CAXTON&CTP publishers & printers LIMITED

REVIEWED PROVISIONAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2019

PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

R'000	% change	Reviewed for the year ended 30 June 2019	Audited for the year ended 30 June 2018
Revenue	(0.2)	6 320 895	6 333 921
Other operating income		114 306	120 288
Total operating income		6 435 201	6 454 209
Changes in inventories of finished goods and work in progress		67 075	74 293
Raw materials and consumables used		2 860 826	2 676 178
Staff costs		1 505 151	1 541 741
Other operating expenses		1 348 489	1 402 522
Total operating expenses	1.5	5 781 541	5 694 734
PROFIT FROM OPERATING ACTIVITIES BEFORE DEPRECIATION AND AMORTISATION	(13.9)	653 660	759 475
Depreciation and amortisation		288 560	293 669
PROFIT FROM OPERATING ACTIVITIES AFTER DEPRECIATION AND AMORTISATION	(21.6)	365 100	465 806
Impairment of goodwill		1 182	–
Impairment of interest in subsidiaries and associates		–	36 711
Loss on step acquisition of Cognition Holdings		37 212	–
Impairment of loans		2 105	22 682
Profit on disposal of subsidiary		–	(7 835)
Impairment of plant		26 136	18 701
PROFIT FROM OPERATING ACTIVITIES		298 465	395 547
Net finance income		133 253	114 657
– dividends		74 596	69 647
– interest income		65 859	54 394
– interest expense		(1 338)	(9 299)
– deemed interest on loans to directors		4 340	3 936
– loss on foreign exchange		(10 204)	(4 021)
Income from associates		20 214	31 111
PROFIT BEFORE TAXATION		451 932	541 315
Taxation		96 602	135 565
PROFIT FOR THE YEAR	(12.4)	355 330	405 750
Other comprehensive income:		(25 497)	(18 935)
Items that will be not be reclassified subsequently to profit or loss			
Fair value adjustment – investments		(25 497)	–
Items that will be reclassified subsequently to profit or loss			
Fair value adjustment – investments		–	(18 935)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		329 833	386 815
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Non-controlling interests		19 323	19 303
Equity holders of the parent		310 510	367 512
		329 833	386 815
PROFIT ATTRIBUTABLE TO:			
Non-controlling interests		19 323	19 303
Equity holders of the parent		336 007	386 447
		355 330	405 750
Earnings per share (cents)	(12.0)	86.7	98.5
Headline earnings per share (cents)	(6.8)	101.6	109.0
Preference dividend paid per share in respect of the previous year (cents)		490	570
Ordinary dividend paid per share in respect of the previous year (cents)		60	70
Weighted average number of shares in issue		387 422 175	392 426 737
Reconciliation between earnings and headline earnings			
Earnings attributable to equity holders of the parent		336 007	386 447
Adjustments		57 465	41 356
Impairment of goodwill		1 182	–
Impairment of interest in subsidiaries and associates		–	36 711
Loss on step acquisition of Cognition Holdings		37 212	–
Profit on disposal of subsidiary		–	(7 835)
Impairment of plant		26 136	18 701
Loss/(profit) on disposal of property, plant and equipment		351	(3 805)
Tax effect on above adjustments		(7 416)	(2 416)
Headline earnings		393 472	427 803

Condensed segmental analysis	Reviewed for the year ended 30 June 2019	%	Audited for the year ended 30 June 2018	%
Revenue				
Publishing, printing and distribution	3 898 163	62	4 005 143	63
Packaging and stationery	2 367 392	37	2 243 823	35
Other	55 340	1	84 955	2
	6 320 895	100	6 333 921	100
Profit from operating activities before depreciation and amortisation				
Publishing, printing and distribution	347 246	53	453 241	60
Packaging and stationery	257 607	39	275 527	36
Other	48 807	8	30 707	4
	653 660	100	759 475	100
Profit from operating activities after depreciation and amortisation				
Publishing, printing and distribution	184 309	50	276 968	59
Packaging and stationery	148 269	41	176 131	38
Other	32 522	9	12 707	3
	365 100	100	465 806	100

PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Reviewed as at 30 June 2019	Audited as at 30 June 2018
ASSETS		
Non-current assets		
Property, plant and equipment	2 494 612	2 650 717
Intangible assets	13 325	–
Goodwill	148 753	174 463
Interest in associates	370 383	427 052
Investments	258 839	286 778
– Listed ordinary shares	100 947	91 517
– Unlisted ordinary shares	97 438	140 000
– Listed preference shares	60 454	55 261
Deferred taxation	16 427	17 112
Loans to directors	88 609	84 269
	3 390 948	3 640 391
Current assets		
Inventories	938 924	951 140
Trade and other receivables	1 217 109	1 089 852
Taxation	3 256	1 989
Cash	897 650	743 933
Cash equivalents — unlisted preference shares	800 000	800 000
	3 856 939	3 586 914
TOTAL ASSETS	7 247 887	7 227 305
EQUITY AND LIABILITIES		
Equity	5 844 125	5 744 974
Equity attributable to owners of the parent	5 739 895	5 696 314
Preference share capital	100	100
Non-controlling interest	104 130	48 560
Non-current liabilities		
Deferred taxation	360 716	381 994
Current liabilities		
Trade and other payables	803 268	863 861
Provisions	222 110	209 781
Taxation	17 668	26 695
	1 043 046	1 100 337
TOTAL EQUITY AND LIABILITES	7 247 887	7 227 305
Net asset value per share (cents)	1 484	1 464
Capital expenditure	187 346	257 695
Capital expenditure committed	70 000	50 000

PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Reviewed for the year ended 30 June 2019	Audited for the year ended 30 June 2018
Balance at beginning of year	5 744 974	5 729 123
Total comprehensive income for the year	329 833	386 815
Own shares acquired	(20 732)	(79 643)
Dilution of interest in Private Property South Africa	(8 228)	–
Non-controlling interest arising on acquisition of Cognition Holdings	44 456	–
Dividends paid – ordinary and preference shareholders	(246 178)	(299 178)
Changes in subsidiary holdings	–	7 856
Balance at end of year	5 844 125	5 744 974

PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Reviewed for the year ended 30 June 2019	Audited for the year ended 30 June 2018
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated by operations	661 638	740 064
Changes in working capital	(183 981)	(113 105)
Cash generated by operating activities	477 657	626 959
Taxation paid	(124 091)	(128 429)
Cash inflow from operating activities	353 566	498 530
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant, equipment and intangibles		
– additions to maintain and expand operations	(187 346)	(257 695)
– proceeds from disposals	30 418	32 754
	(156 928)	(224 941)
Investments		
Net interest received	64 521	45 095
Dividends received	74 596	69 647
Disposal of subsidiary	–	(2 057)
Acquisition of subsidiary (net of cash acquired)	95 498	(122 939)
Associates, other investments and loans	(10 626)	(228 363)
	223 989	(238 617)
Cash flow from investing activities	67 061	(463 558)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(246 178)	(299 178)
Own shares acquired	(20 732)	(79 643)
Cash flow from financing activities	(266 910)	(378 821)
Net increase/(decrease) in cash and cash equivalents	153 717	(343 849)
Cash and cash equivalents at beginning of year	1 543 933	1 887 782
Cash and cash equivalents at end of year	1 697 650	1 543 933
Cash	897 650	743 933
Cash equivalents – unlisted preference shares	800 000	800 000
Cash and cash equivalents at end of year	1 697 650	1 543 933

Correction of error:

The listed preference shares have been reclassified as investments. The prior year opening balance of cash and cash equivalents has reduced by R72.2 million, and the prior year closing balance of cash and cash equivalents has reduced by R55.3 million.

Business combination

The group acquired an additional investment in Cognition Holdings Limited in exchange for a disposal of Private Property South Africa Proprietary Limited shares with effect from 1 February 2019. This transaction gave the group control of Cognition Holdings and has been accounted for as a business combination during the year. The acquired business contributed revenue of R115.9 million and a net profit after tax of R5.2 million. The acquired business would have contributed revenue of R212.4 million and a net profit after tax of R17.1 million had the group acquired this business for the full year.

