

UNAUDITED RESULTS

FOR THE PERIOD ENDED









INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

AND COMPREHENSIVE INC	OME						
			Unaudited		Unaudite		udited
R'000	% change		months to December 2017		x months t Decembe 201	er to 3	e year 0 June 201 <i>7</i>
Revenue	(4,0%)	;	3 353 930		3 493 16	1 6 40	7 172
Other operating income			59 423		51 00		7 446
Changes in inventories of finished goods	and and		3 413 353		3 544 17	0 653	4 618
work in progress	s unu		(48 600)		(48 21		8 3 1 8
Raw materials and consumables used Staff costs			758 728		1 611 34 730 96		0 487 5 088
Other operating expenses			766 415		827 64		2 025
Total operating expenses		;	3 016 712		3 121 73	2 5 78	5 918
PROFIT FROM OPERATING ACTIVITIES BE DEPRECIATION Depreciation	(6,1%)		396 641 147 827		422 43 142 28		8 700 5 744
PROFIT FROM OPERATING ACTIVITIES AIDEPRECIATION Impairment of investments	FTER (11,2%)		248 814		280 15		2 956 9 875
Impairment of loans			3 300			- '	-
Loss on disposal of subsidiary Impairment of plant and goodwill			6 619			_	5 399
NET PROFIT FROM OPERATING ACTIVITIE	ES (14,7%)		238 895		280 15		7 682
Net finance income	(,,,		58 039		73 09		7 799
- dividends			36 974		44 02		5 485
 interest IFRS 2 deemed interest receivable on unwinding of transaction 			19 097 1 968		27 20 1 87	5	3 <i>7</i> 1 <i>7</i> 3 <i>7</i> 49
- (loss) on currency hedges			-		10.05		4 848
Net income from associates PROFIT BEFORE TAXATION	(15,3%)		12 569 309 503		12 25 365 50		4 667 0 148
Income tax expense	(13,370)		79 584		96 17		5 146
PROFIT FOR THE PERIOD	(14,6%)		229 919		269 32	7 45	5 002
Other comprehensive income:							
Items that will not be reclassified subseq to profit or loss	venny		-			- (1 050)
Items that will be reclassified subsequent profit or loss	<u> </u>		(16 295)		(29	2) 1	8 309
TOTAL COMPREHENSIVE INCOME FOR T PERIOD	HE		213 625		269 03	5 47	2 261
TOTAL COMPREHENSIVE INCOME							
ATTRIBUTABLE TO: Non-controlling interests			10 668		4 36	5 1	0 346
Owners of the parent			202 957		264 67		1 915
DROCKT ATTRIBUTABLE TO			213 625		269 03	5 47	2 261
PROFIT ATTRIBUTABLE TO: Non-controlling interests			10 668		4 36	5 1	0 346
Owners of the parent			219 251		264 96	2 44	4 656
			229 919		269 32		5 002
Earnings per share (cents) Headline earnings per share (cents) Preference dividend paid per share in re	(16,5%) (14,0%) espect		55,7 57,3		66, 66,		112,2 115,6
of the previous year (cents) Ordinary dividend paid per share in res of the previous year (cents)	pect		570 70		57 7		570 70
Earnings per share based on WANOS in	issue	393	3 590 937	39	6 990 56	7 396 21	9 497
Reconciliation of headline earnings: Earnings attributable to owners of comp	any		219 251 6 399		264 96 (66		1 915 3 474
Impairment of plant and goodwill			-		,00	·	5 399
Net profit on disposal of assets			(306)		(91	8) (1	4 289)
Loss on sale of subsidiary Impairment of investments			6 619 -			- - 1	9 875
Tax effect on above adjustments			86		25		2 489
Headline earnings			225 650		264 30	1 47	5 389
	Unaudited		Unau	ما:بمما		Audited	
	6 months to 31 December	0/	6 mon 31 Dece	ths to mber	0/	for the year to 30 June	0/
Condensed segmental analysis	2017	<u>%</u>		2016	<u>%</u>	2017	%
Revenue Publishing, printing and distribution Packaging & stationery	2 072 893 1 225 967	62 37	2 205 1 215		63 35	4 139 261 2 156 114	64 34
Other	55 070	2		188	2	111 797	2
Dualité france annualité au state de la f	3 353 930	100	3 493	161	100	6 407 172	100
Profit from operating activities before depreciation							
Publishing, printing and distribution	264 086 147 314	67 37		571 672	65 39	468 523 256 791	63 34
Packaging & stationery Other	(14 759)	(4)		672 805)	(4)	23 386	34
	396 641	100		438	100	748 700	100

