

### MEDIA24 HOLDINGS PROPRIETARY LIMITED

(Incorporated in the Republic of South Africa)  
(Registration number: 2006/021408/07)  
(Media24)

#### OVERVIEW

Media24 delivered a strong financial performance for the past financial year. Revenue of R8,1bn was 2% weaker, but trading profit of R400m was 62% higher than the prior year. Print media advertising and circulation revenues declined further – partly as a result of structural shifts and partly because of the weak South African economy – but cost reductions in the mature print media operations boosted the trading performance. Additional initiatives are under way to reduce the cost base and we continue investing to drive growth in our digital media operations through 24.com, our online fashion (efashion) business, Spree, and online job classifieds portal, Careers24. Media24's print media operations continue to face headwinds, with a gloomy economic climate, tightening consumer spend and a volatile exchange rate adding to the challenges. We expect the local trading environment to remain tough. Media24 will unlikely sustain the current earnings performance in the near to medium term.

#### OPERATIONAL REVIEW

The **News** division delivered a strong trading performance although this was largely owing to continued cost-cutting measures under tough operating conditions. The division remained the market leader in advertising and circulation. Daily Sun again recorded handsome profits and Soccer Laduma's stable performance helped offset circulation declines. Local titles achieved double-digit profit growth.

**Media24 Lifestyle** (previously the magazine division) outperformed profit expectations, with sterling contributions from contract publishers New Media Publishing and our portfolio of monthly titles. Our total readership market share was stable at around 80% (AMPS) and we retained our advertising and circulation (print and digital) market leadership among the industry's top five publishers. Access to our digital platforms is now 75% via mobile devices.

News and entertainment portal **24.com** expanded its reach and now attracts over 13m monthly unique users across its web and mobile platforms. More than 77% of total traffic now comes via mobile browsers and apps. Our digital flagship, News24, remains Africa's most popular free news app on both iOS and Android. Afrikaans digital destination Netwerk24 is growing rapidly.

Our **Books** division increased its leadership in the local trade-publishing market. Print book sales were buoyant while ebook sales plateaued, in line with international trends. Local textbook orders declined, but orders from schools in Botswana were up against the prior year. Van Schaik posted good results despite instability in the academic market. We divested from the book club business Leisure Books/Leserskring.

**Careers24** recorded good growth across key metrics in a competitive market. We now offer employer branding and company reviews to enhance the value proposition to employers and candidates.

Our online fashion business, **Spree**, signed up more international brands and recorded good growth in shoppers, sales and other key metrics. The Android and iOS apps have performed well since launching at the end of 2015. On the Dot's **efulfillment** operation (now housed in our **ecommerce** division) secured new retail contracts and continues to invest in last-mile delivery to improve the user experience.

Financial data business **INET BFA** successfully rolled out a new version of its flagship IGraph platform, while doubling sales of its global Fronteer platform in South Africa and sub-Saharan Africa.

Initiatives to counter shrinking print media volumes at On the Dot's **media logistics** operation are ongoing.

**Novus Holdings** achieved satisfying results in its core print business, while establishing its first digital print operation, Novus Print Solutions. The group increased investment in its diversification programme and entered the printed flexible packaging market. As part of this, a new packaging gravure press was successfully commissioned. The tissue expansion project is progressing.

#### DIRECTORATE

On 30 June 2015 Lourens Jonker and Steve Pacak stepped down as directors of both Media24 and Media24 Proprietary Limited. The boards thank them for their valuable contribution and commitment to Media24. Koos Bekker and Trevor Petersen were appointed non-executive directors from 1 April 2015 and 1 July 2015, respectively. Résumés for all directors appear on the Media24 website.

#### FINANCIAL REVIEW

Consolidated group revenues declined by 2% to R8,1bn for the year. Printing revenue grew by 3%, primarily due to additional third-party contracts secured by Novus Holdings. The group's focus on growing its non-print revenues gained further impetus, with main contributors including ecommerce activities (+31%), digital advertising (+11%), digital subscriptions (+68%), our new lifestyleTV channel, VIA, and gains from Novus Holdings' investment in tissue plants (+23%).