Details of the assets and liabilities from the acquisition are as follows:	Acquiree's fair value R'000
Plant and equipment	17 239
Intangible assets	9 073
Investment in associates	4 405
Trade and other receivables	49 934
Cash and cash equivalents	95 498
Current tax receivable	910
Deferred tax liability	(1 178)
Other financial liabilities	(882)
Current tax payable	(2 656)
Provisions	(1 866)
Current liabilities	(49 511)
Total net assets	120 966
Attributable to non-controlling interest	(44 456)
Net assets acquired	76 510
Consideration – dilution of interest in Private Property South Africa	(40 717)
Consideration – Cognition Holdings investment prior to acquisition of control	(49 458)
Goodwill arising on acquisition	(13 665)
Cash inflow arising on acquisition	95 498

The excess of the consideration over the net assets acquired has been provisionally allocated to goodwill.

Investments are classified as at fair value through other comprehensive income

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 market prices. The group's at fair value through other comprehensive income financial assets are valued using fair market values at 30 June 2019.

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:

– The listed investments are Level 1

– The unlisted investment is Level 3

Basis of preparation

The provisional condensed consolidated financial statements for the year ended 30 June 2019 are prepared in accordance with the requirements of International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting, the JSE Limited's Listings Requirements, financial reporting pronouncements issued by the Financial Reporting Standards Council and the Companies Act of South Africa.

Except as noted below, the accounting policies applied in the preparation of the provisional condensed consolidated financial statements are consistent with those applied in the prior year.

The company adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on 1 July 2018.

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, and introduces new requirements for the classification and measurement of financial assets and financial liabilities, and for the impairment of financial assets.

Upon adoption of IFRS 9, the company elected that the financial assets classified as available for sale were to be reclassified as at fair value through other comprehensive income. This reclassification has no impact on the financial position, profit or loss, or cash flows for the current and prior years.

In addition, IFRS 9 introduces an expected credit loss model to measure the impairment of trade receivables. The application of this model did not result in a movement in the opening balance of the trade receivables loss allowance.

The adoption of IFRS 15 had no impact on the financial position, profit or loss, or cash flows for the current and prior years.

The group's operations are based in South Africa and revenues are therefore subject to a stagnant economy, a declining retail sector and a highly competitive media landscape, as detailed in the commentary below.

COMMENTARY

EARNINGS

The Caxton group has again shown some resilience against the backdrop of a stagnant economy, a declining retail sector and continued changes in the highly competitive media landscape, by posting a 6.8% decline in headline earnings. In these conditions, the importance of focused and vigilant management cannot be underestimated.

The group has had an extremely difficult year in which trading conditions became more and more challenging as the year progressed and resulted in a decline in earnings. The state of the economy worsened over the second half of the financial year and this severely impacted demand in most of our operations. The decline in demand also meant competitor activity intensified, with the result that we could not mitigate the increases in raw material input costs by passing them onto customers – these factors cumulatively resulted in unavoidable margin declines. This was particularly felt in three operations that either had a significant decline in revenues due to lost work or reduced margins with no concomitant reduction in operating overheads to compensate. Besides these operations, the rest of the group was able to navigate the challenges with varying degrees of success by focusing on operational cost reduction. It is pleasing to report that in our key local newspaper businesses, management has succeeded in reversing the declining trend of profitability and has posted marginally increased profits over the prior year. The group's newspaper printing facility in Gauteng and the bulk of the packaging operations also performed well, while the book and magazine printing operations found conditions tough and posted a decline in earnings.

The small increase in revenues at the half year were reversed during the second half with the year ending marginally down at R6 320.9 million. Significant declines in revenue were felt at the newspaper printing plant in Cape Town due to the loss of the Independent Media printing contract, while the magazine operations continue to experience declining circulations and to a lesser extent, reduced advertising revenues.

As was the case at the previous reporting period, raw material input prices continued to rise due to increases in base prices and volatile exchange rate. The nature of trading conditions made it difficult, if not impossible, to pass these increases on – this being the single biggest factor that contributed to the decline in earnings. This impact was softened by the continued focus on staff and operating expenses which reflect a decrease of 2.4% and 3.9% respectively.

The combination of a no-growth economic environment and rising raw material costs has been offset by excellent cost control, which meant profit from operating activities before depreciation declined by only R105.8 million or 13.9%. Depreciation and amortisation remained fairly constant at R288.6 million, resulting in profit from operating activities after depreciation and amortisation of R365.1 million.

The previously reported upon shares for shares transaction whereby our shareholding in Private Property South Africa was sold to our former associate, Cognition Holdings, was concluded with an effective date of 1 February 2019. This resulted in Cognition now being a subsidiary that is fully consolidated. This transaction resulted in an accounting loss of R37.2 million due to the re-measurement of the previously held equity interest in Cognition.