175 126

98 460

(24 772) (10)

248 814 100

40

177 168 63

126 711 45

280 151 100

(8)

(23728)

280 632

176 705

5 6 1 9

462 956 100

38

Profit from operating activities after

Publishing, printing and distribution

Packaging & stationery

INTERIM CONDENSED CONSOLIDATED	STATEMENTS	OF CASH FLOV	WS
R'000	Unaudited 6 months to 31 December 2017	Unaudited 6 months to 31 December 2016	Audited for the year to 30 June 2017
CASH FLOW FROM OPERATING ACTIVITIES	(304 065)	(203 189)	527 669
Cash generated by operations Changes in working capital	363 228 (355 384)	386 737 (338 023)	724 826 57 466
Cash generated by operating activities Less: Taxation paid Net interest received Dividends received	7 844 (72 265) 19 097 36 974	48 714 (42 755) 27 201 44 023	782 292 (94 233) 53 717 85 485
Net cash inflow from operating activities Dividends paid	(8 350) (295 715)	77 183 (280 372)	827 261 (299 592)
CASH FLOW FROM INVESTING ACTIVITIES	(465 175)	(271 390)	(574 588)
Property, plant & equipment – additions to maintain & expand operations – proceeds from disposals	(122 172) 3 561	(161 221) 8 148	(355 966) 24 459
Investments - subsidiary and business acquired (net of cash acquired) - Associates, other investments and loans	(118 611) (134 032) (212 532)	(153 073) (104 047) (14 270)	(331 507) (157 779) (85 302)
	(346 564)	(118 317)	(243 081)
CASH FLOWS FROM FINANCING ACTIVITIES	(67 221)	(13 724)	(22 939)
Non-controlling interest disposed of Own shares acquired	(67 221)	(13 724)	1 527 (24 466)
Net decrease in cash and cash equivalents Cash acquired Cash and cash equivalents at the beginning of the	(836 461) 36 290	(488 303)	(69 858) (380)
year	1 959 948	2 030 186	2 030 186
Cash and cash equivalents at the end of the period Fair value adjustment of preference shares and other investments	1 159 777 (20 154)	1 541 883 (12 237)	1 959 948 (14 110)
Fair value of cash and cash equivalents at the end of the period	1 139 623	1 529 646	1 945 838

Executive Directors: TD Moolman, PG Greyling, TJW Holden Independent Non-Executive Directors: PM Jenkins, ACG Molusi, NA Nemukula, J Phalane, T Slabbert

Transfer Secretaries: Computershare Investor Services Proprietary Limited Registered office: 28 Wright Street, Industria West, Johannesburg

Incorporated in the Republic of South Africa Registration number 1947/026616/06 Share code: CAT ISIN code: ZAE000043345 Preference share code: CATP ISIN code: ZAE000043352

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIMITED

OF THANCIAL POSITION			
	Unaudited	Unaudited	Audited
R'000	31 December 2017	31 December 2016	30 June 2017
K 000	2017	2010	2017
ASSETS			
Non-current assets			
Property, plant and equipment	2 681 102	2 634 749	2 703 216
Goodwill	186 345 437 188	64 700 286 558	78 167 354 926
Interest in associates Other investments	219 629	92 854	108 019
- Listed	119 698	8 128	8 088
- Unlisted	99 931	84 726	99 931
Deferred taxation	-	_	11 363
Loans to directors	82 300	76 862	80 332
Total non-current assets	3 606 564	3 155 723	3 336 023
Current assets			
Inventories	817 758	881 456	833 410
Accounts receivable	1 526 827	1 553 566	1 093 663
Taxation	-		1 512
Bank and cash resources	287 612	419 337	835 725
Listed bank preference shares Unlisted bank preference shares	52 011 800 000	59 929 1 050 000	58 056 1 050 000
Total assets held for sale	800 000	1 030 000	20 358
Total current assets	3 484 208	3 964 288	3 892 724
	* ****	* * * * * * * * * * * * * * * * * * * *	
Total assets	7 090 772	7 120 011	7 228 747
EQUITY AND LIABILITIES			
Equity	5 602 116	5 554 332	5 729 123
Equity attributable to owners of the parent	5 537 122	5 493 257	5 681 978
Preference shareholders	100	100	100
Non-controlling interest	64 894	60 975	47 045
Non-current liabilities			
Deferred taxation	375 486	353 097	377 390
Current liabilities			
Accounts payable	907 281	1 005 152	873 461
Provisions	187 804	187 529	219 088
Taxation	18 085	19 901	24 043
Total liabilities held for sale	_	_	5 642
Total current liabilities	1 113 170	1 212 583	1 122 234
Total equity and liabilities	7 090 772	7 120 011	7 228 747
Net asset value per share (cents)	1 407	1 384	1 436
Directors' valuation of unlisted investments and associated companies	517 825	371 284	454 857
Capital expenditure	122 172	161 221	355 966
Capital expenditure committed	98 000	112 500	90 000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited	Unaudited	Audited
31 December	31 December	30 June
2017	2016	2016
5 729 123	5 579 393	5 579 393
213 625	269 035	472 261
18 135	-	1 527
15 418	-	-
(11 250)	_	_
(67 221)	(13 724)	(24 466)
(295 715)	(280 372)	(299 592)
5 602 116	5 554 332	5 729 123
	31 December 2017 5 729 123 213 625 18 135 15 418 (11 250) (67 221) (295 715)	31 December 2017 5 729 123 5 579 393 213 625 269 035 18 135 - 15 418 - (11 250) - (67 221) (13 724) (295 715) (280 372)

