



CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

R'000	% change	Reviewed for the year ended 30 June 2024	Audited for the year ended 30 June 2023
Revenue	(4,7)	6 647 278	6 974 558
Other operating income		248 561	228 515
Total operating income		6 895 839	7 203 073
Changes in inventories of finished goods and work in progress		17 490	54 569
Raw materials and consumables used		(3 600 569)	(3 829 119)
Staff costs		(1 257 923)	(1 307 728)
Other operating expenses		(1 127 612)	(1 139 655)
Total operating expenses	(4,1)	(5 968 614)	(6 221 933)
Profit from operating activities before depreciation and amortisation		927 225	981 140
Depreciation and amortisation		(269 322)	(238 748)
Profit from operating activities after depreciation and amortisation	(11,4)	657 903	742 392
Impairment of goodwill		(18 165)	(1 217)
Reversal/(impairment) of investments		74	(1 219)
Reversal of impairment of investments in associates		21 000	-
Profit on disposal of subsidiary		-	78 978
Loss on disposal of investment		(45 292)	-
Profit/(loss) on deemed disposal of associate on gain of control		1 801	(1 529)
Impairment on interest in associates		-	(1 664)
Impairment of intangible assets		(330)	(4 331)
Impairment of plant		(18 078)	(581)
Profit from operating activities	(26,1)	598 913	810 829
Net finance income		237 037	134 199
- dividends		122 379	117 041
- interest income		110 882	35 323
- interest expense		(5 651)	(2 145)
- Profit/(loss) on foreign exchange		9 427	(16 020)
Income from associates		1 905	7 026
Profit before taxation		837 855	952 054
Taxation		(180 498)	(200 178)
Profit for the year	(12,6)	657 357	751 876
Other comprehensive income:		83 520	(106 884)
Items that will not be reclassified subsequently to profit or loss			
Fair value adjustment – investments		83 520	(199 354)
Fair value adjustment – properties		-	92 470
Total comprehensive income for the year		740 877	644 992
Total comprehensive income attributable to			
Non-controlling interests		1 547	18 056
Equity holders of the parent		739 330	626 936
		740 877	644 992
Profit attributable to			
Non-controlling interests		1 547	18 056
Equity holders of the parent		655 810	733 820
		657 357	751 876

Condensed segmental analysis	Reviewed for the year ended 30 June 2024	%	Audited for the year ended 30 June 2023	%
Revenue				
Publishing, printing and distribution	2 946 620	44	3 425 560	49
Packaging and stationery	3 700 658	56	3 548 998	51
Other	-	-	-	-
	6 647 278	100	6 974 558	100
Profit from operating activities before depreciation and amortisation				
Publishing, printing and distribution	342 850	37	408 710	42
Packaging and stationery	491 857	53	528 359	54
Other	92 518	10	44 071	4
	927 225	100	981 140	100
Profit from operating activities after depreciation and amortisation				
Publishing, printing and distribution	242 213	37	296 633	40
Packaging and stationery	356 180	54	419 395	56
Other	59 510	9	26 364	4
	657 903	100	742 392	100
Total assets				
Publishing, printing and distribution	2 237 113	23	2 398 223	26
Packaging and stationery	2 447 441	25	2 459 058	27
Other	4 968 650	52	4 318 734	47
	9 653 204	100	9 176 015	100
Total liabilities				
Publishing, printing and distribution	679 950	35	609 915	32
Packaging and stationery	577 198	30	637 758	35
Other	675 959	35	631 385	33
	1 933 107	100	1 879 058	100

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Reviewed six months to 30 June 2024	Audited for the year ended 30 June 2023
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated by operations	956 016	908 081
Changes in working capital	87 577	(182 273)
Cash generated by operating activities	1 043 593	725 808
Taxation paid	(169 628)	(202 530)
Cash inflow/(outflow) from operating activities	873 965	523 278
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant, equipment and intangibles		
- additions to maintain and expand operations	(266 632)	(298 713)
- proceeds from disposals	17 272	37 567
	(249 360)	(261 146)
Investments		
Associate loans and investments	9 024	30 101
Investments	90 291	64 610
Acquisition of business net of cash	-	(131 724)
Cash on subsidiary disposal	-	96 638
Interest received	110 882	35 323
Dividends received	122 379	117 041
	332 574	211 989
Cash inflow/(outflow) from investing activities	83 214	(49 157)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(243 895)	(197 098)
Additional investment in subsidiary	(60 946)	(17 691)
Interest paid	(5 651)	(2 145)
Principal paid on lease liabilities	(16 402)	(8 516)
Own shares acquired	(12 898)	(25 038)
Cash outflow from financing activities	(339 791)	(250 488)
Net increase in cash and cash equivalents	617 388	223 633
Cash and cash equivalents at beginning of year	1 888 376	1 664 743
Cash and cash equivalents at end of year	2 505 764	1 888 376

