

Media24 felt the full brunt of the Covid-19 pandemic in the half-year to September 2020, with trading results declining considerably against the comparable period in 2019. Strong performances in our digital and e-commerce-related businesses only partially offset the impact on our already fragile print media operations. Our focus in the review period was therefore to mitigate losses and align operations to the highly challenging trading realities. As a result, we have retained a strong foundation to continue our strategic journey to build a sustainable future for Media24 in an increasingly digital landscape.

## FINANCIAL REVIEW

Media24's recorded revenue of R1.9bn was 19% lower than the prior year, while the trading loss of R387m was R359m higher year on year (YoY) given the economic impact of Covid-19 and government-imposed lockdown in South Africa. Core headline results decreased from a profit of R63m to a loss of R315m over the period.

The impact of Covid-19, together with the continued structural decline in print revenue, resulted in the media business (English News, Afrikaans News, Lifestyle, On the Dot (distribution), 24.com and TV) showing a YoY revenue decline of 30% (-R587m) and a loss of R198m. The books business recorded a revenue decline of 38% (-R97m) and loss of R46m due to trading restrictions during lockdown.

Revenue from the e-commerce portfolio (FUSA (Fashion United SA), Contract Logistics and Careers24) increased by 40% YoY, mainly due to the significant growth in our online fashion business, Superbalist, while Contract Logistics benefited from higher online fulfilment volumes. Trading results improved from a loss of R90m to a loss of R76m.

Cash used in operations increased from R141m to R312m due to the increased trading loss for the period. In addition, lower investment and interest income YoY contributed to the decline in the cash balance from R1.1bn in March 2020 to R762m in September 2020.

## OPERATIONS

Media24 entered the new financial year less than a week after the hard lockdown (level 5) was implemented, with regulations restricting the distribution and sale of print media and limiting general trade to essential items, mostly food. These restrictions were eased very gradually to reach level 1 on 21 September, days before the close of the first half-year.

From the earliest days of the pandemic in South Africa, all our actions have been focused on two priorities: the health and safety of our people, and business continuity. We revised and implemented updated business continuity plans, introduced initiatives to mitigate losses – including no salary increases for 2020, a moratorium on all but the most essential hiring, and cutting all discretionary spend – and implemented a work-from-home practice before the official lockdown. These actions enabled us to stay well ahead of the curve and protect jobs for as long as possible. However, the impact of the pandemic on our business was clear.

On the one hand, our digital media operations continued the 24/7 publishing cycle almost uninterrupted, with traffic soaring to record levels. Average daily unique browsers across all Media24's digital properties increased by 21% to 2.5m for the first six months of FY21 versus the average for FY20, while our digital news brands, News24 and Netwerk24, saw their combined average daily unique browsers rise 49% to nearly 1.8m. Netwerk24, the Afrikaans payroll news site, continued its strong subscription growth and closed the period 34% higher YoY at almost 71 500 subscribers. News24 launched its subscription service on 8 August 2020 and attracted almost 20 000 subscribers by the end of September.

The news and commercial teams at 24.com won two WAN-IFRA African Digital Media awards. We are particularly proud of News24 being named South Africa's most trusted digital news brand by the Reuters Institute's Digital News Report for the second consecutive year.

Our e-commerce fulfilment business reaped the benefit of considerable growth in online sales during lockdown, with volumes growing by 129% YoY. Similarly, our investment in FUSA, trading as Superbalist, continued to deliver strong returns from the surge in e-commerce. Careers24, our online job-listing business and home to the applicant tracking system Simplify, no longer carries the burden of the loss-making Nigerian operation and is holding its own in a severely strained job market.

On the flip side, our print media operations were devastated by the impact of the pandemic on circulation and advertising revenues, not only at Media24 but across the industry. Long-established publishing and distribution models were thrown into disarray by regulations and restrictions; so much so that none of the newspaper publishers in the country were able to submit data for verification by the Audit Bureau of Circulations. In the magazine industry, Caxton closed its consumer magazine operations and Associated Media closed its doors permanently.