provisional

The group acquired the following businesses, which have been accounted for as business combinations during the year as follows:

Private Property (Pty) Ltd was acquired with an effective date of 1 July 2017 for a purchase price of R122,9 million and the business of Tricolor was acquired with an effective date of 1 August 2017 for a purchase price of R11,1 million. The acquired businesses contributed revenue of R73,0 million and a net profit after tax of R13,3 million.

The final purchase price accounting has not yet been completed at the end of the interim reporting period and will be completed within the 12 months allowed by the standard. The amounts below are therefore

R'000	fair value
Goodwill	107 176
Non-controlling interest	(18 135)
Property, plant and equipment	8 161
Inventory	1 360
Investments in associates	4 320
Accounts receivable	3 734
Accounts payable	(8 874)
Cash acquired	36 290
Fair value of net assets acquired	134 032
Total cash purchase consideration	134 032

Goodwill relates to expected synergies, the bulking up of service offerings and an expansion of product offerings in the Caxton Group

Note: Investments listed - available for sale

Equity price risk refers to the risk that the fair value of the future cash flows of the listed investments will fluctuate because of changes in the market prices. The Group's available for sale financial assets are valued using the fair market value at 31December 2017.

IFRS 13 requires disclosures of fair value measurements by level of the following fair value measurement

Level 1 – Quoted prices available in active markets for identical assets or liabilities. Level 3 – Fair value determined by valuation that uses inputs that are not based on observable market data.

The level of each investment is determined as follows:

- Thebe Convergent Technology is Level 3

Commentary

Basis of preparation

The unaudited interim financial statements for the six months ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the requirements of IAS 34 (Interim Financial Reporting) and the requirements of the South African Companies Act and the JSE Listings Requirements.

The accounting policies applied in preparing these interim financial statements are consistent with those presented in the annual financial statements for the year ended 30 June 2017. These interim financial statements have not been reviewed or reported on by the Caxton Group auditors, Grant Thornton.

Caxton has shown remarkable resilience in the face of a sluggish economy, over – extended consumers and a dip in business confidence, all of which have had a direct effect on the Group's performance. The difficult trading conditions experienced in the second half of the previous financial year intensified into the current reporting period resulting in a decline in revenue of 4% and resultant decline in profit from operating activities before

Revenues in all key operational markets were under pressure and faced declining volumes as well as continued pricing pressures. The declining economic environment even impacted national advertising revenues which have declined, for the first time since 2010, as retailers cut back on expenditure. This obviously had a knock on impact on volumes in our commercial printing operation and combined with the loss of the Independent Media newspaper printing in Gauteng meant revenue in these operations declined materially. The group continues to be faced with declining local and magazine advertising revenues that show no signs of stabilising. The packaging divisions also experienced subdued demand in its key markets while our book printing operation was faced with inconsistent educational demand which impacted revenues negatively.

The decline in revenues was mitigated to a certain extent by focused control on raw material inputs, staff costs and other operating expenses. Raw material costs were managed well while staff costs increased below inflation. Other operating costs declined by 7.4% and this meant that the decline in profit from operations before depreciation was contained to R25,8 million over the prior period including the positive contribution from the 22 February 2018 recently acquired business Private Property (Pty) Ltd.

