CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED
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

PROVISIONAL CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Reviewed results for the year ended 30 June 2016

R'000	% change	Reviewed for the year to 30 June 2016	Audited for the year to 30 June 2015
Revenue	2.3%	6 404 995	6 261 388
Other operating income		136 430	111 906
		6 541 425	6 373 294
Changes in inventories of finished goods and work in progress		44 276	83 038
Raw materials and consumables used		2 814 092	2 614 891
Staff costs		1 434 239	1 407 389
IFRS 2 share based payment expense - equity settled		-	43 188
Other operating expenses		1 486 481	1 466 873
Total operating expenses	2.9%	5 779 088	5 615 379
PROFIT FROM OPERATING ACTIVITIES	0.6%	762 337	757 915
Depreciation		289 150	280 727
PROFIT FROM OPERATING ACTIVITIES AFTER DEPRECIATION	-0.8%	473 187	477 188
Impairment of plant and goodwill		27 583	22 174
NET PROFIT FROM OPERATING ACTIVITIES		445 604	455 014
Net finance income		126 899	111 510
- dividends		79 265	63 773
- interest		48 428	50 981
- IFRS 2 interest on unwinding of transaction		3 571	2 200
- net (loss)/profit on currency hedges		(4 365)	(5 444)
Net income from associates		17 636	30 168
PROFIT BEFORE TAXATION		590 139	596 692
Income tax expense		134 085	162 810
PROFIT FOR THE YEAR	5.1%	456 054	433 882
Other comprehensive income:		93 286	(3 984)
Items that will be not be reclassified subsequently to profit or loss			
Fair value adjustment - land & buildings		44 954	-
Items that will be reclassified subsequently to profit or loss			
Fair value adjustment - investment & preference shares		48 332	(3 984)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		549 340	429 898
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Non-controlling interests		8 445	10 608
Owners of the parent		540 895	419 290
		549 340	429 898
PROFIT ATTRIBUTABLE TO:			
Non-controlling interests		8 445	10 608
Owners of the parent		447 609	423 274
		456 054	433 882
Earnings per share (cents)	5.3%	112.5	106.8
Headline earnings per share (cents)	7.0%	116.4	108.8
Preference dividend paid per share in respect of the previous year (cents)		530	490
Ordinary dividends paid per share in respect of the previous year (cents)		65	60
WANOS in issue (Weighted average number of shares)		397 982 185	391 632 132
WANOS shares allocated not issued		-	4 830 685
Earnings per share based on		397 982 185	396 462 817
Reconciliation of headline earnings:			
Earnings attributable to owners of company		447 609	423 274

Adjusted for non-trading items	15 618	8 013
Impairment of plant and goodwill	27 583	22 174
Net profit on disposal of assets	(5 892)	(11 045)
Tax effect on above adjustments	(6 073)	(3 116)
Headline earnings	463 227	431 289

Condensed segmental analysis

Revenue:

		%		%
Publishing, printing and distribution	4 976 694	78	4 953 458	79
Packaging	1 987 843	31	1 933 608	31
Other	281 433	4	307 109	5
Inter-group sales - publishing, printing and distribution	(786 572)	(12)	(862 779)	(14)
Inter-group sales - packaging	(49 532)	(1)	(61 698)	(1)
Inter-group sales - other	(4 871)	(0)	(8 310)	(0)
	6 404 995	100	6 261 388	100
Profit from operating activities after depreciation				
Publishing, printing and distribution	307 956	65	348 622	73
Packaging	151 492	32	165 589	35
Other	13 739	3	(37 023)	(8)
	473 187	100	477 188	100