In addition to early interventions to mitigate losses, Media24 also initiated a major restructure of its print media operations in July. This included the closure of five magazines (Men's Health, Women's Health, Runner's World, Bicycling and Move!) and two newspapers (Son op Sondag and Sunday Sun), going digital-only with three newspapers (Volksblad, Die Burger Oos-Kaap and Son Oos-Kaap) and one magazine (DRUM), outsourcing editorial production and reducing the frequency of the remaining monthly magazines. We also reduced staff in related support services and corporate departments, cutting around 610 positions and retrenching 510 people out of a staff complement of 2 971. Reducing the workforce incurred a cost of R66m.

The books business was also hampered by restricted trade in the early stages of the lockdown, but both NB Publishers and Jonathan Ball Publishers maintained their market-leading positions with strong publishing programmes. On the schools publishing side, Via Afrika faced delayed orders from all provinces in South Africa while Collegium received much higher-than-expected primary school book orders in Botswana. Authors at NB Publishers won several literary awards, including the hat-trick achieved by Zirk van den Berg with his novel, Ek wens, ek wens, that was awarded the WA Hofmeyr prize and two kykNET-Rapport prizes (best Afrikaans fiction and most filmable Afrikaans book). Icon Books, the UK publishing company we acquired in April 2020, has performed well with strong sales in what remains a very good market for books.

Our television business is coming into its own. VIA retained its strong reach in the Afrikaans market and total viewership stabilised after a spike during the hard lockdown. POP!, the new inhouse production unit, started operating in April and has already delivered 15 productions, which will also be used for other platforms and channels at Media24. We have signed a contract with MultiChoice to produce a new pan-Africa lifestyle channel called Honey, which is scheduled for launch on DSTV in February 2021.

On behalf of the board

**Rachel Jaffa**  
Chair

**Ishmet Davidson**  
Chief executive

Cape Town  
23 November 2020

## CONDENSED CONSOLIDATED INCOME STATEMENT

Notes	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
Revenue from contracts with customers	13	1 914	2 351
Cost of providing services and sale of goods		(1 638)	(1 700)
Selling, general and administration expenses		(679)	(706)
Other gains – net	14	(50)	2
<b>Operating loss</b>		<b>(453)</b>	(53)
Interest received		21	40
Interest paid		(9)	(4)
Other finance cost – net		(1)	1
Share of equity-accounted results (associates and joint ventures)		8	9
Profits on acquisitions and disposals		9	1
<b>Loss before taxation</b>		<b>(425)</b>	(6)
Taxation		5	(29)
<b>Loss for the period</b>		<b>(420)</b>	(35)
<b>Attributable to:</b>			
Equity holders of the group		(373)	1
Non-controlling interests		(47)	(36)
		<b>(420)</b>	(35)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
<b>Loss for the period</b>		<b>(420)</b>	(35)
<b>Total other comprehensive loss, net of tax for the period</b>		<b>(74)</b>	(84)
Actuarial remeasurement reserve		–	11
Fair value reserve	9	(73)	(84)
Movement in other reserves		(1)	3
<b>Total comprehensive loss for the period</b>		<b>(494)</b>	(119)
<b>Attributable to:</b>			
Equity holders of the group		(447)	(83)
Non-controlling interests		(47)	(36)
		<b>(494)</b>	(119)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
<b>Balance at the beginning of the period</b>	<b>1 348</b>	1 109	1 109
<b>Total comprehensive loss for the period</b>	<b>(447)</b>	(83)	(174)
<b>Changes in other reserves</b>	<b>(26)</b>	(8)	561
Movement in share-based compensation reserve	8	4	11
Movement in other reserves	–	15	572
Movement in retained earnings	8	15	20
Dividends paid to shareholders	(42)	(42)	(42)
<b>Changes in non-controlling interest</b>	<b>(51)</b>	(86)	(148)
Total comprehensive income for the period	(47)	(36)	(93)
Dividends paid to minorities	(4)	(13)	(18)
Movement in non-controlling interest in reserves	–	(37)	(37)
<b>Balance at the end of the period</b>	<b>824</b>	932	1 348
<b>Comprising:</b>			
Share capital and premium	4 867	4 867	4 867
Accumulated loss	(3 287)	(2 838)	(2 881)
Share-based compensation reserve	30	15	22
Existing control business combination reserve	(3 420)	(3 418)	(3 420)
Capital contribution	3 076	2 517	3 076
Actuarial remeasurement reserve	(24)	(34)	(24)
Fair value reserve	(413)	(284)	(340)
Foreign currency translation reserve	3	2	5
Non-controlling interest	(8)	105	43
<b>Total</b>	<b>824</b>	932	1 348