Depreciation increased to R147,8 million as the new investments in the packaging divisions were commissioned. During the period, the group disposed of two subsidiaries being a 51% share of the loss making magazine business Ramsay Media (Pty) Ltd to Highbury Media for a nominal amount and 100% of Moneyweb Holdings Limited to African Media Entertainment Limited for an exchange of shares. The net loss on disposal of these subsidiaries amounted to R6,6 million.

Net finance income declined by R15,1 million to R58,0 million as a result of reduced dividends from our investment in Thebe Convergent Technology Holdings (Pty) Ltd and reduced interest due to lower cash balances during the period.

Net income from associates grew marginally to R12,6 million which resulted in a decline of 15,3% in profit before taxation to R309, 5 million. Income tax absorbed R79,6 million resulting in profit for the period declining The weighted number of shares in issue declined to 393 590 937 resulting in earnings per share of 55,7 cents

and headline earnings per share of 57,3 cents, a decline of 16,5% and 14,0% respectively.

The fair value of cash and cash equivalents amounted to R1,139 billion, a decline of R390,0 million over the corresponding prior period mainly as a result of reduced cash flow from operating activities and an increase in

Cash generated by operations declined by 6.1% to R363.2 million which is in line with the reduced trading

performance, whilst increased working capital requirements and taxation paid along with reduced interest and dividend income meant a net cash outflow from operating activities of R7,8 million. Dividends paid accounted for R295,7 million while the group invested in property, plant and equipment totaling

R122,2 million. The investment in plant was mainly focused on the packaging division to recapitalise certain operations and facilitate the Gauteng operations restructure and a new web offset press in the Johannesburg commercial printing operation. It is expected that the level of capital expenditure will taper off in the short to

The group has made two acquisitions during the period which accounted for R134,0 million. This included a 52,6% share of Private Property (Pty) Ltd for R122,9 million. Private Property is the second largest property portal and will be used to leverage our property offering at a local level. A further acquisition was made of a small narrow web self-adhesive operation for R11.1 million.

Further investments were made in Novus Limited where we currently hold close on 5% of the equity and we increased our non-controlling stake in Shumani Printers. The group has also continued to support its associate Octotel (Pty) Ltd in its roll out of the fibre to the home network in Cape Town through advancing further shareholder loans. There is a need for further capital raising which is in the process of being finalised. The group replaced certain bank funding in its associate Universal Labelling (Pty) Ltd at commercial terms. At the date of reporting, outstanding loans to these associates totalled R126,5 million and have been made on commercial terms. Taking these loans into account the fair value of cash and cash equivalents amounts to R1,265 billion

During the period, the group acquired its own shares at a cost of R67,2 million. At the time of writing cash balances have increased to R1,431 billion and inclusive of loans to associates the fair value of cash and cash equivalents is R1,567 billion.

DIVISIONAL PERFORMANCE

Publishing, printing and distribution

Newspaper Publishing and Printing

The group's newspaper business was materially affected by a decline in both national and local revenues and this impacted profits significantly due to the fixed cost nature of the branch infrastructure. For the first time since 2010 national advertising declined as retailers adjusted their budgets in line with operating conditions. Local advertising revenues continued the declining trend as many local businesses simply cannot afford to continue the frequency of advertising as they have in the past. This necessitated a review of our strategy at a local level in an attempt to stimulate revenue which resulted in a certain amount of discounting. Management is in the process of reviewing the costs in the infrastructure to realign to the declining revenues.

The Citizen has again showed a year-on-year improvement in performance with increased advertising income, both in print and digitally, and stable circulation which is in contrast to the overall daily market.

The group continues to make great strides in its digital strategy and the local news platforms have seen a 42% growth in unique visitors which has contributed to increased digital revenues. With the acquisition of Private Property (Pty) Ltd there is an opportunity to leverage our local sites in growing the reach of this portal.

As reported previously the group's newspaper printing facility lost the Gauteng printing for Independent Media which necessitated a restructure of the business and job losses. The management has done a tremendous job in mitigating the lost turnover which meant the operation achieved similar results to the the prior period. Negotiations with Media 24 for newspaper printing are at an advanced stage and look positive which will have an improved outlook from April 2018.

Magazine Publishing and Distribution

Despite advertising and circulating revenues remaining depressed in line with the softer market trends, the magazine division has recorded an improved performance over the corresponding period.

