

Media24 achieved marginal revenue growth and ended the first six months on a trading profit of R171m. The decline in trading profit of 21% against the prior year reflects the impact of lower advertising and circulation revenues from our traditional print media businesses, exacerbated by higher input costs on the back of a weaker rand. We continue to drive the migration of our audiences and clients from print to digital platforms through product innovation, mostly on the mobile side. Our investments in ecommerce through online fashion player Spree as well as On the Dot's warehousing and fulfilment business generated strong topline performances, whereas online recruitment portal Careers24 felt the brunt of a lacklustre economy.

FINANCIAL REVIEW

Consolidated revenue of nearly R4bn for the period is marginally up on the prior year. Digital advertising continues to show good growth of nearly 14% and digital subscription revenue increased by 13% against the prior year. In line with industry trends, print advertising (-9% year on year) and circulation revenue (-11% year on year) showed further declines, while print subscriptions grew by 2% against the prior year. Our efashion business, Spree, delivered a strong topline performance with growth of 84%. Revenues from book publishing declined by 22% due to the Leisure Books/ Leserskring sale, whereas other revenue such as income from our new Afrikaans lifestyle television channel, VIA, and Novus's tissue production plant grew by 15%. Printing revenue grew by 8%, driven by additional work for non-media clients.

The 21% drop in trading profit was primarily as a result of the impact of lower revenues from our traditional print media businesses coupled with a 6% increase in input costs. The investment of R115m in growth opportunities is less than the prior year as revenue growth outpaced cost growth in our focus to turn these opportunities to profitability. A continued focus on cost reductions across all operations contributed substantially to the lower sales, general and administrative expenses of R134m (-12%). Core headline earnings ended the period on a loss of R15m compared to a profit of R36m 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 and trade receivables, which should return to normal levels in the third quarter of our financial year.

On 14 September 2016 Media24 announced that it had entered into an agreement with financial markets technology specialist IRESS to dispose of (subject to regulatory approval) its financial data services business INET BFA for R149,6m in cash. A goodwill impairment charge of R22m was recognised upon the remeasurement of INET BFA as a held-for-sale investment. The Reserve Bank approved the transaction after 30 September 2016 and management finalised the sale.

On 29 August 2016 dividends amounting to R39,3m were declared payable to shareholders.

OPERATIONS

24.com, our digital media arm, now delivers more than 11m daily pageviews across all platforms (up 103% year on year), 80% of which via mobile browsers and apps. News24 remains the undisputed market leader in digital news in the country and Afrikaans digital news subscription platform Netwerk24 recorded pleasing growth. News24 generated more than 55m pageviews over three days of local election coverage, driven by seamless integration of the interactive results ticker and maps across desktop, mobile and app platforms. The Elections24 app alone attracted more than 215 000 users during this time. We also relaunched lifestyle brand Women24 as W24 during the period. Designed from a mobile-first perspective with an improved user experience, W24 saw an immediate uplift in both user numbers and ad revenue.

Our online fashion business, Spree, recorded strong growth in orders (up 79% year on year) and sales (up 84% year on year) – especially via the shopping app. We rolled out new functionality across all platforms, established a second warehouse, in Johannesburg, to improve speed to market and continued to expand the product portfolio by adding new brands (Puma, among others) and local designers. On the fulfilment side, we signed up new retail clients and extended existing contracts. Time-slot deliveries were launched in certain areas and a click-and-collect solution was developed for multichannel retailers to allow customers to collect their parcels in store.

Despite challenging trading conditions and fierce competition, Careers24 achieved double-digit revenue growth against the prior year. This was driven mostly by an increase in once-off advertisers and job listings. It continues to integrate new services such as salary and employer reviews as well as training courses in partnership with reputable education technology vendors to entrench its position as a leading career development platform among job seekers.

Media24 News again posted good results, largely thanks to cost savings in its operations. We remain the largest publisher of newspapers in South Africa in terms of print circulation, advertising and readership. Daily Sun still leads the pack among daily newspapers in the country and Soccer Laduma retained its top spot among sold weekly newspapers. We scooped several awards at the 2016 Standard Bank Sikuville Journalism Awards, including the coveted Frewin (Beeld), McCall (Volksblad) and Joel Mervis (Beeld, joint winner) trophies and individual prizes for multimedia, feature and graphic journalism. Our portfolio of local newspapers again delivered a strong performance.

