

## INTERIM REPORT

Media24 recorded further strong growth in digital media and ecommerce activities in the period under review. Financial results were satisfactory despite a tough economic climate and ongoing disruption of traditional media. We are pleased to report a 60% increase in trading profit for the mature portfolio, which includes print media, book publishing and distribution. We continue to drive deep investments in our growth businesses such as digital media and ecommerce to ensure Media24's sustainable future. This has had a negative effect on short-term profitability. Over the past few months we invested further in engineering capacity and data analytics to ensure a better user experience through personalised content feeds and to assist advertisers in reaching their target audiences more effectively through our digital platforms. E-fashion store Spree also deployed new engineering innovations to ensure a best-in-class online shopping experience and grew revenue by 48% year on year. Realising the importance of scale in digital media we migrated our lifestyle titles' digital content to the 24.com platform with further investments in machine learning and artificial intelligence across leading aggregator apps.

### FINANCIAL REVIEW

Effective 26 September 2017, the larger portion of Media24's investment in Novus Holdings Limited (Novus) was unbundled via Naspers, in accordance with the Competition Tribunal's merger approval condition. Post unbundling, Media24 retained a 19% investment in Novus (pre-unbundling 66.5%). As at 30 September 2017, the investment in Novus is carried as an available-for-sale investment and its results are no longer consolidated on a line-by-line basis. As such, the results of Novus for the six months ended 30 September 2017, as well as the loss incurred on unbundling, have been reflected on the discontinued operations line, below operating profit, with comparatives restated accordingly. Excluding Novus, Media24's revenue declined by 5% to R2.3bn while the trading loss increased by 10% to R157m, partly as a result of continued investment in our growth businesses. Post unbundling, Media24's portfolio comprises print media, book publishing and distribution (the mature portfolio) and digital media, ecommerce, ecommerce fulfilment, job classifieds and online services (collectively referred to as the growth portfolio). The growth businesses contributed 17% of total revenue and grew by 29% during the period, largely as a result of a strong revenue performance by Spree (+48%) and Digital Media (+33%) as well as new revenue contributions from Afrikaans lifestyle television channel VIA. The growth businesses continued to invest to build scale. This, along with a R43m investment in Nigeria, resulted in net operating losses for the growth portfolio of R182m, 66% (R73m) higher than the prior period.

The mature portfolio contributed R1 988m in revenue, a 10% (R227m) decline on the prior period. Advertising and circulation revenue declined by 7% and 5% respectively, while book publishing revenue reflected a 24% increase due to the timing of Botswana textbook orders. Pleasingly, through ongoing cost-saving initiatives and business restructuring, trading profit in the mature portfolio improved by 60% to R85m for the period. Similar efforts applied at a corporate level resulted in a 33% reduction in corporate costs.

Overall free cash flow improved despite the above, as a result of the proceeds on the sale of two properties.

Due to the Competition Tribunal's merger approval conditions, Media24 required recapitalisation pre the unbundling of Novus. Media24 therefore issued 70 B ordinary shares in the amount of R1.4bn to Naspers. The affected Novus shares were then distributed to Naspers as an in specie dividend. A special cash dividend of R216m (R14.79 per share) was also declared to black empowerment group Welkom Yizani Investments (RF) Limited, representing their proportionate share of the unbundling value. Naspers waived its right to participate in this special cash dividend. On 28 August 2017 ordinary dividends of R42m were declared to shareholders registered on this day.

### OPERATIONS

24.com now delivers close to 13m daily page views (up 11% year on year) with almost 85% of these coming from mobile browsers and apps. Average daily unique browsers grew by 13% over the same period and 24.com now has 17m monthly active users. News24 remains the leader in digital news, with a 47% audience market share among South African publishers. Netwerk24, already the largest subscription news destination in the country, grew its subscriber base by 27% year on year and free Afrikaans news app NetNuu, launched in 2016, now has some 87 000 monthly users. New aggregator apps DailyKick and Sliced showed encouraging growth in active installs and user numbers while Bounce became the top news app in Nigeria only six months after it was launched. News24 Edge, the personalised version of News24, was recently named joint best mobile news app in the world by the World Association of Newspapers and News Publishers.

