



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

R'000	% change	Unaudited six months to 31 December 2022	Unaudited six months to 31 December 2021	Audited for the year ended 30 June 2022
Revenue	25,8	3 817 393	3 035 684	5 979 339
Other operating income		51 316	42 247	145 269
Total operating income		3 868 709	3 077 931	6 124 608
Changes in inventories of finished goods and work in progress		(28 486)	37 668	(150 915)
Raw materials and consumables used		(2 036 956)	(1 578 852)	(2 864 233)
Staff costs		(662 727)	(614 253)	(1 223 121)
Other operating expenses		(634 844)	(529 805)	(1 058 332)
Total operating expenses	25,2	(3 363 013)	(2 685 242)	(5 296 601)
Profit from operating activities before depreciation and amortisation	28,8	505 696	392 689	828 007
Depreciation and amortisation		(123 645)	(119 319)	(237 709)
Profit from operating activities after depreciation and amortisation	39,8	382 051	273 370	590 298
Impairment of goodwill		(1 217)	–	(3 865)
Profit/(loss) on disposal of subsidiary		78 978	(3 273)	–
Loss on deemed disposal of associate on gain of control		(2 748)	–	(3 394)
Impairment on interest in associates		–	–	(5 354)
Impairment of loans		–	–	(11 386)
Impairment of intangible assets		–	(8 194)	–
Impairment of plant		–	(2 195)	(2 167)
Profit from operating activities		457 064	259 707	555 910
Net finance income		63 657	54 197	118 490
– dividends		54 929	40 342	100 358
– interest income		10 004	14 556	41 781
– interest expense		(1 276)	(701)	(3 949)
– loss on foreign exchange		–	–	(19 700)
Income from associates		6 789	8 132	11 807
Profit before taxation		527 510	322 036	686 207
Taxation		(122 689)	(81 651)	(142 406)
Profit for the period	68,4	404 821	240 385	543 801
Other comprehensive income: Items that will be not be reclassified subsequently to profit or loss		(37 530)	329 198	185 619
Fair value adjustment – investments		(37 530)	329 198	187 042
Fair value adjustment – properties		–	–	(1 423)
Total comprehensive income for the period		367 291	569 583	729 420
Total comprehensive income attributable to				
Non-controlling interests		21 523	4 508	(7 952)
Equity holders of the parent		345 767	565 075	737 372
		367 291	569 583	729 420
Profit attributable to				
Non-controlling interests		21 523	4 508	(7 952)
Equity holders of the parent		383 298	235 877	551 753
		404 821	240 385	543 801

	Unaudited six months to 31 December 2022		Unaudited six months to 31 December 2021		Audited for the year ended 30 June 2022	
Condensed segmental analysis		%		%		%
Revenue						
Publishing, printing and distribution	1 974 404	52	1 656 798	55	3 207 304	54
Packaging and stationery	1 842 989	48	1 378 886	45	2 772 035	46
Other	–	–	–	–	–	–
	3 817 393	100	3 035 684	100	5 979 339	100
Profit from operating activities before depreciation						
Publishing, printing and distribution	267 202	53	250 067	64	469 639	57
Packaging and stationery	291 465	57	197 534	50	422 555	51
Other	(52 972)	(10)	(54 912)	(14)	(64 187)	(8)
	505 696	100	392 689	100	828 007	100
Profit from operating activities after depreciation						
Publishing, printing and distribution	204 009	53	190 696	70	352 040	60
Packaging and stationery	232 273	63	146 957	54	321 365	54
Other	(61 231)	(16)	(64 283)	(24)	(83 107)	(14)
	382 051	100	273 370	100	590 298	100
Total assets						
Publishing, printing and distribution	2 844 021	31	2 147 026	25	2 492 416	29
Packaging and stationery	2 509 867	28	1 923 069	22	2 066 766	23
Other	3 702 675	41	4 528 416	53	4 266 609	48
	9 056 563	100	8 598 511	100	8 825 791	100
Total liabilities						
Publishing, printing and distribution	737 644	37	573 289	32	744 925	39
Packaging and stationery	544 156	27	514 108	28	514 600	27
Other	734 734	36	731 087	40	650 877	34
	2 016 534	100	1 818 484	100	1 910 402	100