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Notes	30 September 2020 Reviewed R'm	30 September 2019 Reviewed R'm	31 March 2020 Audited R'm
	<b>ASSETS</b>		
<b>Non-current assets</b>	<b>675</b>	968	756
Property, plant and equipment	278	365	241
Goodwill	223	235	229
Intangible assets	94	166	122
Investments in joint ventures	21	17	32
Investments and loans	46	174	119
Deferred taxation	13	11	13
<b>Current assets</b>	<b>1 877</b>	2 171	2 164
Inventory	427	486	360
Trade receivables	456	597	452
Other receivables	93	80	115
Contract assets	3	5	5
Related party receivables	17	8	3
Derivatives	–	1	3
Loans and receivables	601	828	909
Cash and cash equivalents	182	166	219
Non-current assets classified as held for sale	97	–	98
<b>Total assets</b>	<b>2 552</b>	3 139	2 920
<b>EQUITY</b>			
<b>Capital and reserves attributable to the group's equity holders</b>	<b>832</b>	827	1 305
Share capital and premium	4 867	4 867	4 867
Other reserves	(748)	(1 202)	(681)
Accumulated loss	(3 287)	(2 838)	(2 881)
<b>Non-controlling interests</b>	<b>(8)</b>	105	43
<b>Total equity</b>	<b>824</b>	932	1 348
<b>Non-current liabilities</b>	<b>428</b>	431	385
Long-term liabilities	50	42	21
Deferred taxation	23	30	26
Post-employment medical liability	301	304	294
Cash-settled share-based payment liability	13	4	3
Provisions	41	51	41

Notes	30 September 2020 Reviewed R'm	30 September 2019 Reviewed R'm	31 March 2020 Audited R'm
	<b>Current liabilities</b>	<b>1 300</b>	1 776
Trade payables	260	271	233
Accrued expenses and other current liabilities	631	586	642
Contract liabilities	174	184	131
Related party payables and loans	19	31	6
Post-employment medical liability	29	24	29
Current portion of long-term liabilities	26	58	26
Loans from group companies	174	586	97
Derivatives	1	–	–
Provisions	20	36	23
<b>Total equity and liabilities</b>	<b>2 552</b>	3 139	2 920

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Notes	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
<b>Cash flow from operating activities</b>			
Cash (utilised in)/from operations	21	(312)	(141)
Interest paid	(10)	(5)	(9)
Interest income received	23	41	79
Dividends received from investments and equity-accounted companies	20	51	34
Taxation paid	(3)	(6)	(21)
<b>Net cash (utilised in)/from operating activities</b>	<b>(282)</b>	(60)	132
<b>Cash flow from investing activities</b>			
<b>Investment activities</b>			
Net disposals/(acquisitions) of tangible and intangible assets	(17)	5	(5)
Net (acquisition)/disposals of subsidiaries	(20)	(2)	(15)
Net disposal of associate	–	3	3
Additional investment in existing joint venture	–	–	(6)
Cash movement in other investments and loans	–	–	(44)
<b>Net cash (utilised in)/from investing activities</b>	<b>(37)</b>	6	(67)
<b>Cash flow from financing activities</b>			
Repayment of long-term loans	–	–	(8)
Repayment of capitalised lease liabilities	(34)	(18)	(38)
Intergroup and related party loans raised	327	68	33
Outflow from share-based compensation transaction	–	(6)	(8)
Additional investment in existing subsidiaries	–	(15)	(15)
Dividends paid by subsidiaries to non-controlling shareholders	(4)	(13)	(18)
External dividends paid	(6)	(6)	(6)
<b>Net cash from/(utilised in) financing activities</b>	<b>283</b>	10	(60)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(36)</b>	(44)	5
<b>Translation adjustments on cash and cash equivalents</b>	<b>(1)</b>	–	4
<b>Cash and cash equivalents at the beginning of the period</b>	<b>219</b>	210	210
<b>Cash and cash equivalents at the end of the period</b>	<b>182</b>	166	219

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 September 2020 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 condensed consolidated interim financial statements do not include all the disclosures required for complete annual financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

The accounting policies applied in preparing the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

### 2. Preparation

The preparation of the condensed consolidated interim financial statements was supervised by the chief financial officer, Mobasheer Patel CA(SA). Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditor.