The Lifestyle division retained market leadership in print circulation, advertising and readership of our stable of excellent magazines. Traffic and content consumption across its digital properties showed double-digit growth and the portfolio's combined social media audience passed the 7m mark during the period. We publish six out of the industry's top 10 consumer magazines, with Huisgenoot, YOU, Kuier and Move! taking the first four spots. Huisgenoot celebrated its centenary in May – a proud milestone – and its special centenary edition was a runaway success. The division's advertising sales teams came out tops in the magazine category at the 2016 MOST Awards, which recognises service excellence and product innovation among industry players.

On the Dot's media logistics operation posted a solid turnaround against the prior year, benefiting from its continued focus on efficiencies. We expanded our pamphlets network by acquiring a Namibian distribution operation.

In the Book segment, NB Publishers maintained its leading position in the local market. Local schoolbook sales are trading as expected and orders from schools in Botswana were up against the prior year with further potential upside from the Pentagon list acquisition. Via Afrika further expanded its e-learning initiatives to build on its market-leading digital educational offering. Campus unrest and a drop in enrolments at Unisa affected the academic market negatively. Jonathan Ball Publishers outperformed sales and profit expectations for the period, benefiting from exceptional sales of, among others, the new Harry Potter book.

Novus Holdings experienced a tough trading period for the first six months of the year. Volumes in the core printing division were marginally down, whereas a significantly weaker rand had a negative impact on its overall financial performance. The group continued its diversification into wet-glue printing and tissue manufacturing. During the period, the labels expansion project achieved profitability on the back of improved production processes and increased sales, while additional tissue capacity is being installed.

BASIS OF PRESENTATION

The condensed consolidated financial information for the half-year to 30 September 2016 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 once-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.

The interim report has been prepared under the supervision of Abduraghman Mayman CA(SA), chief financial officer of the Media24 Holdings group until 31 October 2016. Cindy Hess was appointed as chief financial officer for the Media24 Holdings group with effect from 1 November 2016 to succeed Abduraghman Mayman who will be retiring at the end of April 2017.

REPORT OF THE INDEPENDENT AUDITOR

The results for the period to 30 September 2016 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. Any reference to future financial performance in this announcement has not been reviewed or reported on by PricewaterhouseCoopers Inc.

On behalf of the board

Rachel Jafta

Chair

Cape Town

25 November 2016

Esmaré Weideman

Chief executive

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Six months ended 30 September		Year ended 31 March
	2016 Reviewed R'm	2015 Reviewed R'm	2016 Audited R'm
Revenue	3 989	3 986	8 116
Cost of providing services and sale of goods	(2 889)	(2 716)	(5 549)
Selling, general and administration expenses	(948)	(1 082)	(2 213)
Other losses	(22)	–	(70)
Operating profit	130	188	284
Interest received	14	16	31
Interest paid	(7)	(13)	(23)
Other finance costs – net	(18)	(23)	(23)
Share of associate equity-accounted results	(2)	(2)	(2)
Share of joint venture equity-accounted results	12	13	22
(Loss)/Profit on sale of investments	(3)	–	34
Profit before taxation	126	179	323
Taxation	(97)	(103)	(220)
Profit for the period	29	76	103
Attributable to:			
Equity holders of the group	(43)	(11)	(79)
Non-controlling interest	72	87	182
	29	76	103
Core headline (loss)/earnings for the period	(15)	36	21
Headline loss for the period	(17)	(12)	(45)

RECONCILIATION OF OPERATING PROFIT TO TRADING PROFIT

	Six months ended 30 September		Year ended 31 March
	2016 Reviewed R'm	2015 Reviewed R'm	2016 Audited R'm
Operating profit	130	188	284
Amortisation of intangible assets	4	5	11
Equity-settled share-based payment charges	15	24	35
Other losses	22	–	70
Trading profit	171	217	400

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September		Year ended 31 March
	2016 Reviewed R'm	2015 Reviewed R'm	2016 Audited R'm
Profit for the period	29	76	103
Total other comprehensive income, net of tax, for the period	–	37	7
Cash flow hedges	1	50	5
Actuarial remeasurement reserve	–	(1)	1
Movement in other reserves	(1)	2	3
Tax on other comprehensive income	–	(14)	(2)
Total comprehensive income for the period	29	113	110
Attributable to:			
Equity holders of the group	(43)	14	(73)
Non-controlling interest	72	99	183
	29	113	110