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Unaudited six months to 31 December 2022	Unaudited six months to 31 December 2021	Audited for the year ended 30 June 2022
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated by operations	494 456	385 035	730 340
Changes in working capital	(754 762)	(377 575)	(481 228)
Cash (utilised)/generated by operating activities	(260 306)	7 460	249 112
Taxation paid	(98 360)	(58 575)	(155 957)
Cash (outflow)/inflow from operating activities	(358 666)	(51 115)	93 155
CASH FLOW FROM INVESTING ACTIVITIES			
Property, plant, equipment and intangibles			
– additions to maintain operations	(89 174)	(74 109)	(142 384)
– additions to expand operations	–	(31 123)	(63 774)
– proceeds from disposals	9 842	3 346	12 186
	(79 332)	(101 886)	(193 972)
Investments			
Associate loans and investments	23 081	5 284	1 187
Listed investments	62 635	(8 072)	(103 427)
Acquisition of businesses net of cash	(111 528)	–	–
Disposal of subsidiary net of cash	96 638	–	–
Interest received	10 004	14 556	41 781
Dividends received	54 929	40 342	100 358
	135 760	52 110	39 899
Cash inflow/(outflow) from investing activities	56 428	(49 776)	(154 073)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	(193 615)	(183 637)	(188 128)
Rights offer	–	9 999	9 999
Interest paid	(1 276)	(701)	(3 949)
Principal paid on lease liabilities	(3 878)	(1 329)	(8 808)
Own shares acquired	(25 039)	(53 103)	(73 098)
Cash outflow from financing activities	(223 808)	(228 771)	(263 984)
Net decrease in cash and cash equivalents	(526 046)	(329 662)	(324 902)
Cash and cash equivalents at beginning of year	1 664 743	1 989 645	1 989 645
Cash and cash equivalents at end of period	1 138 697	1 659 983	1 664 743

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Unaudited as at 31 December 2022	Unaudited as at 31 December 2021	Audited as at 30 June 2022
ASSETS			
Non-current assets			
Property, plant and equipment	2 356 057	2 342 689	2 327 381
Right-of-use assets	12 116	19 343	16 016
Intangible assets	8 314	25 795	25 242
Goodwill	68 286	85 067	81 202
Interest in associates	98 242	145 127	142 979
Investments	1 650 132	1 850 236	1 761 805
– Listed ordinary shares	1 581 589	1 719 322	1 633 699
– Unlisted ordinary shares	68 543	68 543	68 543
– Listed preference shares	–	62 371	59 563
Deferred taxation	35 388	19 845	31 363
	4 228 535	4 488 102	4 385 988
Current assets			
Inventories	1 850 350	1 144 102	1 530 694
Trade and other receivables	1 837 574	1 298 528	1 240 919
Taxation	1 407	7 796	3 447
Cash	538 697	759 983	764 743
Cash equivalents	600 000	900 000	900 000
	4 828 028	4 110 409	4 439 803
TOTAL ASSETS	9 056 563	8 598 511	8 825 791
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent	6 968 439	6 688 422	6 841 325
Preference share capital	100	100	100
Non-controlling interest	71 490	91 504	73 953
Total equity	7 040 029	6 780 026	6 915 378
Non-current liabilities			
Lease liabilities	9 928	11 438	10 830
Deferred taxation	457 330	520 705	459 464
	467 258	532 143	470 294
Current liabilities			
Trade and other payables	1 258 308	919 636	1 150 095
Lease liabilities	4 150	8 739	7 125
Provisions	212 885	296 194	226 840
Taxation	73 933	61 772	56 059
	1 549 276	1 286 341	1 440 119
TOTAL EQUITY AND LIABILITIES	9 056 563	8 598 511	8 825 791
Net asset value per share (cents)	1 922	1 837	1 887
Capital expenditure	89 174	105 232	206 158
Capital expenditure committed	188 734	60 000	167 000