The decision was made to impair a printing press at our operation in Johannesburg to its net realisable value as there is no certain prospect that this capacity can be utilised in the short to medium term. This resulted in a net impairment of R26.1 million.

The decline in earnings was balanced by an increase in net finance income from R114.7 million to R133.3 million, with a dividend from our Novus investment being received for the first time and interest income increasing due to higher cash balances over the reporting period.

Net income from associates declined to R20.2 million as a result of the aforementioned investment in Cognition Holdings moving from an associate to a subsidiary, combined with reduced earnings from our printing associate and startup losses from some digital associates.

Profit before taxation declined by 16.5% to R451.9 million but with a reduced tax charge of R96.6 million, profit after taxation declined by 12.4% to R355.3 million.

After the odd-lot offer and specific offer to shareholders and other repurchases made during the year, the weighted average number of shares in issue declined from 392 426 737 to 387 422 175 with the resultant earnings per share of 86.7 cents (2018: 98.5 cents) and headline earnings per share of 101.6 cents (2018: 109.0 cents) – a decline of 11.9% and 6.8% respectively.

CASH FLOW

The group's cash and cash equivalents increased by R153.7 million over the year, to R1 697.7 million. The group's listed preference shares were reclassified as an investment and not a cash equivalent; if included, the balance would have been R1 758.1 million.

The decline in cash generated by operations was compensated for by reduced net capital expenditure and investments.

Operating cash flow before working capital movements was R661.6 million, a decrease of 10.6% over the corresponding period. Working capital requirements consumed R184.0 million. After paying taxation of R124.1 million, the net cash inflow from operating activities was R353.6 million, a decline of R145 million compared to the prior year.

The increased working capital requirements were mainly as a result of increased accounts receivables, with some significant payments only being received after year-end and also the inclusion of Cognition Holdings as a subsidiary for the first time.

The net investment in property, plant, equipment and intangibles amounted to R156.9 million – a significant decline compared to the prior year, as the large capital expenditure programme is nearing an end. There was a significant change in cash applied to investing activities with a cash inflow of R224 million in the current reporting period compared to an outflow of R238.6 million in the previous period. This change can be summarised as follows:

- Reduction in investments and business acquisitions
- The funding provided to our fibre to the home associate Octotel was not repeated in the current year. The growth in this business was funded through third party sources and good progress has been made in building this exciting business. At the time of writing, with over 100 000 homes passed, this is the largest fibre network in the Western Cape. With the ever-increasing connection rate of customers, the business is generating significant cash flows and has already accessed a third round of funding to continue the roll-out.
- Cash acquired of R95.5 million as a function of the aforementioned acquisition of control of Cognition Holdings.

During the period, the group returned R266.9 million back to shareholders through a dividend of R246.2 million and share buybacks of R20.7 million. Whilst retaining its cash for prospective acquisitions, the group will continue to return a significant portion of net cash generated to shareholders, notwithstanding the tough operating conditions and pressures on our businesses.

GENERAL

With the decline in printing and print/magazine publications, the group has diversified into new packaging businesses and into the digital economy. This process of diversification will accelerate in coming years as the group seeks to replace lost revenue from contracting businesses, with revenue from new growth opportunities. However, given the nature and volatility of our existing major businesses, we consider it necessary to be able to fund our growth from existing resources and to maintain a strong balance sheet.

PERFORMANCE REVIEW

PUBLISHING, PRINTING AND DISTRIBUTION

Newspaper publishing and printing

We are pleased to report that the group's local newspapers delivered a small increase in profitability, notwithstanding the tough economic climate and constrained consumer spending. This has been an important milestone, as it signals the reversal of the declining trend that has been evident in the last few years. Local advertising revenues held up relatively well, ending only slightly down over the prior year. This turnaround in trend was achieved through new and innovative sales initiatives which increased volumes into our publications. This is testament to the fact there is still a demand from local businesses to make use of our local publications to reach their target markets. National advertising revenues also held up relatively well and posted a slight increase over the previous reporting period as national retailers continue to appreciate this important channel to market.

The group remains the third largest digital publishing group in South Africa, driven mainly through our Local News Network (LNN) of community news sites and citizen.co.za. The LNN digital assets managed to grow users by 25% to 63.9 million with the bulk of the users accessing content through mobile phones. This has helped to grow digital advertising, albeit off a low base, driven largely by programmatic advertising.

