

Media24 posted solid growth in its digital media and e-fashion (online commerce) operations for the review period, and recorded satisfactory financial results despite the strained economy and structural challenges to the print media landscape. Our newspaper, magazine and distribution businesses more than doubled their profitability year on year (YoY) and we continued to invest in online fashion and digital media to build a sustainable future for Media24.

#### FINANCIAL REVIEW

Media24's portfolio comprises newspapers, magazines, book publishing and distribution (the mature portfolio), and digital media, ecommerce, ecommerce fulfilment, job classifieds and online services (the growth portfolio). Effective 1 October 2018, our online fashion business Spree merged with fellow Naspers online brand Superbalist to form South Africa's largest online fashion destination, Fashion United SA Proprietary Limited (FUSA), in which Media24 holds 50.95%. Going forward, Media24 will consolidate the results of FUSA.

Media24's revenue declined by 5% YoY to R2.2bn and the trading loss increased by 8% to R170m. This was mainly due to continued investment in our growth businesses and an impairment from the Spree merger with Superbalist.

Pleasingly, through lower printing prices and ongoing cost-saving initiatives, trading profit in the mature portfolio improved by 74% YoY to R149m despite an 8% YoY revenue decline. Advertising and circulation revenue declined by 10% and 8% YoY respectively during this time, while book-publishing revenue decreased by 15% due to reduced textbook orders.

The growth businesses continued to invest to build scale. This, along with impairments taken in our e-fashion business after the merger with Superbalist, resulted in net operating losses of R254m, 39% higher than the prior year. These businesses contributed 18% of total revenue and grew by 15% YoY. Netwerk24, our digital subscription service, grew subscription revenue by 71% from the prior year.

Cash used in operating activities was affected by the trading loss for the period and higher working capital levels, primarily due to the timing of stock purchases and collection of receivables. This was partly offset by higher investment income and lower tax paid compared to the prior period.

On 28 August 2018, ordinary dividends of R42m were declared to shareholders registered on this day.

#### OPERATIONS

**24.com**, home to our digital media brands, had 389m monthly pageviews, with 86% of these coming from mobile devices and apps. 24.com remains the local leader in digital news, with a 42% audience market share among news sites in the country. Netwerk24, offering access to Afrikaans breaking news and the content of our Afrikaans newspapers and magazines, grew subscribers by 86% YoY and entrenched its position as the biggest payroll news site in South Africa. People are spending more time on our products, with the average user clocking over 22 minutes per day on Netwerk24 and nearly 18 minutes per day on News24. Reflecting the quality of our content, the News24 reporters who contributed to the #GuptaLeaks series of exposés on state capture received the esteemed Standard Bank Sikuvile award for investigative journalism.

Our **print media** division delivered strong results, with cost efficiencies at our newspapers, magazines and media logistics division. On the Dot, offsetting declines in circulation and advertising volumes to boost profitability. We maintained our leading market-share position in newspaper and magazine circulation, as well as advertising, and we publish seven of the top 10 paid-for circulating newspapers and six of the top 10 magazines in the country. Our newspapers won five Standard Bank Sikuvile awards, including the Frewin award for Die Burger, with City Press and Rapport sharing the Joel Mervis award for urban weekly newspapers. Our magazine advertising sales team won its category at the advertising industry's prestigious MOST awards.

Our tertiary book publisher Van Schaik Publishers benefited from its strong publishing programme and good rights income, while NB Publishers maintained its leading position among local trade publishers, won numerous literary prizes and published several bestsellers, including Chris Steyn and Mark Minnie's *The Lost Boys of Bird Island/Die seuns van Bird Island*. Jonathan Ball Publishers won the Nielsen Bookscan trade publisher of the year award and counts *The Subtle Art of Not Giving a F\*ck*, which has sold over 30 000 copies, among its bestsellers.

Afrikaans lifestyle and entertainment television channel **VIA** remains the most popular lifestyle channel among Afrikaans DSTv viewers, reaching over 300 000 daily viewers in September 2018.

Online fashion store **Spree** grew shoppers by 17% and orders by 18% YoY. **Contract Logistics**, the biggest ecommerce fulfilment company in South Africa, recorded solid revenue growth of 42%. **Careers24**, our online job classifieds portal, grew its subscribers and posted strong client growth for its applicant-tracking system Simplify.hr.

