



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

R'000	% change	Unaudited six months to 31 December 2017	Unaudited six months to 31 December 2016	Audited for the year to 30 June 2017
Revenue	(4,0%)	3 353 930	3 493 161	6 407 172
Other operating income		59 423	51 009	127 446
		3 413 353	3 544 170	6 534 618
Changes in inventories of finished goods and work in progress		(48 600)	(48 217)	58 318
Raw materials and consumables used		1 540 169	1 611 340	2 820 487
Staff costs		758 728	730 966	1 495 088
Other operating expenses		766 415	827 643	1 412 025
Total operating expenses		3 016 712	3 121 732	5 785 918
PROFIT FROM OPERATING ACTIVITIES BEFORE DEPRECIATION	(6,1%)	396 641	422 438	748 700
Depreciation		147 827	142 287	285 744
PROFIT FROM OPERATING ACTIVITIES AFTER DEPRECIATION	(11,2%)	248 814	280 151	462 956
Impairment of investments		-	-	19 875
Impairment of loans		3 300	-	-
Loss on disposal of subsidiary		6 619	-	-
Impairment of plant and goodwill		-	-	5 399
NET PROFIT FROM OPERATING ACTIVITIES	(14,7%)	238 895	280 151	437 682
Net finance income		58 039	73 099	147 799
- dividends		36 974	44 023	85 485
- interest		19 097	27 201	53 717
- IFRS 2 deemed interest receivable on unwinding of transaction		1 968	1 875	3 749
- (loss) on currency hedges		-	-	4 848
Net income from associates		12 569	12 252	24 667
PROFIT BEFORE TAXATION	(15,3%)	309 503	365 502	610 148
Income tax expense		79 584	96 175	155 146
PROFIT FOR THE PERIOD	(14,6%)	229 919	269 327	455 002
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss		-	-	(1 050)
Items that will be reclassified subsequently to profit or loss		(16 295)	(292)	18 309
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		213 625	269 035	472 261
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Non-controlling interests		10 668	4 365	10 346
Owners of the parent		202 957	264 670	461 915
		213 625	269 035	472 261
PROFIT ATTRIBUTABLE TO:				
Non-controlling interests		10 668	4 365	10 346
Owners of the parent		219 251	264 962	444 656
		229 919	269 327	455 002
Earnings per share (cents)	(16,5%)	55,7	66,7	112,2
Headline earnings per share (cents)	(14,0%)	57,3	66,6	115,6
Preference dividend paid per share in respect of the previous year (cents)		570	570	570
Ordinary dividend paid per share in respect of the previous year (cents)		70	70	70
Earnings per share based on WANOS in issue		393 590 937	396 990 567	396 219 497
Reconciliation of headline earnings:				
Earnings attributable to owners of company		219 251	264 962	461 915
		6 399	(661)	13 474
Impairment of plant and goodwill		-	-	5 399
Net profit on disposal of assets		(306)	(918)	(14 289)
Loss on sale of subsidiary		6 619	-	-
Impairment of investments		-	-	19 875
Tax effect on above adjustments		86	257	2 489
Headline earnings		225 650	264 301	475 389

Condensed segmental analysis	Unaudited 6 months to 31 December 2017	%	Unaudited 6 months to 31 December 2016	%	Audited for the year to 30 June 2017	%
Revenue						
Publishing, printing and distribution	2 072 893	62	2 205 966	63	4 139 261	64
Packaging & stationery	1 225 967	37	1 215 007	35	2 156 114	34
Other	55 070	2	72 188	2	111 797	2
	3 353 930	100	3 493 161	100	6 407 172	100
Profit from operating activities before depreciation						
Publishing, printing and distribution	264 086	67	272 571	65	468 523	63
Packaging & stationery	147 314	37	164 672	39	256 791	34
Other	(14 759)	(4)	(14 805)	(4)	23 386	3
	396 641	100	422 438	100	748 700	100
Profit from operating activities after depreciation						
Publishing, printing and distribution	175 126	70	177 168	63	280 632	61
Packaging & stationery	98 460	40	126 711	45	176 705	38
Other	(24 772)	(10)	(23 728)	(8)	5 619	1
	248 814	100	280 151	100	462 956	100

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Unaudited 31 December 2017	Unaudited 31 December 2016	Audited 30 June 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2 681 102	2 634 749	2 703 216
Goodwill	186 345	64 700	78 167
Interest in associates	437 188	286 558	354 926
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	52 011	59 929	58 056
Unlisted bank preference shares	800 000	1 050 000	1 050 000
Total assets held for sale	-	-	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

R'000	Unaudited 31 December 2017	Unaudited 31 December 2016	Audited 30 June 2016
Balance at beginning of the year	5 729 123	5 579 393	5 579 393
Total comprehensive income for the period	213 625	269 035	472 261
Non-controlling interest acquired	18 135	-	1 527
Loss on sale of subsidiary	15 418	-	-
Non-controlling interest disposed of	(11 250)	-	-
Own shares acquired	(67 221)	(13 724)	(24 466)
Dividends paid - ordinary and preference shareholders	(295 715)	(280 372)	(299 592)
Balance at end of the year	5 602 116	5 554 332	5 729 123

Note:

Business combinations

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 provisional.

R'000	Acquiree's 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

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 31 December 2017.

Fair value estimation

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

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:

- MPact is Level 1

- 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.

Earnings

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 depreciation of 6.1%.

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 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 by 14,6% to R229,9 million.

The headline 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.

Cash flow

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 investing activities.

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