Advertising revenue declined by 7%, in line with the market, due to the shift away from print media and a lacklustre economy. Print circulation revenue declined by 11%. Print subscription revenues remain hampered by the unstable national postal service. Revenues from book publishing and sales increased by 4% on the back of Jonathan Ball Publishers' strong local catalogue (22% growth year on year) and substantial schoolbook orders from Botswana. This was, however, offset by a sharp decline in schoolbook and book club revenues in South Africa.

Consolidated trading profit climbed by 62% to R400m. Substantial cost reductions across our print media businesses and prudent spending in our growth portfolio more than offset declines in revenues. Novus Holdings grew trading profit by 7%. Logistics arm On the Dot and our Books division achieved solid turnarounds, while the News division grew trading profit by 13%. INET BFA also increased trading profit thanks to cost reductions. Reducing costs to counter lower revenues in our traditional print media portfolio remained a key focus groupwide.

The group continues to make substantial investments in digital media, ecommerce, online job classifieds and other growth opportunities to diversify operations. This carries the associated short to medium-term impact on trading profitability.

The group's free cash flow nearly doubled from the previous financial year. The 20% higher trading profit (adjusted for non-cash items), a concerted focus on working capital, which improved inflows by 38%, and lower capital investment were contributing factors. This was partly offset by higher tax and lower investment income. Our programme to optimise levels of investment in working capital across all divisions remains a key focus area.

#### DIVIDEND

The board recommends that, subject to the approval of shareholders at the annual general meeting on 29 August 2016, a dividend of R39,3m be declared and paid to shareholders.

#### WELKOM YIZANI

Welkom Yizani, established as Media24's broad-based black economic empowerment scheme in 2006, started trading its shares in 2013. Existing shareholders can trade their shares while new qualifying shareholders can buy shares online or use the Welkom Yizani call centre. In the past year Naspers Limited, preference shareholder in Welkom Yizani, agreed to the redemption of 32 855 569 preference shares, which it held in Welkom Yizani, at a nominal amount, resulting in a decrease of R382 431 843 in Welkom Yizani's liabilities as at year-end, and a corresponding limitation of Welkom Yizani's future obligations towards Naspers as preference shareholder.

In 2014 the Registrar of Securities Services (the Registrar) indicated that all traditional over-the-counter trading platforms, like Welkom Yizani, should regularise their affairs in terms of the Financial Markets Act 2012. Welkom Yizani continues to build on the positive engagement it has had with the Registrar to date, and remains committed to complying with any directives or conditions issued by the Registrar. As at 31 March 2016 Welkom Yizani had 92 419 shareholders.

The Welkom Yizani annual general meeting will be held on 29 August 2016. Its board recommends that an ordinary dividend of R5,8m (2015: R4,3m) be declared to ordinary shareholders. This will result in a dividend of 40 cents per ordinary share (2015: 29,4 cents per ordinary share) before dividend tax. No preference share dividends will be declared (2015: 46,6 cents per preference share). After deducting dividend tax, Welkom Yizani ordinary shareholders will receive a net dividend of 34 cents per ordinary share (2015: 25 cents per ordinary share). The declaration of dividends is subject to approval by shareholders at the annual general meetings on 29 August 2016.

#### BASIS OF PRESENTATION

The summarised consolidated financial statements have been extracted from the full set of audited financial statements for the year ended 31 March 2016. These have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective, or issued and early adopted, and in the manner required by the South African Companies Act 71 of 2008. The summarised consolidated financial statements should be read in conjunction with the full audited consolidated annual financial statements. These accounting policies have been applied consistently to all the years presented, unless otherwise stated.

Trading profit exclude 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 financial results have been prepared under the supervision of Abduraghman (Manie) Mayman, chief financial officer of the Media24 Holdings group.

