Media24 Holdings Proprietary Limited

Interim report

Consolidated financial statements for the six months ended 30 September 2019

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated interim financial statements for the six months ended 30 September 2019 have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting and the Companies Act of South Africa. The consolidated interim financial statements do not include all the disclosures required for annual financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

The consolidated interim financial statements are based on the going concern assumption and are prepared on the historical cost basis, except for the recognition of lease liabilities under IFRS 16 Leases.

2. Related party transactions

The company has entered into a number of transactions with related parties. These transactions have been made on an arm’s length basis.

3. Seasonality of operations

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 figures of the first six months.

4. Adoption of new and amended accounting pronouncements

The company has adopted all new and amended accounting pronouncements that are relevant to its operations and that are effective for financial years commencing 1 April 2019. The impact of adopting new accounting pronouncements is reflected in the notes below and includes significant changes to the economic risks and uncertainties measurement, and the measurement of employee share-based payment transaction.

5. Interim Financial Reporting

The consolidated interim financial statements as of 30 September 2019 are available for inspection at the company's registered office.

The consolidated interim financial statements are reviewed by the company's auditor, PricewaterhouseCoopers Inc., who expressed an unmodified conclusion thereon. The review conclusion does not contain any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company’s auditor.

6. Use of estimates and assumptions

The accompanying financial statements and notes were prepared on the basis that the company will continue to operate as a going concern. The financial statements are prepared on the basis of the historical cost convention, except as otherwise specified.

7. Notes to the consolidated interim financial statements

The consolidated interim financial statements include the financial statements of Media24 Holdings Proprietary Limited and its subsidiaries (the "group"). The financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

The notes to the consolidated interim financial statements include the significant accounting policies adopted in preparing the financial statements.
Operating lease commitments under IAS 17
Operating lease commitment at 31 March as disclosed 146
Discounted average incremental borrowing rate as at 1 April 2019 104
Reconnaissance exemptions
Short-term leases (48)
Lease liabilities recognised as at 1 April 2019 11
Less: Current portion of lease liabilities (26)
Non-current portion of lease liabilities 26
1) The group disclosed these lease commitments on an unconsolidated basis in the consolidated annual financial statements for the year ended 31 March 2019.

Operating lease commitments

<table>
<thead>
<tr>
<th>Level</th>
<th>31 March 2019</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>R’m</td>
<td>R’m</td>
<td>R’m</td>
<td>R’m</td>
</tr>
<tr>
<td>Foreign exchange contracts</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>At fair value through other comprehensive income investments</td>
<td>171</td>
<td>–</td>
<td>–</td>
<td>171</td>
</tr>
<tr>
<td>Total</td>
<td>171</td>
<td>–</td>
<td>–</td>
<td>171</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Business combination obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>191</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended 31 March 2019</th>
<th>Year ended 31 March 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reviewed</td>
<td>R’m</td>
</tr>
<tr>
<td>Operating loss per income statement</td>
<td>(55)</td>
</tr>
<tr>
<td>Adjustments: Non-cash and other movements</td>
<td>3</td>
</tr>
<tr>
<td>Working capital movements</td>
<td>4</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>27</td>
</tr>
<tr>
<td>Operating lease commitments</td>
<td>27</td>
</tr>
<tr>
<td>Total</td>
<td>161</td>
</tr>
</tbody>
</table>

10. Related party transactions

The group entered into various related party transactions in the ordinary course of business. There were changes to the related parties which existed at 31 March 2018 as Naspers listed in Video Entertainment business (MultiChoice Group) on the JSE Limited. Other than these changes, there have been no significant changes to related party transactions and balances since the previous reporting period.

11. Significant business combinations

Effective 28 April 2019, Media24 Books Private Limited acquired the remaining 30% of shareholding in Naasru Via Alphtha Private Limited from Blaqo & Partners Private Limited for R14m, thereby increasing its shareholding to 70%. Fairfax Limited SA Private Limited acquired a transaction on 5 September 2019 to purchase the business assets and liabilities of Search London Private Limited, a e-commerce design centre, for R50m. This resulted in the recognition of an intangible asset of R130m and goodwill of R2m.

12. Commitments and contingencies

There are no events that occurred between the balance sheet date and the date of approval of the condensed consolidated financial statements that are material to the financial affairs of the group.

13. Cash utilised in operations

The condensed consolidated interim financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

14. Subsequent events

There are no events that occurred between the balance sheet date and the date of approval of the condensed consolidated financial statements that are material to the financial affairs of the group.
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 comprises the condensed consolidated statement of financial position as at 30 September 2019 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 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 (ISRE) 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 2019 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
22 November 2019