as a leading ecommerce warehousing and fulfilment business. We added capacity through a new warehouse in Cape Town, signed up more retail clients and further expanded our same-day delivery network in Gauteng and the Western Cape. The media logistics business faced challenging trading conditions with further declines in print volumes from Media24 publications as well as external clients.

Our financial data services business, INET BFA, performed on target. Upgrades to iNet Bridge's on-floor trading platform, servicing most asset managers in South Africa, are under way and enriched versions of our African research product *INET Expert* and global capital markets product, *Frontier Plus*, were well received by the market. The business also expanded into Nigeria.

## DIRECTORATE

Prof Russel Botman passed away on 28 June 2014. He made a valuable contribution to the board and is deeply missed by his fellow directors.

## FINANCIAL REVIEW

Consolidated revenue of R4bn for the period was in line with the prior-year performance. Printing revenue grew, driven by new acquisitions, but advertising revenue declined by 8% year on year and book sales dropped by 30% – mostly on the back of lower schoolbook orders, as anticipated. Our ecommerce and financial data services businesses delivered strong top-line performances.

Trading profit declined by 62% year on year, mainly as a result of an increased investment of R71m in growth opportunities, higher input costs due to the weakening of the rand, and the impact of lower revenue from our traditional print businesses. Core headline earnings ended the period on a loss of R51m. A number of initiatives are under way to reduce operating costs across key business areas.

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

Dividends amounting to R144,8m were paid to shareholders on 4 September 2014.

## BASIS OF PRESENTATION

The consolidated financial information for the half year to 30 September 2014 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 2014 have been reviewed by the company's auditor, PricewaterhouseCoopers Inc., and a copy of the unqualified report is available on request at the company's registered office and on the company's website. 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 the group CFO, Abdurahman (Manie) Mayman CA(SA).

On behalf of the board

**Rachel Jaftha**  
Chair

**Esmaré Weideman**  
Chief executive

Cape Town  
25 November 2014

## Directors

R C C Jaftha (chair), S S de Swardt, J C Held, L N Jonker, G M Landman, A Mayman, D Meyer, S J Z Pacak, N P van Heerden, 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
	2014 Reviewed R'm	2013 Reviewed R'm	2014 Audited R'm
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS</b>			
<b>Revenue</b>	<b>3 965</b>	3 951	8 171
Cost of providing services and sale of goods	(2 792)	(2 691)	(5 488)
Selling, general and administration expenses	(1 085)	(1 022)	(2 175)
Other (losses)/gains	(3)	(5)	85
<b>Operating profit</b>	<b>85</b>	233	593
Interest received	9	6	16
Interest paid	(55)	(31)	(81)
Other finance costs - net	(14)	(10)	(25)
Share of associate equity-accounted results	(1)	-	(2)
Share of joint-venture equity-accounted results	19	17	28
Profit/(losses) on acquisitions and disposals	-	88	78
<b>Profit before taxation</b>	<b>43</b>	303	607
Taxation	(96)	(113)	(241)
<b>(Loss)/profit for the period</b>	<b>(53)</b>	190	366
<b>Attributable to:</b>			
Equity holders of the group	(76)	159	288
Non-controlling interest	23	31	78
	(53)	190	366
Core headline (loss)/earnings for the period	(51)	100	142
Headline (loss)/earnings for the period	(70)	76	255

	Six months ended 30 September		Year ended 31 March
	2014 Reviewed R'm	2013 Reviewed R'm	2014 Audited R'm
<b>RECONCILIATION OF OPERATING PROFIT TO TRADING PROFIT</b>			
<b>Operating profit</b>	<b>85</b>	233	593
Amortisation of intangible assets	4	4	11
Other losses/(gains)	3	5	(85)
<b>Trading profit</b>	<b>92</b>	242	519