Spree grew orders by 48% and visits by 35% compared to the same period last year. This is despite fulfilment business On the Dot facing labour issues in its Johannesburg warehouse which caused temporary delivery delays. Spree launched The Index, an online store for sneakers and athleisure, and debuted image search functionality in its app whereby users can upload images and find similar items for sale on Spree. For this, and its excellent user experience, it won a digital innovator award at Africa's Customer Experience Awards.

Job classifieds site Careers24 grew its subscriber contracts and launched a new applicant tracking system, Simplify.hr, which was well received in the market.

Despite an overall decline in revenue, print media operations exceeded expectations thanks to an uplift in retail advertising and strict cost management. We grew our advertising market share for newspapers and magazines and maintained our market leadership in print circulation. Our Sunday newspapers performed well while a number of our local titles produced their best-ever results. Daily Sun retained its position as South Africa's largest daily newspaper and won the coveted Frewin Trophy at the Standard Bank Sikuvile Journalism Awards, while Afrikaans daily Volksblad won the McCall Trophy for the seventh time in eight years. Ads24 was named best newspaper advertising sales team at the advertising industry's prestigious MOST Awards. Lifestyle, our magazine publishing division, publishes six of the top 10 consumer magazines in South Africa including the top three, Huisgenoot, YOU and Kuier.

VIA, the most popular lifestyle channel among Afrikaans viewers on DSTV, achieved 40% year-on-year growth in Afrikaans prime-time viewership, with 285 500 average daily viewers tuning in during September. Numerous VIA programmes scooped awards, including a South African Film and Television Award and four ATKV Mediaveertjies.

School book publisher Via Afrika and Collegium received healthy textbook orders in South Africa and Botswana respectively while tertiary publisher Van Schaik benefited from its strong publishing programme. NB Publishers maintained its leading position among local trade publishers and won numerous literary prizes, including five from the South African Academy for Arts and Sciences and five ATKV Woordveertjie awards. Jonathan Ball Publishers published several bestsellers including the biography *Thuli Madonsela* and Redi Thlabi's *Khwezi*.

### DIRECTORATE

Cindy Hess, Media24 group chief financial officer (CFO) and director responsible for the finance function, stepped down as CFO and director on 31 October 2017. The Media24 board thanks Cindy for her valuable contribution and wishes her well with future endeavours. Former group CFO and current non-executive Media24 director Abduraghaman (Manie) Mayman has been appointed acting group CFO from 1 November 2017.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM REPORT

### BASIS OF PREPARATION

The condensed consolidated interim report for the six months ended 30 September 2017 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 condensed interim report are in terms of International Financial Reporting Standards (IFRS) and are consistent with those applied in previous consolidated annual financial statements.

Trading profit 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 Manie Mayman CA(SA), acting chief financial officer of the Media24 group.

### REPORT OF THE INDEPENDENT AUDITOR

The condensed consolidated interim report for the six months ended 30 September 2017 has been reviewed by the company's auditor, PricewaterhouseCoopers Inc., who expressed an unqualified conclusion thereon. A copy of the auditor's report on the condensed consolidated interim financial statements is available on request at the company's registered office and on its website, together with the financial statements identified in the auditor's report. 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  
29 November 2017

**Esmaré Weideman**  
*Chief executive*

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Six months ended			Year ended
	30 September			31 March
	2017 Reviewed R'm	2016 Reviewed R'm	2017 Audited R'm	2017 Audited R'm
<b>Continuing operations</b>				
<b>Revenue</b>	<b>2 333</b>	2 450	4 951	
Cost of providing services and sale of goods	(1 763)	(1 926)	(3 821)	
Selling, general and administration expenses	(740)	(675)	(1 459)	
Other gains/(losses)	17	(23)	(27)	
<b>Operating loss</b>	<b>(153)</b>	(174)	(356)	
Interest received	20	5	13	
Interest paid	(5)	(2)	(9)	
Other finance costs – net	(1)	–	(7)	
Share of associate equity-accounted results	(1)	(2)	(2)	
Share of joint venture equity-accounted results	10	12	23	
(Loss)/Profit on sale of investments	–	(3)	19	
<b>Loss before taxation</b>	<b>(130)</b>	(164)	(319)	
Taxation	(16)	(9)	(26)	
<b>Loss from continuing operations</b>	<b>(146)</b>	(173)	(345)	
(Loss)/Profit from discontinued operations	(36)	202	257	
<b>(Loss)/Profit for the period</b>	<b>(182)</b>	29	(88)	
<b>Attributable to:</b>				
Equity holders of the group	(310)	(43)	(196)	
Non-controlling interest	128	72	108	
	(182)	29	(88)	
<b>Continuing operations</b>				
Core headline loss for the period	(99)	(145)	(351)	
Headline loss for the period	(111)	(152)	(354)	