#### DIRECTORATE

On 30 September 2018, Esmaré Weideman retired as Media24 group chief executive and executive director after nearly eight years. The Media24 board thanks Esmaré for her valuable contribution and wishes her well with future endeavours. Ishmet Davidson was appointed group chief executive and executive director on the Media24 board from 1 October 2018. Mobasheer Patel was appointed as Media24 group chief financial officer (CFO) from 1 September 2018. Prof Hein Willemsse stepped down from the board on 30 June 2018. The board thanks Prof Willemsse for his valuable contribution to the group.

#### NOTES TO THE CONDENSED CONSOLIDATED INTERIM REPORT

##### BASIS OF PREPARATION

The condensed consolidated interim report for the six months ended 30 September 2018 has been prepared in accordance with the requirements of IAS 34 *Interim Financial Reporting* and the Companies Act of South Africa. The accounting policies applied in the preparation of this interim report are in terms of International Financial Reporting Standards (IFRS) and are consistent with those applied in previous consolidated annual financial statements, except for the adoption of IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*. None of the new or amended accounting pronouncements that are effective for the financial year commencing 1 April 2018 had a material impact on the group. Management is in the process of assessing the impact of IFRS 16 *Leases* on the group, which is expected to have an impact on total assets and liabilities. Current operating leases relate to leased property and motor vehicles.

In preparing these condensed consolidated interim financial statements, the judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 March 2018. Actual amounts may differ from these estimates.

Due to the seasonal nature of the operating segments within the group, revenue and operating profit in the second half of the year will not necessarily be in line with the first six months.

Trading loss excludes amortisation of intangible assets (other than software), other gains or losses and equity-settled share-based compensation charges. Core headline earnings exclude non-recurring and non-operating items. We believe this 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 condensed consolidated interim report has been prepared under the supervision of Media24 group CFO, Mobasheer Patel CA(SA), in collaboration with Abduraghaman Mayman CA(SA), Media24's acting group CFO until 31 August 2018.

##### REPORT OF THE INDEPENDENT AUDITOR

The condensed consolidated interim report for the six months ended 30 September 2018 has been reviewed by the company's auditor, PricewaterhouseCoopers Inc., that expressed an unqualified conclusion on the report. A copy of the auditor's 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.

##### EVENTS AFTER THE REPORTING DATE

Effective 1 October 2018, Naspers's two online fashion retailers, Spree and Superbalist, merged into a new company, Fashion United SA Proprietary Limited. After the merger, the new company is held 50.95% by Media24 Proprietary Limited, Spree's current shareholder, while the Takealot group owns 49.05%.

The total purchase consideration is R443m, of which an estimated R193m contingent consideration is payable in June 2019.

Media24 has elected to apply predecessor accounting for the 50.95% acquisition of Superbalist. The financial effects of this transaction have not been brought to account at 30 September 2018. The operating results and assets and liabilities of the company will be consolidated from 1 October 2018.

On behalf of the board

**Rachel Jafta**  
Chair

**Ishmet Davidson**  
Chief executive

Cape Town  
30 November 2018

#### CONDENSED CONSOLIDATED INCOME STATEMENT

	Six months ended 30 September		Year ended 31 March
	2018 Reviewed R'm	2017 Reviewed R'm	2018 Audited R'm
<b>Continuing operations</b>			
<b>Revenue</b>	<b>2 211</b>	2 333	4 686
Cost of providing services and sale of goods	(1 668)	(1 763)	(3 510)
Selling, general and administration expenses	(727)	(740)	(1 566)
Other gains – net	20	17	17
<b>Operating loss</b>	<b>(164)</b>	(153)	(373)
Interest received	36	20	68
Interest paid	(2)	(5)	(8)
Other finance costs – net	1	(1)	(8)
Share of associate equity-accounted results	(1)	(1)	(2)
Share of joint venture equity-accounted results	9	10	19
Impairment of equity-accounted investment	(10)	–	–
Profit on sale of investments	3	–	10
<b>Loss before taxation</b>	<b>(128)</b>	(130)	(294)
Taxation	(10)	(16)	(35)
<b>Loss from continuing operations</b>	<b>(138)</b>	(146)	(329)
Loss from discontinued operations	–	(36)	(36)
<b>Loss for the period</b>	<b>(138)</b>	(182)	(365)
<b>Attributable to:</b>			
Equity holders of the group	(142)	(310)	(500)
Non-controlling interest	4	128	135
	(138)	(182)	(365)
<b>Continuing operations</b>			
Core headline loss for the period	(111)	(99)	(353)
Headline loss for the period	(120)	(111)	(381)