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 30 September		Year ended 31 March
	2016 Reviewed R'm	2015 Reviewed R'm	2016 Audited R'm
Balance at the beginning of the period	3 191	3 424	3 424
Total comprehensive income for the period	(43)	14	(73)
Changes in other reserves	(95)	(245)	(233)
Movement in share-based compensation reserve	6	13	25
Movement in other reserves	(62)	(13)	(4)
Movement in retained earnings	–	–	(9)
Dividends paid to shareholders	(39)	(245)	(245)
Changes in non-controlling interest	(7)	2	73
Total comprehensive income for the period	72	99	183
Dividends paid to minorities	(83)	(75)	(91)
Movement in non-controlling interest in reserves	4	(22)	(19)
Balance at the end of the period	3 046	3 195	3 191
Comprising:			
Share capital and premium	4 867	4 867	4 867
Retained earnings	(640)	(489)	(558)
Share-based compensation reserve	103	84	96
Existing control business combination reserve	(3 646)	(3 584)	(3 584)
Capital contribution	1 077	1 077	1 077
Hedging reserve	(2)	18	(3)
Actuarial remeasurement reserve	(22)	(23)	(22)
Foreign currency translation reserve	22	21	23
Non-controlling interest	1 287	1 224	1 295
Total	3 046	3 195	3 191

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Six months ended 30 September		Year ended 31 March
	2016 Reviewed R'm	2015 Reviewed R'm	2016 Audited R'm
ASSETS			
Non-current assets	3 330	3 493	3 362
Current assets	2 921	2 817	2 545
Non-current assets classified as held for sale	179	29	63
Total assets	6 430	6 339	5 970
EQUITY AND LIABILITIES			
Capital and reserves	3 046	3 195	3 191
Non-current liabilities	517	596	535
Current liabilities	2 838	2 548	2 244
Non-current liabilities classified as held for sale	29	–	–
Total equity and liabilities	6 430	6 339	5 970

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September		Year ended 31 March
	2016 Reviewed R'm	2015 Reviewed R'm	2016 Audited R'm
Cash flow (used in)/generated from operating activities	(208)	201	654
Cash flow utilised in investing activities	(122)	(175)	(331)
Cash flow utilised in financing activities	(239)	(218)	(296)
Net movement in cash and cash equivalents	(569)	(192)	27
Foreign exchange translation adjustments	–	1	1
Cash and cash equivalents at the beginning of the period	519	491	491
Cash and cash equivalents at the end of the period	(50)	300	519

COMMITMENTS

	Six months ended 30 September		Year ended 31 March
	2016 Reviewed R'm	2015 Reviewed R'm	2016 Audited R'm
Capital expenditure	42	102	92
Operating lease commitments	201	196	224
Commitments	243	298	316

FINANCIAL INSTRUMENTS

	Fair-value measurements at 30 September 2016 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 are measured at fair value at each reporting period, is categorised as follows:			
Assets			
Foreign exchange contracts	–	2	–
Liabilities			
Foreign exchange contracts	–	19	–
		Fair-value measurements at 30 September 2015 using:	
Assets			
Foreign exchange contracts	–	48	–
		Fair-value measurements at 31 March 2016 using:	
Assets			
Foreign exchange contracts	–	5	–
Liabilities			
Foreign exchange contracts	–	18	–

CALCULATION OF HEADLINE AND CORE HEADLINE EARNINGS/(LOSS)

	Six months ended 30 September		Year ended 31 March
	2016 Reviewed R'm	2015 Reviewed R'm	2016 Audited R'm
Net loss attributable to shareholders	(43)	(11)	(79)
Adjusted for:			
– Impairment of goodwill/other assets	27	–	71
– Profit on sale of property, plant, equipment and intangibles including insurance proceeds	(4)	(1)	(3)
– Loss/(Profit) on sale of investments	3	–	(32)
Total tax effects of adjustments	–	–	(1)
Total adjustment for non-controlling interest	–	–	(1)
Headline loss	(17)	(12)	(45)
Adjusted for:			
– Amortisation of intangible assets	3	5	12
– Foreign exchange (gains)/losses	(11)	24	30
– Equity-settled share-based payment charges	10	19	24
Core headline earnings/(loss)	(15)	36	21

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)



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 2016 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 2016 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.

PricewaterhouseCoopers Inc.
Director: V. Harri
Registered Auditor
Cape Town
21 November 2016

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Chief Executive Officer: T D Shango

Management Committee: S N Madikane, J S Masondo, 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