PROVISIONAL CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

R'000	Reviewed for the year to 30 June 2016	Audited for the year to 30 June 2015
CASH FLOW FROM OPERATING ACTIVITIES	399 292	515 149
Cash generated by operations	758 050	766 688
Changes in working capital	(111 052)	50 847
Cash generated by operating activities	646 998	817 535
Taxation paid	(109 446)	(175 547)
Net interest received	48 428	50 981
Dividends received	79 265	63 773
Net cash generated from operating activities	665 245	756 742
Dividends paid	(265 953)	(241 593)
CASH FLOW FROM INVESTING ACTIVITIES	(370 632)	(710 567)
Property, plant & equipment		
- additions to maintain and expand operations	(353 043)	(453 624)
- proceeds from disposals	12 334	69 573
	(340 709)	(384 051)
- minority interest acquired	(1 867)	-
-subsidiary businesses (net of cash acquired)	(19 198)	(337 342)
Associates, other investments and loans	(8 858)	10 826
CASH FLOWS FROM FINANCING ACTIVITIES	1 114	(32 825)
Shares allocated in prior year now issued	6 000	-
Own shares acquired	(4 886)	(32 825)
Net increase/(decrease) in cash and cash equivalents	29 774	(228 243)
Cash and cash equivalents at the beginning of the year	2 000 412	2 228 655
Cash and cash equivalents at the end of the year	2 030 186	2 000 412
Fair value adjustment of preference shares	(11 861)	(11 480)
Fair value of cash and cash equivalents at the end of the year	2 018 325	1 988 932
Note :		
Cash	908 020	878 247
Bank preference shares at fair value	1 110 305	1 110 685
Fair value of cash and cash equivalents at the end of the year	2 018 325	1 988 932

PROVISIONAL CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

R'000	Reviewed 30 June 2016	Audited 30 June 2015
Assets		
Non-current assets		
Property, plant and equipment	2 594 389	2 484 914
Associated companies	272 156	240 030
Other investments at fair value	86 155	29 026
- Listed	34	34
- Unlisted	86 121	28 992
Deferred taxation	19 299	2 142
Loans to directors	74 987	71 416
Total non-current assets	3 046 986	2 827 528
Current assets		
Inventories	806 228	811 659
Accounts receivable	1 160 063	1 052 058
Taxation	17 961	10 226
Cash	908 020	878 247
Listed bank preference shares at fair value	60 305	60 685
Unlisted bank preference shares	1 050 000	1 050 000
Total current assets	4 002 577	3 862 875
Total assets	7 049 563	6 690 403
Equity and Liabilities		
Equity	5 579 393	5 296 760
Equity attributable to owners of the parent	5 522 682	5 239 661
Preference shareholders	100	100
Non-controlling interest	56 611	56 999
Non-current liabilities		
Deferred taxation	354 634	283 431
Current liabilities		
Trade and other payables	883 677	885 312
Taxation	5 354	-
Provisions	226 505	224 900
Total current liabilities	1 115 536	1 110 212
Total equity and liabilities	7 049 563	6 690 403
Net asset value per share (cents)	1 406	1 352
Directors' valuation of unlisted investments and associated companies	358 276	269 022
Capital expenditure	353 043	453 624
Capital expenditure committed	90 000	144 000

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

R'000	Reviewed 30 June 2016	Audited 30 June 2015
Balance at beginning of the year	5 296 760	5 028 876
Total comprehensive profit for the period	549 340	429 897
Share buy backs	1 114	(32 825)
Shares allotted not issued	-	112 404
Dividends paid - ordinary & preference shareholders	(258 985)	(235 341)
Minority interest acquired	(1 867)	-
Dividends paid - minority shareholders	(6 969)	(6 251)
Balance at end of the year	5 579 393	5 296 760

Note:

Business combination R'000

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

Compact Disc Technologies a division of Times Media Group Limited was acquired with an effective date of 1 April 2016 which has been accounted for as a business combination for the current period.

The acquired business contributed revenue of R9,4 million and a net loss after tax of R2,3 million. Had this business been acquired for the full reporting period the revenue would have been R40,6 million and the net loss after tax would be R9,2 million.

These amounts have been calculated using the group's accounting policies.

Details of the assets and liabilities from the acquisition are as follows:

R'000	Acquires fair values
Plant and equipment	21 676
Inventory	7 969
Other payables	(10 447)
Fair value of net assets acquired	19 198
Total cash purchase consideration	19 198
	-

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 30 June 2016.

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 2 - Inputs used, other than quoted prices, included within Level 1, that are observable for the asset or liability, either directly or indirectly .
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:
- Old Mutual is Level 1
- Thebe Convergent Technology and Stanlib are Level 2

Commentary

Basis of Preparation

The accounting policies adopted in the preparation of the Provisional condensed consolidated financial statements for the twelve months under review are in accordance with the requirements of International Financial Reporting Standards ("IFRS") and are consistent with the prior year and IAS34 on interim reporting, the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial reporting pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa.