## RECONCILIATION OF OPERATING LOSS TO TRADING LOSS

	Six months ended			Year ended
	30 September			31 March
	2017 Reviewed R'm	2016 Reviewed R'm	2017 Audited R'm	2017 Audited R'm
<b>Continuing operations</b>				
<b>Operating loss</b>	<b>(153)</b>	(174)	(356)	
Amortisation of intangible assets	2	2	4	
Equity-settled share-based payment charges	11	6	12	
Other (gains)/losses	(17)	23	27	
<b>Trading loss</b>	<b>(157)</b>	(143)	(313)	

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended			Year ended
	30 September			31 March
	2017 Reviewed R'm	2016 Reviewed R'm	2017 Audited R'm	2017 Audited R'm
<b>(Loss)/Profit for the period</b>	<b>(182)</b>	29	(88)	
<b>Total other comprehensive income, net of tax, for the period</b>	<b>(40)</b>	–	2	
Cash flow hedges	25	1	–	
Actuarial remeasurement reserve	(5)	–	5	
Fair value reserve	(59)	–	–	
Movement in other reserves	1	(1)	(3)	
Tax on other comprehensive income	(7)	–	–	
<b>Total comprehensive income for the period</b>	<b>(222)</b>	29	(86)	
<b>Attributable to:</b>				
Equity holders of the group	(356)	(43)	(194)	
– Continuing operations	(338)	(179)	(364)	
– Discontinued operations	(18)	136	170	
Non-controlling interest	134	72	108	
– Continuing operations	16	4	22	
– Discontinued operations	118	68	86	
<b>Total comprehensive income for the period</b>	<b>(222)</b>	29	(86)	

### 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 Willernse

### Group company secretary

L J Klink

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended		Year ended
	30 September		31 March
	2017 Reviewed R'm	2016 Reviewed R'm	2017 Audited R'm
<b>Balance at the beginning of the period</b>	<b>2 951</b>	3 191	3 191
<b>Total comprehensive income for the period</b>	<b>(357)</b>	(43)	(194)
<b>Changes in other reserves</b>	<b>220</b>	(95)	(76)
Movement in share-based compensation reserve	(41)	6	(41)
Movement in other reserves	43	(62)	(37)
Movement in retained earnings	53	–	41
Dividends paid to shareholders	(1 275)	(39)	(39)
Subscription of B ordinary shares	1 440	–	–
<b>Changes in non-controlling interest</b>	<b>(1 231)</b>	(7)	30
Total comprehensive income for the period	134	72	108
Dividends paid to minorities	(69)	(83)	(88)
Movement in non-controlling interest in reserves	1	4	10
Novus unbundling	(1 297)	–	–
<b>Balance at the end of the period</b>	<b>1 583</b>	3 046	2 951
<b>Comprising:</b>			
Share capital and premium	6 307	4 867	4 867
Retained earnings	(2 284)	(640)	(753)
Share-based compensation reserve	14	103	56
Existing control business combination reserve	(3 571)	(3 646)	(3 621)
Capital contribution	1 077	1 077	1 077
Hedging reserve	–	(2)	(3)
Actuarial remeasurement reserve	(17)	(22)	(17)
Fair value reserve	(59)	–	–
Foreign currency translation reserve	22	22	20
Non-controlling interest	94	1 287	1 325
<b>Total</b>	<b>1 583</b>	3 046	2 951

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Six months ended		Year ended
	30 September		31 March
	2017 Reviewed R'm	2016 Reviewed R'm	2017 Audited R'm
<b>ASSETS</b>			
Non-current assets	1 104	3 330	742
Current assets	2 537	2 921	1 356
Non-current assets classified as held for sale	–	179	3 541
<b>Total assets</b>	<b>3 641</b>	6 430	5 639
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves	1 583	3 046	2 951
Non-current liabilities	257	517	238
Current liabilities	1 801	2 838	1 731
Non-current liabilities classified as held for sale	–	29	719
<b>Total equity and liabilities</b>	<b>3 641</b>	6 430	5 639