### 3. Report of the independent auditor

These condensed consolidated interim financial statements for the six months ended 30 September 2020 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified conclusion thereon. The review opinion does not necessarily cover all the information contained in this interim report. A copy of the auditor's report on the condensed consolidated interim financial statements is available for inspection at the company's registered office.

### 4. Use of estimates and assumptions

In preparing these condensed consolidated interim financial statements, the significant judgement made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 March 2020.

### 5. Seasonality of operations

Due to the seasonal nature of the operating segments within the group and the impact of the national lockdown due to Covid-19 in the first part of the financial year, revenue and operating profit in the second half of the year will not necessarily be in line with the first six months.

### 6. Adoption of new and amended accounting pronouncements

There were no amended accounting pronouncements effective from 1 April 2020 that have a significant impact on the group's condensed consolidated interim financial statements.

### 7. Property, plant and equipment

Effective 1 April 2020, Media24 Proprietary Limited entered into a two-year lease agreement with Naspers Properties Proprietary Limited for the rental of the Media24 Centre in Cape Town. This resulted in a right-of-use asset and corresponding finance lease liability of R66m. Due to Covid-19 and the resulting business restructure, a modification was booked to the right-of-use asset (-R5m) and the finance lease liability (-R6m). This resulted in a R1m modification gain included in "Other gains – net" in the income statement.

Except for the additional right-of-use asset for the Media24 Centre lease (+R61m), the movement is mainly due to depreciation for the period (-R53m) and operational acquisitions and disposals (+R29m).

## 8. Goodwill

	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
<b>Cost</b>			
Opening balance	244	299	299
Acquisition of subsidiaries/business	28	3	–
Disposal of subsidiaries/business	–	–	(26)
Reclassifications	–	–	(29)
<b>Closing balance</b>	<b>272</b>	302	244
<b>Accumulated impairment</b>			
Opening balance	15	41	41
Disposal of subsidiaries/business	–	–	(26)
Impairment	34	26	29
Reclassifications	–	–	(29)
<b>Closing balance</b>	<b>49</b>	67	15
<b>Net book value</b>	<b>223</b>	235	229

The group recognised an impairment loss of R34m due to the fact that the recoverable amount of its contract publishing business was less than its carrying value. The impairment charge has been included in “Other gains – net” in the income statement.

The recoverable amount has been determined based on a value-in-use calculation. Management used a five-year projected cash flow model, with a growth of -10% and weighted-average cost of capital of 16%. The cash flows were adjusted to take Covid-19 implications into account. If the growth rate is 5% worse than expected, the impairment loss would be R42m and if the discount rate increases by 2% the impairment loss would be R40m.

## 9. Investments and loans

	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
Originating loans	2	2	2
At fair value through other comprehensive income investments <sup>(1)</sup>	42	172	115
At fair value through profit or loss investment	2	–	2
	<b>46</b>	174	119

<sup>(1)</sup> The group retained 19% in Novus Holdings Limited after the distribution of 47.5% to Naspers on 1 October 2017. The six-month movement in share price from R1.90 to R0.69 was booked to the fair value reserve.

## 10. Trade receivables

	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
<b>Carrying value</b>			
Trade accounts receivable – gross	500	634	497
Less: Loss allowance	(44)	(37)	(45)
	<b>456</b>	597	452
<i>Expected loss rate</i>	<b>-9%</b>	-6%	-9%

Under IFRS 9, the group uses historic default rates in the assessment of the probability of credit losses, while incorporating forward-looking macroeconomic factors. The group uses the simplified approach in calculating the loss allowance. Included in the loss allowance are impairments raised in respect of specific debtors where the recoverability of amounts owing appeared to be doubtful.