#### RECONCILIATION OF OPERATING LOSS TO TRADING LOSS

	Six months ended 30 September		Year ended 31 March
	2018 Reviewed R'm	2017 Reviewed R'm	2018 Audited R'm
<b>Continuing operations</b>			
<b>Operating loss</b>	<b>(164)</b>	(153)	(373)
Amortisation of intangible assets (other than software)	2	2	3
Equity-settled share-based payment charges	12	11	19
Other gains – net	(20)	(17)	(17)
<b>Trading loss</b>	<b>(170)</b>	(157)	(368)

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September		Year ended 31 March
	2018 Reviewed R'm	2017 Reviewed R'm	2018 Audited R'm
<b>Loss for the period</b>	<b>(138)</b>	(182)	(365)
<b>Total other comprehensive loss, net of tax, for the period</b>	<b>(25)</b>	(40)	(214)
Cash flow hedges	–	25	24
Actuarial remeasurement reserve	–	–	(42)
Fair-value reserve	(26)	(59)	(177)
Movement in other reserves	1	1	(12)
Tax on other comprehensive income	–	(7)	(7)
<b>Total comprehensive loss for the period</b>	<b>(163)</b>	(222)	(579)
<b>Attributable to:</b>			
Equity holders of the group	(167)	(356)	(720)
– Continuing operations	(167)	(338)	(583)
– Discontinued operations	–	(18)	(137)
Non-controlling interest	4	134	141
<b>Total comprehensive loss for the period</b>	<b>(163)</b>	(222)	(579)

#### Directors

R C C Jafta (chair), M I Davidson, J P Bekker, S S de Swardt, J C Held, G M Landman, A Mayman, D Meyer, T D Petersen

#### Group company secretary

L J Klink

#### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 30 September		Year ended 31 March
	2018 Reviewed R'm	2017 Reviewed R'm	2018 Audited R'm
<b>Balance at the beginning of the period</b>	<b>1 157</b>	2 951	2 951
<b>Total comprehensive loss for the period</b>	<b>(167)</b>	(356)	(720)
<b>Changes in other reserves</b>	<b>(38)</b>	220	199
Movement in share-based compensation reserve	(7)	(41)	(43)
Movement in other reserves	(1)	43	86
Movement in retained earnings	12	53	(9)
Dividends paid to shareholders	(42)	(1 275)	(1 275)
Subscription of B ordinary shares	–	1 440	1 440
<b>Changes in non-controlling interest</b>	<b>(2)</b>	(1 231)	(1 273)
Total comprehensive income for the period	4	134	141
Dividends paid to minorities	(6)	(69)	(117)
Movement in non-controlling interest in reserves	–	1	–
Novus unbundling	–	(1 297)	(1 297)
<b>Balance at the end of the period</b>	<b>950</b>	1 583	1 157
<b>Comprising:</b>			
Share capital and premium	4 867	6 307	4 867
Retained earnings	(2 709)	(2 284)	(2 536)
Share-based compensation reserve	6	14	12
Existing control business combination reserve	(3 528)	(3 571)	(3 527)
Capital contribution	2 517	1 077	2 517
Actuarial remeasurement reserve	(59)	(17)	(59)
Fair-value reserve	(203)	(59)	(177)
Foreign currency translation reserve	10	22	9
Non-controlling interest	49	94	51
<b>Total</b>	<b>950</b>	1 583	1 157

#### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September		As at 31 March
	2018 Reviewed R'm	2017 Reviewed R'm	2018 Audited R'm
<b>ASSETS</b>			
Non-current assets	881	1 104	958
Current assets	2 331	2 537	2 442
<b>Total assets</b>	<b>3 212</b>	3 641	3 400
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves	950	1 583	1 157
Non-current liabilities	414	257	403
Current liabilities	1 848	1 801	1 840
<b>Total equity and liabilities</b>	<b>3 212</b>	3 641	3 400

#### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September		Year ended 31 March
	2018 Reviewed R'm	2017 Reviewed R'm	2018 Audited R'm
Cash flow used in operating activities	(266)	(369)	(163)
Cash flow used in investing activities	(9)	(23)	(52)
Cash flow from/(used in) financing activities	159	(23)	(113)
<b>Net movement in cash and cash equivalents</b>	<b>(116)</b>	(415)	(328)
Cash and cash equivalents at the beginning of the period	299	218	218
Net movement in cash and cash equivalents of discontinued operations	–	409	409
<b>Cash and cash equivalents at the end of the period</b>	<b>183</b>	212	299