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended		Year ended
	30 September		31 March
	2017 Reviewed R'm	2016 Reviewed R'm	2017 Audited R'm
Cash flow (used in)/generated from operating activities	(369)	(208)	324
Cash flow utilised in investing activities	(23)	(122)	(118)
Cash flow utilised in financing activities	(23)	(239)	(279)
<b>Net movement in cash and cash equivalents</b>	<b>(415)</b>	(569)	(73)
Foreign exchange translation adjustments	–	–	(1)
Cash and cash equivalents at the beginning of the period	218	252	252
Net movement in cash and cash equivalents of discontinued operations	409	424	40
<b>Cash and cash equivalents at the end of the period</b>	<b>212</b>	107	218

## COMMITMENTS AND CONTINGENCIES

	Six months ended		Year ended
	30 September		31 March
	2017 Reviewed R'm	2016 Reviewed R'm	2017 Audited R'm
Capital expenditure	16	42	49
Operating lease commitments	118	201	209
<b>Commitments</b>	<b>134</b>	243	258

## FINANCIAL INSTRUMENTS

	Fair-value measurements at 30 September 2017 using:		
	Quoted prices in active markets for identical assets or liabilities (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
	R'm	R'm	R'm
The fair value of the group's financial instruments that are measured at fair value at each reporting period categorised as follows:			
<b>Assets</b>			
Available-for-sale investments	396	–	4
Foreign exchange contracts	–	1	–
Fair-value measurements at 30 September 2016 using:			
<b>Assets</b>			
Foreign exchange contracts	–	2	–
<b>Liabilities</b>			
Foreign exchange contracts	–	19	–
Fair-value measurements at 31 March 2017 using:			
<b>Assets</b>			
Available-for-sale investments	–	3	4
Foreign exchange contracts	–	2	–
<b>Liabilities</b>			
Foreign exchange contracts	–	19	–

## CALCULATION OF HEADLINE AND CORE HEADLINE LOSS

	Six months ended		Year ended
	30 September		31 March
	2017 Reviewed R'm	2016 Reviewed R'm	2017 Audited R'm
<b>Continuing operations</b>			
<b>Net loss attributable to shareholders</b>	<b>(465)</b>	(178)	(367)
<i>Adjusted for:</i>			
– Impairment of goodwill/other assets	6	26	29
– Profit on sale of property, plant, equipment and intangibles	(23)	(3)	(2)
– Loss/(Profit) on sale of investments	371	3	(19)
Total tax effects of adjustments	–	–	12
<b>Headline loss</b>	<b>(111)</b>	(152)	(347)
<i>Adjusted for:</i>			
– Amortisation of intangible assets (excluding software)	1	3	5
– Foreign exchange (gains)/losses	(1)	(2)	1
– Recognition of deferred tax assets relating to prior-year losses	–	–	(25)
– Equity-settled share-based payment charges	12	6	12
<b>Core headline loss</b>	<b>(99)</b>	(145)	(354)

## DISCONTINUED OPERATIONS

	Six months ended		Year ended
	30 September		31 March
	2017 Reviewed R'm	2016 Reviewed R'm	2017 Audited R'm
<b>Income statement</b>			
Revenue	1 827	2 177	4 312
External	1 342	1 540	3 099
Intergroup	485	637	1 213
Expenses	(1 528)	(1 887)	(3 951)
<b>Profit before tax</b>	<b>299</b>	290	361
Taxation	(62)	(88)	(104)
<b>Profit after tax</b>	<b>237</b>	202	257
Loss on distribution of subsidiary	(273)	–	–
<b>(Loss)/Profit from discontinued operations</b>	<b>(36)</b>	202	257
<b>Statement of cash flows</b>			
Cash flow (used in)/generated from operating activities	(123)	(25)	491
Cash flow utilised in investing activities	(79)	(127)	(231)
Cash flow utilised in financing activities	(207)	(272)	(300)
<b>Net movement in cash and cash equivalents</b>	<b>(409)</b>	(424)	(40)

### Registered office

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

### Transfer secretaries



## 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 2017 and the related condensed consolidated income statement, condensed consolidated statements of comprehensive income, condensed consolidated statement of 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*, 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 2017 are 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.

### *Other Matter*

We have not reviewed 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: Viresh Harri

Registered Auditor

Cape Town

24 November 2017

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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  
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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