	Six months ended 30 September		Year ended 31 March
	2014 Reviewed R'm	2013 Reviewed R'm	2014 Audited R'm
<b>CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND CHANGES IN EQUITY</b>			
<b>Balance at beginning of the period</b>	<b>2 335</b>	2 123	2 123
<b>(Loss)/profit for the period</b>	<b>(76)</b>	159	288
<b>Total other comprehensive income, net of tax, for the period</b>	<b>3</b>	20	4
Cash flow hedges	2	14	-
Movement in other reserves	1	10	4
Tax on other comprehensive income	-	(4)	-
<b>Changes in other reserves</b>	<b>(144)</b>	(141)	(135)
Movement in share-based compensation reserve	1	1	2
Movement in other reserves	-	-	5
Dividends paid to shareholders	(145)	(142)	(142)
<b>Changes in non-controlling interest</b>	<b>8</b>	32	55
Total comprehensive income for the period	23	32	78
Dividends paid to minorities	(15)	(5)	(23)
Movement in non-controlling interest in reserves	-	5	-
<b>Balance at end of period</b>	<b>2 126</b>	2 193	2 335
<b>Comprising:</b>			
Share capital and premium	4 867	4 867	4 867
Retained earnings	(135)	1 442	88
Share-based compensation reserve	64	53	63
Existing control business combination reserve	(4 046)	(4 442)	(4 048)
Capital contribution	1 077	-	1 077
Hedging reserve	1	9	(1)
Actuarial remeasurement reserve	1	-	1
Foreign currency translation reserve	19	17	18
Non-controlling interest	278	247	270
<b>Total</b>	<b>2 126</b>	2 193	2 335

	30 September		31 March
	2014 Reviewed R'm	2013 Reviewed R'm	2014 Audited R'm
<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>			
<b>ASSETS</b>			
Non-current assets	3 546	3 275	3 378
Current assets	2 867	3 158	2 494
<b>Total assets</b>	<b>6 413</b>	6 433	5 872
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves	2 126	2 193	2 335
Non-current liabilities	650	614	591
Current liabilities	3 637	3 626	2 946
<b>Total equity and liabilities</b>	<b>6 413</b>	6 433	5 872

	Six months ended 30 September		Year ended 31 March
	2014 Reviewed R'm	2013 Reviewed R'm	2014 Audited R'm
<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS</b>			
Cash flow (utilised in)/generated from operating activities	(18)	(223)	436
Cash flow utilised in investing activities	(228)	(240)	(558)
Cash flow utilised in financing activities	(50)	(141)	(171)
<b>Net movement in cash and cash equivalents</b>	<b>(296)</b>	(604)	(292)
Foreign exchange translation adjustments	1	1	1
Cash and cash equivalents at beginning of the period	(435)	(144)	(144)
<b>Cash and cash equivalents at end of the period</b>	<b>(730)</b>	(747)	(435)

	Six months ended 30 September		Year ended 31 March
	2014 Reviewed R'm	2013 Reviewed R'm	2014 Audited R'm
<b>CALCULATION OF HEADLINE AND CORE HEADLINE (LOSS)/EARNINGS</b>			
<b>Net (loss)/profit attributable to shareholders</b>	<b>(76)</b>	159	288
Adjusted for:			
- Impairment of goodwill/other assets	8	6	41
- (Profit)/loss on sale of property, plant, equipment and intangibles	(2)	-	15
- Profit on sale of investments	-	(89)	(82)
Total tax effects of adjustments	-	-	(5)
Total adjustment for non-controlling interest	-	-	(2)
<b>Headline (loss)/earnings</b>	<b>(70)</b>	76	255
Adjusted for:			
- Business combination related costs	-	-	4
- Amortisation of intangible assets	5	4	10
- Foreign exchange losses	17	20	14
- Fair value adjustment on put liability	(3)	-	(142)
- Core earnings adjustments of joint ventures	-	-	1
<b>Core headline (loss)/earnings</b>	<b>(51)</b>	100	142



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

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

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Media24 Holdings (Pty) Ltd as of 30 September 2014 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, and the requirements of the Companies Act of South Africa. Our responsibility is to express a conclusion on this condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with 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  
25 November 2014

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Management Committee: H Boegman, T P Blandin de Chalain, B M Deegan, J G Louw, S N Madikane, P J Mothibe, T D Shango, S Subramoney, A R Tilakdari, F Tonelli  
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.  
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