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Reviewed as at 30 June 2024	Audited as at 30 June 2023
ASSETS		
Non-current assets		
Property, plant and equipment	2 530 747	2 558 360
Right-of-use assets	17 044	7 609
Intangible assets	5 936	6 667
Goodwill	54 621	72 286
Interest in associates	82 272	89 669
Investments	1 412 396	1 441 750
- Listed ordinary shares	1 333 452	1 373 207
- Unlisted ordinary shares	78 944	68 543
Deferred taxation	30 711	30 504
	4 133 727	4 206 845
Current assets		
Inventories	1 537 022	1 714 920
Trade and other receivables	1 476 371	1 364 994
Taxation	320	880
Cash	1 805 764	1 188 376
Cash equivalents	700 000	700 000
	5 519 477	4 969 170
TOTAL ASSETS	9 653 204	9 176 015
EQUITY AND LIABILITIES		
Equity	7 720 096	7 296 957
Equity attributable to owners of the parent	7 746 192	7 263 767
Preference share capital	100	100
Non-controlling interest	(26 196)	33 090
Non-current liabilities	480 509	449 543
Lease liabilities	2 338	5 243
Deferred taxation	478 171	444 300
Current liabilities	1 452 599	1 429 515
Trade and other payables	1 232 062	1 214 865
Lease liabilities	16 353	2 946
Provisions	169 076	175 942
Taxation	35 108	35 762
TOTAL EQUITY AND LIABILITIES	9 653 204	9 176 015
Net asset value per share (cents)	2 162	2 022
Capital expenditure	266 632	298 713
Capital expenditure committed	106 003	94 367

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Reviewed as at 30 June 2024	Audited as at 30 June 2023
Balance at beginning of year	7 296 957	6 915 378
Total comprehensive income for the year	740 877	644 992
Own shares acquired	(12 897)	(25 038)
Non-controlling interest disposed of	(32 765)	(41 678)
Non-controlling interest acquired	-	401
Distributable reserves – non-controlling interest acquired	(28 181)	-
Non-controlling interest dividends paid	(28 068)	(17 241)
Dividends paid – ordinary and preference shareholders	(215 827)	(179 857)
Balance at end of period	7 720 096	7 296 957
Earnings and diluted earnings per ordinary share (cents)	182,9	203,3
Headline earnings and diluted headline earnings per ordinary share (cents)	196,1	188,6
Preference dividend paid per share in respect of the previous year (cents)	490	490
Ordinary dividend paid per share in respect of the previous year (cents)	60	60
Weighted average shares in issue	358 554 601	360 941 783
Reconciliation between earnings and headline earnings		
Earnings attributable to equity holders of the parent	655 810	733 820
Adjusted for excluded remeasurements	47 427	(53 054)
Impairment of goodwill	18 165	-
Profit on disposal of subsidiary	-	(78 978)
Loss on disposal of investment	45 292	-
NCI on profit on disposal of subsidiary	-	19 429
(Loss)/profit on deemed disposal of associate on gain of control	(1 801)	1 529
Impairment of interest in associates	-	1 217
Impairment of intangibles	330	4 331
Impairment of investments	-	1 219
Reversal of impairment of investments in associates	(21 000)	-
Impairment of plant	18 078	581
Loss/(profit) on disposal of property, plant and equipment	4 148	(7 703)
Tax effect on above adjustments	(15 785)	5 321
Headline earnings	703 237	680 766

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 fair value through other comprehensive income financial assets are valued using fair market values at 30 June 2024.

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% (3.9%) and a discount rate of 21.7% (26.3%).

Commentary

Basis of preparation

The condensed consolidated financial statements of Caxton and CTP Publishers and Printers Limited ("Caxton") and its subsidiaries and associates ("the Group") for the year ended 30 June 2024 have been prepared in accordance with the framework concepts, the measurement and recognition requirements of IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), the SA Financial Reporting Requirements and the requirements of the South African Companies Act and the Listings Requirements of the Johannesburg Stock Exchange. The report contains, as a minimum, the information required by IAS 34 Interim Financial Reporting and the methods of computation are consistent with those applied in the audited annual financial statements for the year ended 30 June 2023.