## 11. Inventory

	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
<b>Carrying value</b>			
Finished products, trading inventory and consumables	518	549	473
Work in progress	29	21	19
Gross inventory	547	570	492
Less: Provision for slow-moving and obsolete inventories	(120)	(84)	(132)
Net inventory	<b>427</b>	486	360

## 12. Assets classified as held for sale

	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
<b>Non-current assets held for sale</b>			
Property, plant and equipment	97	–	98

Held-for-sale assets of R97m comprise office buildings in Auckland Park (R90m) and Bloemfontein (R7m) which management has decided to sell.

The consolidation of our portfolio of owned and rented properties to better suit business requirements is an important part of Media24's initiatives to reduce our overall cost base while maximising the return on our assets. The transfer of the properties are delayed due to the lockdown, with only the Klerksdorp and Newcastle building transfers concluded since year-end. It is envisaged that the other buildings will be transferred by March 2021.

## 13. Revenue from contracts with customers

	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
<b>Revenue</b>			
Subscription revenue	102	102	201
Circulation revenue	299	414	820
Advertising revenue	491	842	1 645
Distribution revenue	213	191	398
Book publishing and book sales revenue	158	256	546
Ecommerce revenue	545	395	867
Contract publishing revenue	33	57	105
Other revenue	73	94	207
	<b>1 914</b>	2 351	4 789

The group has recognised the following assets and liabilities in the summarised consolidated statement of financial position that relate to revenue from contracts with customers:

	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
Contract assets	3	5	5
Contract liabilities	174	184	131

## 14. Other gains – net

	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
Profit/(Loss) on property, plant and equipment	1	–	(1)
Profit on intangible assets	–	10	9
Impairment of goodwill (refer to note 8)	(34)	(26)	(29)
Impairment of other intangible assets with definite lives	(17)	–	(20)
Impairment of property, plant and equipment	(1)	–	(1)
Impairment of other assets	–	–	(4)
Gain on settlement of liabilities (refer to note 7)	1	–	–
Dividends from investments	–	18	18
	<b>(50)</b>	2	(28)

## 15. Fair value of financial instruments

	30 September 2020			
	Level 1 R'm	Level 2 R'm	Level 3 R'm	Total R'm
<b>Assets</b>				
At fair value through profit or loss investments	–	–	2	2
At fair value through other comprehensive income investments	42	–	–	42
<b>Total</b>	<b>42</b>	<b>–</b>	<b>2</b>	<b>44</b>
<b>Liabilities</b>				
Foreign exchange contracts	–	1	–	1
<b>Total</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>1</b>

	30 September 2019			
	Level 1 R'm	Level 2 R'm	Level 3 R'm	Total R'm
<b>Assets</b>				
Foreign exchange contracts	–	1	–	1
At fair value through other comprehensive income investments	171	–	–	171
<b>Total</b>	<b>171</b>	<b>1</b>	<b>–</b>	<b>172</b>
<b>Liabilities</b>				
Business combination obligations	–	–	51	51
<b>Total</b>	<b>–</b>	<b>–</b>	<b>51</b>	<b>51</b>

	31 March 2020			
	Level 1 R'm	Level 2 R'm	Level 3 R'm	Total R'm
<b>Assets</b>				
Foreign exchange contracts	–	3	–	3
At fair value through profit or loss investments	–	–	2	2
At fair value through other comprehensive income investments	115	–	–	115
<b>Total</b>	<b>115</b>	<b>3</b>	<b>2</b>	<b>120</b>
<b>Liabilities</b>				
Business combination obligations	–	–	8	8
<b>Total</b>	<b>–</b>	<b>–</b>	<b>8</b>	<b>8</b>

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 16. Commitments and contingencies

	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
Capital expenditure	6	–	2
Operating lease commitments	4	27	3
Other obligations <sup>(1)</sup>	126	–	51
	<b>136</b>	27	56

<sup>(1)</sup> Open purchase-order commitments not yet fulfilled at Superbalist.

## 17. Related party transactions

The group entered into various related party transactions in the ordinary course of business. On 23 March 2020, Naspers Limited donated and ceded its loan claim of R558m against Media24 Holdings Proprietary Limited to Media24 Proprietary Limited for no consideration. Other than the noted change, there have been no significant changes in related party transactions and balances since the previous reporting period.