#### COMMITMENTS AND CONTINGENCIES

	Six months ended 30 September		Year ended 31 March
	2018 Reviewed R'm	2017 Reviewed R'm	2018 Audited R'm
Capital expenditure	–	16	4
Operating lease commitments	187	118	195
<b>Commitments</b>	<b>187</b>	134	199

#### FINANCIAL INSTRUMENTS

Fair-value measurements at 30 September 2018 using:			
	Quoted prices in active markets for identical assets or liabilities (level 1) R'm	Significant other observable inputs (level 2) R'm	Significant unobservable inputs (level 3) R'm
The fair value of the group's financial instruments that is measured at fair value at each reporting period is categorised as follows:			
<b>Assets</b>			
Available-for-sale investments	252	–	–
<b>Fair-value measurements at 30 September 2017 using:</b>			
<b>Assets</b>			
Available-for-sale investments	396	–	4
Foreign exchange contracts	–	1	–
<b>Fair-value measurements at 31 March 2018 using:</b>			
<b>Assets</b>			
Available-for-sale investments	278	–	–
<b>Liabilities</b>			
Foreign exchange contracts	–	7	–
Earn-out obligations/contingent considerations	–	–	27

#### CALCULATION OF HEADLINE AND CORE HEADLINE LOSS

	Six months ended 30 September		Year ended 31 March
	2018 Reviewed R'm	2017 Reviewed R'm	2018 Audited R'm
<b>Continuing operations</b>			
<b>Net loss attributable to shareholders</b>	<b>(142)</b>	(94)	(352)
<i>Adjusted for:</i>			
– Impairment of goodwill/other assets	12	6	3
– Profit on sale of property, plant and equipment and intangibles	–	(23)	(20)
– Impairment of associates	10	–	–
– Profit on sale of investments	–	–	(12)
Total tax effects of adjustments	–	–	–
Total adjustment for non-controlling interest	–	–	–
<b>Headline loss</b>	<b>(120)</b>	(111)	(381)
<i>Adjusted for:</i>			
– Amortisation of intangible assets (excluding software)	1	1	3
– Foreign exchange (gains)/losses	(1)	(1)	4
– Remeasurement of contingent consideration	(3)	–	2
– Equity-settled share-based payment charges	12	12	19
<b>Core headline loss</b>	<b>(111)</b>	(99)	(353)

#### DISCONTINUED OPERATIONS

	Six months ended 30 September		Year ended 31 March
	2018 Reviewed R'm	2017 Reviewed R'm	2018 Audited R'm
<b>Income statement</b>			
Revenue	–	1 827	1 827
Expenses	–	(1 526)	(1 526)
<b>Profit before tax</b>	<b>–</b>	301	301
Taxation	–	(62)	(62)
<b>Profit after tax</b>	<b>–</b>	239	239
Loss on distribution of subsidiary	–	(275)	(275)
<b>Loss from discontinued operations</b>	<b>–</b>	(36)	(36)
<b>Statement of cash flows</b>			
Cash flow (used in)/generated from operating activities	–	(242)	(242)
Cash flow used in investing activities	–	(79)	(79)
Cash flow used in financing activities	–	(88)	(88)
<b>Net movement in cash and cash equivalents</b>	<b>–</b>	(409)	(409)

#### Registered office

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

#### Transfer secretaries

Singular Systems Proprietary Limited  
25 Scott Street, Waverley 2090 (PO Box 1266, Bramley 2018)



## ***Independent auditor's review report on interim financial statements***

To the Shareholders of Media24 Holdings Proprietary Limited

We have reviewed the condensed consolidated interim financial statements of Media24 Holdings Proprietary Limited in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 30 September 2018 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

### ***Directors' Responsibility for the Interim Financial Statements***

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express a conclusion on these interim financial statements. 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. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Media24 Holdings Proprietary Limited for the six months ended 30 September 2018 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

### **Other matter**

We have not reviewed the future financial performance and expectations expressed by the directors included in the commentary in the accompanying interim financial statements and accordingly do not express a conclusion thereon.

**PricewaterhouseCoopers Inc.**

**Director: V Harri**

**Registered Auditor**

**Cape Town**

**27 November 2018**

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