The Citizen performed well, with improved results mainly as a result of strict cost management. Circulations continue to decline but not to the same extent as other newspapers in this market segment, and it is pleasing to note that, with added focus, the Citizen's digital offering has progressed from 23rd position in January 2018 to constantly achieving 6th position ranked by unique visitors. This has allowed the publication to increase digital advertising by 63% to compensate for the 7% decline in traditional print advertising revenues.

The Gauteng newspaper printing business delivered a strong performance and increased profitability, thanks to the Media 24 printing contract being in place for the full reporting period, which compensated for the decline in revenues from existing products. This trend will, however, be difficult to sustain in the long term, with the trading environment for daily and weekly newspapers worsening year after year, with the resultant reduction in print orders and paginations. It is quite evident that the closure of some titles may also become a reality. In contrast to Gauteng the newspaper printing facility in Cape Town underwent a restructure but could not avoid a substantial loss for the year.

Magazine publishing and distribution

The situation that has been reported upon for the last few years continues with our magazine publishing business, where revenues, both from advertising and copy sales, continue to decline. Despite this, the declines are not as severe as with other publications in their categories and, interestingly, although advertising revenue declined, it was not by the same degree as in prior years. In such an environment, cost control is critical, and this ongoing initiative largely mitigated the revenue declines. This trend is expected to continue, and further business-wide restructuring is accordingly taking place, whereby better use of resources, more content sharing and title synergies are being introduced.

The group's distribution business delivered a marginal improvement in profitability, although it continues to face declining revenues as magazine print orders and copy sales continue to drop. This decline is amplified by the decline in the distribution of CDs and DVDs. The distribution business has successfully tendered to provide delivery services for Media 24 in a number of outlying regions and this has contributed to assisting branches to cover their fixed cost structures. The business has been successful in reducing costs in an attempt to mitigate the declining revenues; however, this can only be done to a point before affecting service levels. It is more evident than ever that consolidation in the market is inevitable.

Digital assets

As previously reported, in an effort to separately recognise and measure some of the group's investments in digital technology platforms, the investment in Private Property South Africa was sold to Cognition Holdings in exchange for shares. From the effective date of 1 February 2019, this increased the group's shareholding in Cognition Holdings from 34.56% to 63.01%, with Cognition Holdings owning 50.01% of Private Property.

Private Property, under new leadership, has improved the key metrics that drive the business; increasing unique browsers by 13%, sessions by 17% and page views by 20%, which ultimately meant an overall growth of 14% in lead generation. This materialised in revenue growing 17%, but this growth was dissipated as investments into marketing and digital advertising more than offset the revenue growth. The increased marketing spend and some non-recurring costs associated with relocation, recruitment and restructuring meant a temporary decline in profits over the previous year. This investment is necessary to gain market share and set the business up for higher growth.

Cognition Holdings, with the exclusion of Private Property, had a difficult year, with earnings declining mainly because of a non-recurring contract and the one-off transaction costs associated with the Private Property transaction.

The Caxton group has, over the last few years, made several significant digital investments in owner-managed start-up businesses as a hedge against the decline in print media. These investments have not as yet made any significant contribution to the group, but, as the digital era builds momentum, this can and will change. As at the reporting date these investments include:

- Guzzle.co.za – a digital retail catalogue listing site
- All4Women.co.za – a content aggregator site of female interest topics
- HealthSpas.co.za – a guide of health spas, selling gift vouchers
- Safari.com – an African safari tour web-based travel agency
- Tysflo.com – a video sharing platform
- Carmag.co.za — a new and second hand car listing platform
- Response24.co.za – a multifunctional incident management and response technology platform (effective July 2019)
- Afristay – a local accommodation booking platform. (effective July 2019)

Web and gravure printing

These business units are largely dependent on retail customers, and, in light of the tough economic conditions they were faced with, have performed well in increasing tonnages through the factories and also revenue. However, this was not enough to offset the steep increases in input costs which could not be recovered from customers. This was as a result of not only increases in the Euro-base cost of imported paper, but also the volatility of exchange rates during the year. This, combined with other unavoidable overhead increases, led to a decline in profitability. These operations are well-placed for any improvement in the economy and retail sector.