Significant accounting policies

The material 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 delivered an expected set of results in the context of a difficult trading environment, where the decline in operating profits was to a large extent offset by insurance proceeds and increased net finance income as follows:

- The insurance proceeds, included in Other operating income, amounted to R173,2 million (2023: R118,2 million) – an increase of R55,0 million over the prior year. The insurance claim related to the Durban floods is now finalised.
- The net finance income of R237,0 million (2023: R134,2 million) represented an increase of R102,8 million compared to 2023.

As a result

- **Headline earnings per share increased by 4.0% from 188.6 cents to 196.1 cents**
- **Earnings per share decreased by 10.0% from 203.3 cents to 182.9 cents** – this decline compared to the prior year was largely due to a loss on disposal of an investment (R45,3 million) compared to a profit on disposal of a subsidiary (R79,0 million) in the prior year – a net difference of R124,3 million or 34.5 cents per share.

Revenues declined by R327,3 million (4.7%) from R6 974,6 million to R6 647,3 million – the sale of a business and closure of a subsidiary resulted in R176,1 million loss of revenue. As reported at the half year, the publishing and printing operations faced reduced printing throughputs and overall decline in media advertising revenues, as national retailers reduced their spending to take account of the constrained consumer environment. In a difficult trading environment, the packaging businesses managed to grow revenues, which confirmed the resilience of the markets that we serve.

Overall margins were under pressure as competition in most markets intensified while the weighted average cost of raw materials increased relative to the prior year. Overall raw material pricing has stabilised, but with exchange rates at elevated levels, this placed pressure on margins that could not be fully recovered from customers.

In the absence of any growth in revenue and increasing margin decline, it was important to focus on cost containment. Staff costs declined by R49,8 million (3.8%) and operating costs by R12,0 million (1.1%). This includes the impact of a closed operation, the sale of a subsidiary and once off flood costs in the prior year. If these factors are excluded, the staff costs were flat and operating costs increased by 6.2%, which is a commendable achievement. Operating costs were impacted by large increases in electricity and water utility costs, but the electricity portion was mitigated by the savings from the solar rollout. The cost increases in insurance premiums and maintenance remain an area of concern and focus.

Profit from operating activities before depreciation and amortisation declined by R53,9 million (5.5%). After depreciation of R269,3 million, profit from operating activities decreased by R5,1 million to R1,9 million.

The Group incurred a loss of R45,3 million on the sale of our entire shareholding in Novus Holdings Limited – this is in contrast to the prior period profit on the sale of Private Property South Africa Proprietary Limited of R79,0 million. Impairment of goodwill of R18,2 million (substantially the goodwill on Cognition Holdings Limited as a result of the acquisition of the minority interests) and impairment of plant in our Cape Town operations of R18,1 million are partly offset by the recovery of investments of R21,0 million previously impaired (sale of our investment in Rapid Response 911 Proprietary Limited).

Net finance income grew by R102,8 million (76.6%) on the back of increased interest and dividend income, as the Group held substantially higher average cash and near cash balances while interest rates remained stable at elevated levels.

Income from associates decreased by R5,1 million to R1,9 million, mainly as a result of an associate impairing an investment in a printing business that ceased trading.

The Group's profit before taxation was R837,9 million, a decrease of 12.0% compared to the prior year. After taxation of R180,5 million, the Group achieved an after tax profit of R657,4 million. Based on a lower weighted average number of 358 554 601 shares in issue, this represents:

- Earnings per share of 182.9 cents (2023: 203.3 cents) – a decrease of 10.0%
- Headline earnings per share of 196.1 cents (2023: 188.6 cents) – an increase of 4.0%
- Net asset value per share of R21.62 cents (2023: R20.22) – an increase of 6.9%

RESULTS

FOR THE YEAR ENDED 30 JUNE 2024

Cash flow

The Group's cash flow improved strongly, ending with cash and cash equivalents of R2 505,8 million, compared to the prior year of R1 888,4 million – an increase of R617,4 million. Likewise, cash balances increased from the interim reporting period by R 695,7 million.

Cash generated from operations of R956,0 million approximates the profit from operating activities before depreciation and amortisation – an increase of R47,9 million over the prior year. Working capital released R87,6 million as the Group's inventory holdings declined by R177,9 million – resulting in cash generated by operating activities of R1 043,6 million – a substantial improvement of R317,8 million over the prior year.

A net investment in property, plant and equipment of R249,4 million includes the following major investments:

- Continued rollout of the solar installation projects – R63,8 million. At the end of the reporting period the Group has installed solar of 8 MW and plans to complete a further 4 MW in the next financial year.
- Investment in various equipment and property extensions in the packaging divisions to support growth and drive efficiencies.