The complete annual financial statements are available on the Media24 website at [www.media24.com](http://www.media24.com).

#### REPORT OF THE INDEPENDENT AUDITOR

This annual results announcement has been audited by PricewaterhouseCoopers Inc., registered auditor. Its unqualified audit opinion is available on request at the company's registered office during normal office hours (contact: Abduraghman (Manie) Mayman). 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 Jaffa** **Esmaré Weideman**  
Chair Chief executive

Cape Town  
24 June 2016

**Directors**  
R C C Jaffa (chair), E Weideman, G M Landman, S S de Swardt, D Meyer, H S S Willemsse, J C Held, A Mayman, J P Bekker, T D Petersen

**Group company secretary**  
L J Klink

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

**Transfer secretaries**  
Equity Express, a division of Singular Systems (Pty) Ltd  
71 Corlett Drive, Birnam 2196  
(PO Box 1266, Bramley 2018)

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Year ended 31 March	
	2016 Audited R'm	2015 Audited R'm
<b>Revenue</b>	<b>8 116</b>	8 250
Cost of providing services and sale of goods	(5 549)	(5 739)
Selling, general and administration expenses	(2 213)	(2 273)
Other losses	(70)	(115)
<b>Operating profit</b>	<b>284</b>	123
Interest received	31	20
Interest paid	(23)	(113)
Other finance costs	(23)	(48)
Share of associate equity-accounted results	(2)	(2)
Share of joint venture equity-accounted results	22	29
Profit on acquisitions and disposals	34	–
<b>Profit before taxation</b>	<b>323</b>	9
Taxation	(220)	(128)
<b>Profit/(loss) for the period</b>	<b>103</b>	(119)
<b>Attributable to:</b>		
Equity holders of the group	(79)	(163)
Non-controlling interest	182	44
	<b>103</b>	<b>(119)</b>
Core headline earnings/(loss) for the year	21	(50)
Headline loss for the year	(45)	(73)

#### RECONCILIATION OF OPERATING PROFIT TO TRADING PROFIT

	Year ended 31 March	
	2016 Audited R'm	2015 Audited R'm
<b>Operating profit</b>	<b>284</b>	123
Amortisation of intangible assets	11	9
Share based compensation – equity-settled	35	–
Other losses	70	115
<b>Trading profit</b>	<b>400</b>	247

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND CHANGES IN EQUITY

	Year ended 31 March	
	2016 Audited R'm	2015 Audited R'm
<b>Balance at the beginning of the period</b>	<b>3 424</b>	2 335
<b>Loss for the period</b>	<b>(79)</b>	(163)
<b>Total other comprehensive income/(loss), net of tax, for the period</b>	<b>6</b>	(27)
Cash flow hedges	3	(6)
Actuarial remeasurement reserve	1	(24)
Movement in other reserves	3	1
Tax on other comprehensive income	(1)	2
	<b>(233)</b>	326
<b>Changes in other reserves</b>		
Movement in share-based compensation reserve	25	8
Movement in existing control business combination reserve	(4)	463
Movement in retained earnings	(9)	–
Dividends paid to shareholders	(245)	(145)
	<b>73</b>	953
<b>Changes in non-controlling interest</b>		
Total comprehensive income for the period	184	44
Dividends paid to minorities	(91)	(28)
Movement in non-controlling interest in reserves	(20)	937
	<b>3 191</b>	3 424
<b>Balance at the end of the period</b>	<b>3 191</b>	3 424
<b>Comprising:</b>		
Share capital and premium	4 867	4 867
Retained earnings	(558)	(224)
Share-based compensation reserve	96	70
Existing control business combination reserve	(3 584)	(3 580)
Capital contribution	1 077	1 077
Hedging reserve	(3)	(5)
Actuarial remeasurement reserve	(22)	(23)
Foreign currency translation reserve	23	20
Non-controlling interest	1 295	1 222
<b>Total</b>	<b>3 191</b>	3 424

#### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Year ended 31 March	
	2016 Audited R'm	2015 Audited R'm
<b>ASSETS</b>		
Non-current assets	3 362	3 435
Current assets	2 608	2 669
<b>Total assets</b>	<b>5 970</b>	6 104
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves	3 191	3 424
Non-current liabilities	535	608
Current liabilities	2 244	2 072
<b>Total equity and liabilities</b>	<b>5 970</b>	6 104

#### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 March	
	2016 Audited R'm	2015 Audited R'm
Cash flow generated from operating activities	654	435
Cash flow used in investing activities	(331)	(477)
Cash flow (used in)/from financing activities	(296)	968
<b>Net movement in cash and cash equivalents</b>	<b>27</b>	926
Foreign exchange translation adjustments	1	–
Cash and cash equivalents at beginning of the period	491	(435)
<b>Cash and cash equivalents at the end of the period</b>	<b>519</b>	491

#### CALCULATION OF HEADLINE AND CORE HEADLINE EARNINGS

	Year ended 31 March	
	2016 Audited R'm	2015 Audited R'm
<b>Net loss attributable to shareholders</b>	<b>(79)</b>	(163)
Adjusted for:		
– Impairment of goodwill/other assets	71	124
– Profit on sale of property, plant and equipment and intangibles	(3)	(5)
– (Profit)/loss on sale of investments	(32)	1
Total tax effects of adjustments	(1)	(23)
Total adjustment for non-controlling interest	(1)	(7)
<b>Headline loss</b>	<b>(45)</b>	(73)
Adjusted for:		
– Amortisation of intangible assets (excluding software)	12	9
– Foreign exchange gains	30	17
– Fair-value adjustment on put liability	–	(3)
– Equity settled share-based payment charges	24	–
<b>Core headline earnings/(loss)</b>	<b>21</b>	(50)



**INDEPENDENT AUDITOR'S REPORT ON SUMMARISED FINANCIAL STATEMENTS  
TO THE SHAREHOLDERS OF MEDIA24 HOLDINGS PROPRIETARY LIMITED**

The summarised consolidated and separate financial statements, which comprise the summarised condensed consolidated and separate statements of financial position as at 31 March 2016, the summarised consolidated and separate income statements and the summarised consolidated and separate statements of cash flows for the year then ended, were derived from the audited consolidated and separate financial statements of Media24 Holdings Proprietary Limited for the year ended 31 March 2016. We expressed an unmodified audit opinion on those consolidated and separate financial statements in our report dated 17 June 2016. Our auditor's report on the audited consolidated and separate financial statements contained an Other Matter paragraph: "Other reports required by the Companies Act" (refer below).

The summarised consolidated and separate financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated and separate financial statements, therefore, is not a substitute for reading the audited consolidated and separate financial statements of Media24 Holdings Proprietary Limited.

**Directors' responsibility for the summarised consolidated and separate financial statements**

The company's directors are responsible for the preparation of a summary of the audited consolidated and separate financial statements in accordance with the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

**Auditor's responsibility**

Our responsibility is to express an opinion on the summarised consolidated and separate annual financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 "Engagements to Report on Summary Financial Statements".

**Opinion**

In our opinion, the summarised consolidated and separate financial statements derived from the audited consolidated and separate financial statements of Media24 Holdings Proprietary Limited for the year ended 31 March 2016 are consistent, in all material respects, with those consolidated and separate financial statements, in accordance with the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

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Chief Executive Officer: T D Shango  
Management Committee: T P Blandin de Chalain, S N Madikane, 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



### **Other Reports Required by the Companies Act**

The "Other reports required by the Companies Act" paragraph in our audit report dated 17 June 2016 states that as part of our audit of the consolidated and separate financial statements for the year ended 31 March 2016, we have read the Directors' Report and the Audit Committee's Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated and separate financial statements or our opinion thereon.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers Inc. H Zeelie'.

PricewaterhouseCoopers Inc.  
Director: H Zeelie  
Registered auditor  
Cape Town  
17 June 2016