The group participates in a Naspers group cash pool arrangement. Included in “Loans and receivables” is R580m (September 2019: R828m) cash invested with Naspers Treasury. Cash utilised during the period is included in “Intergroup and related party loans raised” under financing activities in the statement of cash flows.

## 18. Significant business combinations

Effective 1 April 2020, Media24 Proprietary Limited acquired 100% shareholding in London-based book publisher, Icon Books Limited, for R33m. This resulted in the recognition of goodwill to the value of R10m.

Effective 1 June 2020, Media24 Proprietary Limited acquired 100% of the shareholding in a digital agency, Swipe Interactive Proprietary Limited, for R23m. This resulted in the recognition of goodwill to the value of R19m.

## 19. Covid-19 assessment and going concern

Media24 entered the new financial year less than a week after the implementation of the level 5 lockdown due to the Covid-19 pandemic, with regulations restricting the distribution and sales of print media and limiting general trade to essential items, mostly food. These restrictions were eased very gradually to reach level 1 on 21 September, mere days before the close of the first half-year.

Media24 felt the full brunt of the Covid-19 pandemic and trading results declined considerably against the prior year. Our already fragile print media operations were hit particularly hard, which was only partially offset by strong performances in our digital and ecommerce-related businesses. As a result, the period under review was also marked by major interventions to mitigate losses and align operations to the highly challenging trading realities. However, we have retained a strong foundation for the remainder of the financial year.

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.

The board is of the opinion that the group has sufficient financial flexibility given its liquidity position at 30 September 2020 to negate the expected negative effects that could result from Covid-19 on the group's businesses in the second half of the 2021 financial year.

## 20. Subsequent events

There are no events, other than the continued impact of Covid-19, that occurred between the balance sheet date and the date of approval of the condensed consolidated interim financial statements that are material to the financial affairs of the group.

## 21. Cash utilised in operations

	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
Operating loss per income statement	(453)	(53)	(222)
Adjustments: Non-cash and other movements	183	94	276
Working capital movements	(42)	(182)	(5)
<b>Cash (utilised in)/from operations</b>	<b>(312)</b>	(141)	49

## OTHER INFORMATION

	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
<b>Operating loss</b>	<b>(453)</b>	(53)	(222)
Amortisation of intangible assets (excluding software)	10	11	23
Other gains – net	50	(2)	28
Share-based expense – equity-settled	11	19	25
Interest on finance leases	(5)	(3)	(6)
<b>Trading loss</b>	<b>(387)</b>	(28)	(152)

## CALCULATION OF HEADLINE AND CORE HEADLINE LOSS

	Six months ended 30 September		Year ended 31 March
	2020 Reviewed R'm	2019 Reviewed R'm	2020 Audited R'm
<b>Net (loss)/profit attributable to shareholders</b>	<b>(373)</b>	1	(48)
Adjusted for:			
– Impairment of goodwill/other assets	53	26	54
– Profit on sale of property, plant and equipment and intangibles	(1)	(10)	(8)
– Gain on settlement of liabilities	(1)	–	–
– Gain from bargain purchase recognised on acquisition	–	–	(6)
– Profit on sale of investments	–	(1)	(21)
Total adjustment for non-controlling interest	–	–	3
<b>Headline (loss)/profit</b>	<b>(322)</b>	16	(26)
Adjusted for:			
– Amortisation of intangible assets (excluding software)	4	8	8
– Foreign exchange (gains)/losses	2	(2)	1
– Derecognition of deferred tax assets relating to prior-year losses	–	22	20
– Remeasurement of contingent liabilities	(9)	–	(3)
– Equity-settled share-based payment charges	10	19	25
<b>Core headline (loss)/profit</b>	<b>(315)</b>	63	25

Trading loss excludes amortisation of intangible assets (excluding software), other gains or losses and equity-settled share-based compensation charges and includes interest on finance leases. 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.

## Directors

R C C Jaffa (chair), M I Davidson (chief executive), T D Petersen, J P Bekker, K R Mthimunya, J C Held, E Weideman, M Patel

## Group company secretary

L J Jacquet

## 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)