Cash inflows from investing activities amounted to R332,6 million comprising of:

- Repayment of loans and dividends received from associates – R9,0 million.
- Proceeds from sale of our listed investment in Novus Holdings Limited – R90,3 million.
- Interest and dividends received – R233,3 million.

Cash outflows from financing activities amounted to R339,8 million mainly comprising of:

- the Group returned R256,8 million to shareholders in the form of a dividend of R243,9 million (an increase of 23.7% over the prior dividend) and a small R12,9 million repurchase of shares.
- The Group completed its acquisition of the remaining shares in our subsidiary, Cognition Holdings Limited, for R60,9 million and it was de-listed from the JSE on 11 June 2024.

PERFORMANCE REVIEW

PUBLISHING, PRINTING AND DISTRIBUTION

Newspaper publishing and printing

National advertising revenues ended 4% below prior year, but encouragingly the second half of the year showed an improving trend. This slight improvement can be attributed to continued support from primary food retailers, which showed a 1% growth, offset by declines in the technology and home improvement market segments. In addition, our strategy of broadening our customer base is also starting to show promise – 9% of national revenues is now coming from new customers, including the quick service restaurant and government markets. Without neglecting our traditional customer base, the operation will continue looking for new sources of advertising revenues to compensate for any decline in the existing customer base.

As reported at the half year, local advertising revenues have been severely hampered by constrained consumer spending and loadshedding which has meant fewer local businesses are in a position to spend on advertising campaigns (local advertising revenues are 3.5% down over the prior year). These conditions have been especially pronounced in the Greater Johannesburg regions where local revenues declined by 9% year on year.

The decline in advertising revenues combined with increased printing and distribution costs resulted in the publishing business delivering a constrained trading performance.

The business operates in a mature market which is dependent on consumer spending, and it is hoped that the combination of a more stable national government, a much lower risk of loadshedding and pending interest rate cuts could offer some respite to the consumer. These factors should deliver a more robust revenue performance as our local newspapers are a proven distribution channel for bulk product and price advertising material. In the meantime, the operations are exploring all possible avenues to reduce costs.

The Group's newspaper printing plants experienced a significant turnaround in performance from that reported upon at the half year. At that stage the tonnage throughput was tracking 12% down, but ended up showing a growth of around 7% for the full year. This was achieved as some food retailers opted for more affordable coldset print solutions, which drove the increased throughput at our newspaper plants, albeit at the expense of throughputs in the heatset web and gravure printing operations. Our large coldset facility in Johannesburg is now predominantly a retail brochure printing plant which has more than compensated for the decline in daily and weekly newspaper requirements. This facility is well supported by the Group's smaller printing facilities which allow us to print in various provinces to best utilise capacity and unproductive shifts and thereby provide superior service to the customers with quicker turnaround times.

The Group's daily newspaper, The Citizen, experienced an 8% decline in circulation. This, combined with a 7% decline in print advertising revenues delivered a reduced performance. Encouragingly, digital advertising grew by 45% but as it is off a low base, it cannot compensate for the decline in print revenues. Costs were well controlled but to further ensure the sustainability of our product, opportunities are being explored to rationalise certain support functions with our local newspaper business, which should bring further cost reductions.

With the delisting of Cognition Holdings Limited completed in June 2024, the business is now a wholly-owned subsidiary and the operations are now integrated within the wider Group. Revenues for the year are flat, but costs were down by 15% resulting in an improved performance.

Web and gravure printing

The difficult trading conditions for the Group's two commercial printing operations persisted into the second half of the financial year, with tonnage throughput ending 18% below the previous year. This can be attributed to some retailers limiting their requirements as their markets continued to feel the effects of restrained consumer spending – this was particularly felt in the home improvement/hardware market segments.

In addition, a large customer opted to move their requirements onto newsprint which benefited our newspaper printing operations, but had a significant impact on the requirements in our Durban facility. This has forced the operation to enter restructuring discussions to ensure sustainability on lower throughputs while still having the capacity to meet the seasonal demand. This should be completed in the first quarter of the new financial year.

The sourcing and pricing of paper has stabilised, but with extended lead times and the need to hold buffer stock of newsprint, stock levels will increase towards the end of the calendar year.

With the decline in revenues and the high fixed cost nature of these businesses, profitability was reduced. As with our local newspaper business, we operate in a mature market that is very dependent on the state of the consumer. We are hopeful that with a modest interest rate reduction in the offering, these operations could return to more normalised throughput levels.

Book and magazine printing

This operation in the Western Cape has been faced with reduced revenues as the magazines market continues to decline and lower order volumes from educational book printing have persisted. A further realignment of the cost