Earnings

The previously predicted difficult trading conditions prevailed in the second half of the financial year, led by declining economic growth and increasing raw material costs on the back of a deteriorating exchange rate. The group has managed to limit the impact of these factors on profitability, resulting in net profit from operating activities declining by 2, 1 % to R 445, 6 million from R 455, 0 million.

Revenue growth continues to be hampered by the prevailing low growth environment and showed a marginal growth of 2, 3% to R 6, 405 billion. The newspaper division has shown resilience and has reflected encouraging revenue growth which is a reversal of the trend in the national newspaper environment. This, however, was offset by continued decline in magazine revenue both from declining circulations and advertising revenue.

Raw material input costs, as predicted, increased in the second half of the financial year as a result of the significant depreciating rand exchange rate. This put pressure on margins in a number of our divisions as there is typically a lag period to recover such large cost movements from the customer base.

Staff costs and other operating expenses continue to be well controlled, increasing marginally year on year.

Profit from operating activities amounted to R 762, 3 million similar to that achieved in the prior period. However if the once off IFRS 2 share based expense of R 43, 2 million reflected in the prior period is excluded then profit from operating activities would have declined by 4,8%. Depreciation increased from R 280, 7 million to R 289, 2 million while impairment of plant accounted for R 27, 6 million which included the impact from the reorganization of the Gauteng packaging operations that is currently underway.

Net finance income increased by 13, 8% to R 126, 9 million reflective of the increasing interest rate environment.

Net income from associates has declined from R 30, 2 million to R 17, 6 million as a result of a once off profit from a property sale in the prior period and declining performance from Cognition Holdings.

Profit before taxation of R 590, 1 million is similar to that of the prior year. Taxation at an effective rate of 22,7% absorbed R134,1 million which resulted in profit after taxation of R 456,1 million , an increase of 5,1%.

The weighted number of shares in issue of 397 982 185 resulted in earnings per share of 112,5 cents , an increase of 5,3% and headline earnings per share of 116,4 cents , an increase of 7,0%. Excluding non-recurring items, being the once off IFRS 2 share based expense and business interruption insurance claim, adjusted earnings per share declined by 6, 8% and adjusted headline earnings per share declined by 5, 1%.

Cash Flow

Fair value of cash and cash equivalents amounted to R 2, 018 billion, an increase of R 29,4 million over the prior year. Cash generated by operations of R 758, 0 million is similar to that achieved in the prior year and is reflective of the resilience of the group's cash generating ability. Working capital absorbed R 111,1 million mainly as a result of extended settlement terms given to certain large blue chip customers to combat offers by competitors and a certain large customer paid late over the financial year. In addition the group increased its dividend payment by 10% to R 266, 0 million.

Capital expenditure amounted to R 353,0 million and was mainly applied to the packaging operations to replace and upgrade old technology and also investment in infrastructure to facilitate the reorganization of the Gauteng packaging operations. The benefits of this investment will be felt once the restructure is completed and significant cost savings realized. This also includes the expenditure made on the new web offset press in the book printing division that is showing large improvements in efficiencies. Capital expenditure for the forthcoming financial year is expected to show a marked decrease as all facilities have reached the end of their investment program.

A limited amount of investments were made in the financial year and include the following:

- The purchase of Times Media's CD/DVD replication business for R 19, 2 million.
- The acquisition of a 25% stake in Octotel (Pty) Ltd, a fibre to home operation.

DIVISIONAL PERFORMANCE
Publishing, printing and distribution
Newspaper Publishing and Printing

The group's local newspaper business performed admirably in difficult trading conditions and is testament to the resilience of local media and the solution these media products present to advertisers. National advertising revenue performed exceptionally well and this has meant that profitability has been maintained. If it were not for the weak economies in some regions, profitability would have improved.

The pleasing factor of this performance is that the key Gauteng local newspapers grew turnover and profitability, which is a turnaround from the performance reported on in the last financial year. However in contrast, our regional papers were impacted by the declining local economies especially in those areas dominated by mining and steel manufacture. As these economies stabilise, we expect a reversal of this performance.

The previously reported digital developments have been formally launched across all of the local media platforms with the focus now shifting to develop the sales strategies that complement both the physical and digital format. There is an expectation that in the next financial year, the monetising of these digital platforms will show some growth.