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Unaudited as at 31 December 2022	Unaudited as at 31 December 2021	Audited as at 30 June 2022
Balance at beginning of year	6 915 378	6 437 185	6 437 185
Total comprehensive income for the period	367 291	569 583	729 420
Own shares acquired	(25 039)	(53 102)	(73 098)
Non-controlling interest	(23 986)	–	–
Rights offer	–	9 999	9 999
Dividends paid – ordinary and preference shareholders	(193 615)	(183 637)	(188 128)
Balance at end of period	7 040 029	6 780 026	6 915 378

R'000	Unaudited as at 31 December 2022	% change	Unaudited as at 31 December 2021	Audited as at 30 June 2022
Earnings and diluted earnings per ordinary share (cents)	106,3	66,4	63,9	151,2
Headline earnings and diluted headline earnings per ordinary share (cents)	90,7	36,4	66,5	157,0
Weighted average shares in issue	360 511 674		369 253 865	364 869 864
Reconciliation between earnings and headline earnings				
Earnings attributable to equity holders of the parent	383 298		235 877	551 753
Adjusted for excluded revaluements	(56 318)		9 700	20 966
Impairment of goodwill	1 217		–	3 865
(Profit)/loss on disposal of subsidiary	(78 978)		3 273	3 394
Loss on deemed disposal of associate on gain of control	2 748		–	–
Impairment of intangibles	–		–	8 222
Impairment of investments	–		8 194	5 354
Impairment of plant	–		2 195	2 167
Loss on disposal of property, plant and equipment	2 242		1 135	1 212
Non-controlling interest share of adjustments	–		(3 798)	–
Tax effect on above adjustments	16 453		(1 299)	(3 249)
Headline earnings	326 980		245 578	572 719

Notes:

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 31 December 2022.

Fair value estimation

The investments are valued at fair value at the reporting date using the following 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

For the Level 3 valuation of the investment is made using a discounted cash flow model will be applied using cash flow forecasts for five years and an extrapolation of expected cash flows using a long-term growth rate, with the following key assumptions applied by management. Long term growth rate of 3.9% and a discount rate of 20.42%.

Acquisition of subsidiaries

The group acquired the remaining thirty three percent investment in Capital Media Proprietary Limited with effect from 1 August 2022 and the remaining fifty percent in Mooi Vaal Media Proprietary Limited with effect from 1 September 2022. These transactions were accounted for as business combinations with effect from these dates. The acquired businesses contributed revenue of R28.6 million and net profits after tax of R2.6 million.

The group also acquired the flexible business operation of Amcor which was also accounted for as a business combination. This business contributed revenue of R88.1 million and a net profit after tax of R1.1 million.

Provisional details of the assets and liabilities acquired are:

R'000	Unaudited as at 31 December 2022
Non-current assets	68 553
Current assets	77 027
Current liabilities	(25 517)
Cash and cash equivalents	12 942
Previously held interest	(37 156)
	95 849
	28 621
	124 470
Goodwill	
Purchase price	

COMMENTARY

Basis of Preparation

The condensed consolidated financial statements for the six months ended 31 December 2022 have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the Financial Reporting Pronouncement as issued by the Financial Reporting Standards Council (FRSC), the requirements of IAS 34 (Interim Financial Reporting), the requirements of the South African Companies Act and the Listings Requirements of the Johannesburg Stock Exchange.

Significant accounting policies

The significant accounting policies applied in preparing these condensed consolidated financial statements are consistent with those applied in the consolidated financial statements in the prior year.

FINANCIAL PERFORMANCE

Earnings

The group has posted a record set of interim results for the period ended 31 December 2022:

SALENT FEATURES:

- Profit from operating activities before depreciation and amortization (EBITDA) grew by R113 million (28.8%) from R392.7 million to R505.7 million.
- Profit from operating activities after depreciation and amortization grew by R108.7 million (39.8%) from R273.4 million to R382.1 million.
- Earnings per share increased by 66.4% from 63.9 cents to 106.3 cents.
- Headline Earnings per share increased by 36.4% from 66.5 cents to 90.7 cents.