This improvement combines the ongoing focus on cost containment initiatives, especially in printing, distribution and externally sourced content, with good growth in digital revenue.

The division continues to focus on ways of growing and diversifying its overall print and digital reach so as to provide advertisers with better and broader audiences.

In the current period, the group disposed of 51% of its loss making subsidiary Ramsay Media to Highbury Media in an attempt to extract back office synergies that could contribute to a turnaround in performance. The group has committed to fund the operation and any retrenchments to January 2019. The challenges facing the magazine industry continues to impact the profitability of the group's distribution

network. Costs have been contained and the development of new revenue streams continues but cannot mitigate the decline in traditional revenues. With declining magazine circulations there is a need to consolidate the industry into a single network that would be sustainable for the foreseeable future and can service publishers

Commercial Printing

Web and Gravure These operations were impacted by the decline in national advertising which meant they were faced with reduced

throughputs and ultimately a reduction in profitability. In order to limit the impact of the reduced throughput the gravure plant was optimised which limited the impact only to the Johannesburg operation. These well-equipped plants are well positioned for when the demand returns.

The division was successful in maintaining profitability similar to the corresponding period even in the face of declining revenues. Education and text book printing is still marred by unpredictability and is very dependent on government spending. In the current period, there was no repeat of the unexpected spend undertaken by the Eastern Cape, in the corresponding period, and this contributed significantly to the revenue shortfall.

The division, however, was successful in curtailing costs as well as consolidating its position in other printing markets. In the period under review, the division received a welcome boost in the general book market where several political publications proved popular. In addition some unexpected gains were made in the diary market which also contributed to the performance

The division continues to grow in the periodical publication market and has been in negotiations with Media 24 with regard to their monthly consumer titles which would be a significant addition to the operation.

Packaging and Stationery

Packaging

The single biggest contributor to the reduced profitability, over the corresponding period, has been the subdued demand in key market segments that the group is heavily invested in. The division is a significant supplier to both the fast food and frozen fish markets which both experienced reduced demand as a result of constrained consumer spending and reduced fish quotas respectively. In addition the division is a large supplier to the cigarette market and the challenges facing this industry with respect to illicit product is impacting our customers demand negatively. The loss of a significant portion of the ABInbev beer label tender meant our dedicated operation had to be restructured to realign costs but this could not prevent a decline in profitability.

The division also had to contend with increased operational costs associated with the closure of the Denver operation and the integration of the volumes into the other two Gauteng sites. Although complete the disruption resulted in additional costs to ensure customer requirements were met. In the Western Cape the previously reported upon acquisitions of two narrow web self-adhesive businesses have been successfully integrated into our existing site but also encountered increased costs associated with retrenchments and moving costs.

The bulk of the capital investment in plant and machinery has been completed and with the commissioning of this equipment the depreciation charge has increased substantially.

All divisions remain profitable and the focus continues to be on cost containment and these well-equipped sites are now well positioned for when demand returns in our key markets.

This division has successfully integrated the two acquisitions previously reported upon and with this increased product range has shown revenue growth and increased market share which has impacted positively on profitability.

The replication operation faced reduced demand for both CDs and DVDs that was expected but the rate of decline was far more significant . This operation remains profitable and there will be a continual assessment of

Prospects

South Africa has lagged the world in terms of growth, with political uncertainty having a profound effect on business and consumers alike. It is anticipated that the new optimism from the recent changes will spark a recovery in our economy. The effects of this will, however, not be felt immediately. In light of this environment the group will take all the necessary steps to contain costs and effect restructures where deemed necessary. In certain markets there has to be consolidation and should these opportunities arise the group is well positioned to act accordingly.

Events after the reporting period

The group has recently settled a dispute with the Competition Commission that has been ongoing since 2011. The matter related to a structural mechanism between the advertising and media industries that have been in existence for over one hundred years internationally. It relates to the custom of media owners paying a net commission for services rendered, based on the value of advertising placed.

The practice has since ceased and the media and advertising industry now largely negotiate commissions individually. Whilst the matter was contestable, the decision was made to pay an administrative penalty rather than enter into lengthy legal proceedings. The settlement of approximately R5,8 million as well as contributions of RO,7 million per year for three years towards a bursary and development fund for previously disadvantaged persons in the media industry, was confirmed by the Competition Tribunal on the 16 February 2018.

Statement of responsibility

The preparation of the group's consolidated results was supervised by the Mr TJW Holden, BCom, CA (SA).



Sponsor