The market for national newspaper publications continues to decline and shows no sign of stabilisation. The group is fortunate that in its stable of media assets there is only one national newspaper, The Citizen. Having said this, The Citizen performed in line with expectations. The decline in daily and weekly newspapers is however felt at our newspaper printing division where significant reductions in copies and paginations is evident. This decline in volumes would have had a more pronounced effect on profitability had the division not done well to partly substitute the lost revenue with other commercial work, albeit at lower margins.

Magazine Publishing and Distribution

The magazine division continues to face challenges with the lack of growth in the general economy. Consumers have less disposable income for discretionary items like magazines and are more selective in the number of copies bought, whether in physical or digital format. At the same time advertising budgets remain constrained resulting in advertising revenue decline and the outlook remains unchanged.

In these conditions, the focus is on providing strong, relevant editorial content while containing costs and ensuring we can offer our audience and advertisers, multiple platforms to ensure any revenue opportunities are effectively capitalised on.

The group's distribution business, RNA, has had a successful year in further diversifying its revenue stream. The business is now the leading distribution partner for CD's and DVD's, as a result of the increase in its customer base. In addition, it has created a merchandising capability to provide merchandising services to its growing customer base. The continued success of this business will be determined by its ability to grow alternative revenue streams that can leverage off its current infrastructure. Currently, the division has started with book distribution and has other opportunities that are being evaluated.

Commercial Printing
Web and Gravure

There has been an extremely pleasing improvement in profitability, where the benefits of the restructured operations were felt in the first half of the financial year while the second half faced a tougher environment. Increasing raw material input costs and a lag period to pass those on, combined with subdued demand from key customers, meant that the second half of the year showed no growth.

Book Printing

This division performed well and produced an improved financial result compared to the previous year, even though revenue declined as the uncertainty in the educational market and reduced text book expenditure by Government continues. Education publishers face enormous challenges as a result of the reduction in spend and the unpredictable purchasing from Government. The commissioning of the new web offset press has contributed to this improved performance by improving efficiencies, reducing waste and creating a more flexible print environment in which this division can capitalise on in the short run book market and magazine market.

Packaging

The second half of the financial year proved to be a difficult period which resulted in an annual decline in earnings, a reversal of the position at the half year reporting period. This period was characterised by declining demand as well as margin pressure as a result of increasing raw material input costs.

The group's gravure packaging divisions have performed well, benefiting from increased demand from our major customers. However, this was offset by the performance of the other divisions that felt the full impact of the declining demand in those markets, lost business due to competitor activity and margin pressure.

The necessary investments in plant and infrastructure have been made to facilitate the restructure of the Gauteng packaging operations that is currently underway, with a proposed completion date towards the end of June 2017. This restructure will streamline operations, and will remove excess capacity and significant costs as the process unfolds.

Other

The stationery business has performed well, growing revenue and profitability. During the year, the group concluded the purchase of the Times Media CD/DVD replication plant and is in the process of integrating the operation with our facility, which will be concluded by the end of January 2017. This will create the only long run replication facility in the country and the necessary economies of scale to ensure sustainability in the medium term.

Prospects

The current low growth economic environment is expected to continue for the next reporting period and will hamper any meaningful growth in revenue for the group .The focus will therefore continue to be cost containment, improving underperforming divisions and taking advantage of any acquisitions.

Review by the Independent Auditors
The company's auditors, Grant Thornton, have reviewed these results. Their unqualified review 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 Acting Financial Director, Mr.TJW Holden, BCom, CA(SA).

Dividends

The board has declared a dividend of 70,0 cents (2015: 65,0 cents) per ordinary share (gross) and a preference dividend of 570,0 cents per share (gross) for the year ending 30 June 2016.

The dividends are subject to the Dividends 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 Tax rate is 15%
- the gross dividend amount is 70,0 cents per ordinary share and 570,0 cents per preference share for shareholders exempt from Dividends Tax
- the nett dividend amount is 59,5 cents per ordinary share and 484,5 cents per preference
- for shareholders liable for Dividend Tax
- the company has 397 678 122 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 15th November 2016.

Shares will be traded ex-dividend from Wednesday 16th November 2016.

The record date will be Friday 18th November 2016 and payment will be made on Monday 21st November 2016

Share Certificates may not be dematerialised or materialised between Wednesday 16th November and Friday 18th November 2016, both days inclusive.

31 August 2016