Revenues grew strongly by R781.7 million (25.8%) from R3 035.7 million to R3 817.4 million on the back of price increases to recover the unprecedented cost increases of raw materials and operating expenses while the volume growth in our major packaging market segments continued to surprise on the upside. The newly acquired Amcor flexible business in the Western Cape (effective 1 August 2022) also contributed positively to the growth in packaging turnover.

As explained at the previous reporting period, the group was faced with an unprecedented increase in raw material input prices. This continued unabated in the period under review, as local and international paper and board mills were oversubscribed and access to supply was limited, combined with increased freight rates. To further compound the rising cost of raw materials, the international mills were faced with significant energy cost increases as the fallout from the Russia/Ukraine conflict took hold, which meant most European mills applied energy surcharges to all tonnages supplied. This abnormal set of circumstances had to be carefully managed with customers and was the prime focus of management to ensure that margins were maintained. The group's access to a wider supplier base, as well as holding abnormally large stock levels, meant that we were able to meet all customer requirements and, in some instances, grow market share.

The predicted rising inflationary environment is very evident in our results as operating expenses increased by R105 million from R529.8 million to R634.8 million (19.8%). This includes the abnormal cost of R23.8 million spent on the repair of our large commercial printing plant in Durban that was subjected to extensive flood damage reported on at the prior year end. Excluding this abnormal cost, operating expenses would have increased by 15.3%, of which a portion is in support of the increased volumes through our operations. However, across all operations, the period was characterised by increased prices from most of our suppliers, as they were faced with the same inflationary pressures. These increases were particularly felt in transport, maintenance, insurance and power costs.

The reporting period faced ever increasing levels of loadshedding which has added to the group's cost burden and is estimated to have cost R5.9 million in diesel costs. In addition, the impact of an unreliable power supply has resulted in an increased level of electronic failure on plant and the concomitant increase in maintenance costs. The group has the following mitigating plans in place:

- Generating capacity at major operating sites
- Solar rollout is underway with a planned 10 MW installed capacity to be in place by the end of the calendar year
- Power curtailment agreements at two operations in the Western Cape

The group has received an interim insurance payment of R64.2 million which has not been recognised in the review period, pending settlement of the full insurance claim with insurers. We anticipate this can be achieved by the financial year end.

Staff costs were well controlled and grew by R48.5 million (7.9%), which includes acquisitions made as well as increased shifts and overtime to manage the volume growth over the peak season.

After depreciation of R123.6 million, profit from operating activities grew by R108.7 million (39.8%) to R382.1 million.

The group's subsidiary, Cognition Holdings Limited, sold its 51% share in Private Property South Africa (Proprietary) Limited for a gross consideration of R150 million (R147.8 million net of transaction cost) which resulted in a profit on disposal of R79 million.

During the reporting period, the group bought the remaining outstanding shares in associates Mooivaal Media and Capital Media from Media 24, resulting in a deemed loss on disposal of an associate of R2.7 million.

Net finance income grew by R9.5 million (17.5%) as increased dividends were partially offset by reduced interest income.

The increased dividends were from our investments in Mpac Limited, Thebe Investments and Nedbank preference shares, whilst there was no dividend declaration from Novus Holdings Limited. Although the period was characterised by an increasing interest rate cycle, this was negated by the reduced cash holdings as further investments were made into working capital.

Income from associates of R6.8 million approximates the prior period.

Profit before taxation was R527.5 million and the taxation charge was R122.7 million, resulting in profit after taxation of R404.8 million – representing earnings per share of 106.3 cents (prior year 63.9 cents) - an increase of 66.4% and headline earnings per share of 90.7 cents (prior year 66.5 cents) - an increase of 36.4%.

Net asset value per share has grown from R18.87 at 30 June 2022 to R19.22 at 31 December 2022.

Cash Flow

Cash and cash equivalents at the end of the reporting period were R1 138.7 million, a decrease of R521.3 million over the corresponding prior period (R1 660 million