Book and magazine printing

This operation faced an extremely difficult year which led to a large decline in profitability, as the key educational text book market was faced with subdued demand that led to a significant mix change and overall decline in margins. Raw material input costs also increased substantially in both foreign-base cost and the volatility of the exchange rate. The operation was not successful in fully recovering these increases from the market and this further impacted margins. The recovery in the educational market is not certain, and thus the focus will be on cost-saving initiatives and aligning cost structures to reduced margins.

PACKAGING AND STATIONERY

Packaging

Save for one operation, the packaging businesses have performed admirably and grew profitability, which reflects the initiatives undertaken over the last few years, including upgrading equipment and infrastructure, rationalising the Gauteng operations and integrating a number of smaller acquisitions. Having said this, the markets we serve were, on the whole, faced with declining volumes and increasing competitor activity that continues to impact margins. It is evident that some competitors, in certain markets, are willing to offer pricing that is commercially unsustainable and predatory.

The group's label operations had an excellent year with the small self-adhesive acquisitions in the Western Cape bearing fruit as the integrations settled down and efficiencies improved. The group's beer label operation was faced with two requests for tenders from its major customers and managed to maintain its market share but with one contract at significantly reduced margins that will impact profits in the forthcoming year. This unit, however, is extremely efficient and continues to provide customers with continuity of supply when other competitors are unable to supply.

The folding carton market continues to be difficult to navigate with declining volumes, mainly in the fast- moving consumer goods sector, on top of reducing margins as competitors price at levels that do not make commercial sense. The fast food sector has assisted in compensating, as there does appear to be some organic growth where customers are opening new stores and also expanding their offerings with new products and promotions. The cigarette market continues to decline due to illicit trade affecting our major customer, but what has been noticeable over the reporting period is that this is at a lower rate, and there appear to be some signs of improved volumes in the lower-priced brands as the authorities clamp down on the illicit cigarette trade.

Stationery

The stationery business units maintained market share but profitability was impacted by a decline in margins because the increases in input costs, mainly imported products, could not be passed onto customers.

OTHER

The group's replications business is in its last days as volumes for CDs and DVDs have materially declined. There is, However, still a need for these physical products and this operation is working closely with its customer base to ensure that the service can still be provided.

PROSPECTS

The group continues to manage its businesses in as tight a manner as possible in an uncompromising trading environment that is unlikely to change in the medium term. As previously indicated, we are most fortunate to have a strong balance sheet that can be effectively used to acquire businesses that can drive some growth and diversification.

REVIEW OF THE INDEPENDENT AUDITORS

The company's auditors, BDO South Africa Incorporated, have reviewed these results. Their unqualified review conclusion is available for inspection at the registered office of the company. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

STATEMENT OF RESPONSIBILITY

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

SUBSEQUENT EVENTS

The remaining 33% of Highway Mail was acquired for R21.3 million. A further 25% interest in Capital Media was acquired for R17.0 million. Interests of 50.1% in Response24 and 50% in Afristay were acquired.

DIVIDENDS

The board has declared a dividend of 60.00 cents (2018: 60.00 cents) per ordinary share (gross) and a preference dividend of 490.00 cents (2018: 490.00 cents) per preference share (gross) for the year ended 30 June 2019.

The dividends are subject to the Dividend Withholding Tax. In accordance with the provisions of the JSE Listings Requirements, the following additional information is disclosed:

- the Dividend has been declared out of current profits available for distribution
- the Dividend Withholding Tax rate is 20%
- the gross dividend amount is 60.00 cents per ordinary share and 490.00 cents per preference share for shareholders exempt from Dividend Withholding Tax
- the nett dividend amount is 48.00 cents per ordinary share and 392.00 cents per preference share for shareholders liable for Dividend Withholding Tax
- the company has 389 679 360 ordinary shares in issue
- the company has 50 000 preference shares in issue
- the company's income tax reference number is: 9175/167/71/8

The following dates are applicable to the dividends.

The last date to trade in order to be eligible for the dividend will be Tuesday, 12 November 2019.

Shares will trade ex-dividend from Wednesday, 13 November 2019.

The record date will be Friday, 15 November 2019 and payment will be made on Monday, 18 November 2019.

Share Certificates may not be dematerialised or materialised between Wednesday, 13 November and Friday, 15 November 2019 both days inclusive.

18 September 2019

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

Sponsor

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