CAXTON

ANNUAL REPORT

2004

Caxton and CTP Publishers and Printers Limited

CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED

ANNUAL REPORT

FOR THE YEAR

ENDED 30 JUNE 2004

Directorate and administration

Directorate **(*Non-executive directors)**

Dr F. van Zyl Slabbert* *(Chairman)*
T.D. Moolman *(Chief Executive Officer)*
G.M. Utian *(Managing Director)*
Dr J.M. Buitendag*
P.C. Desai*
F.T. Gatefield*
P.G. Greyling
P.M. Jenkins*
A.C.G. Molusi*
M.D.W. Short
P. Vallet*

Secretary

K. J. Bownass

Business address

16 Wright Street
Industria West
Johannesburg, 2093

Postal address

PO Box 43587
Industria, 2042

Registered office

1 Blumberg Street
Industria West
Johannesburg, 2093

Auditors

Ernst & Young
Wanderers Office Park
52 Corlett Drive
Illovo
Johannesburg, 2196

Attorneys

Fluxmans Attorneys
11 Biermann Avenue
Rosebank
Johannesburg, 2196

Bankers

ABSA Bank Limited
ABSA Towers, Johannesburg, 2001

Transfer secretaries

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Company registration no.

1947/026616/06

CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED AND ITS SUBSIDIARIES

Chairman and Managing Director's Report

Group performance

It is once again pleasing to report that good results have been achieved for the year under review. The major capital expenditure programme, which commenced some years ago, has now been completed and an amount of approximately R236 million was expended during the year. Investments will now diminish and an expenditure of only around R100 million is anticipated next year as further projects are undertaken where there is a requirement to keep up with changes in technology and to replace plant where appropriate.

The major contributor to the results has once again been the group's newspaper interests where growth ahead of industry average was achieved by the community and regional newspapers.

Two major factors impacted on the year's results. The first was the fall in the Reserve Bank's repo rate which had the effect of reducing finance income by nearly R40 million. The second was the reassessment of the useful life of plant and machinery which necessitated a change in depreciation rates. The resultant charge to the Income Statement of R84 million is a more accurate measure of the extent of the depreciation of the company's assets for the year just ended.

Consumer spending increased appreciably, mainly as a result of the substantial decrease in the cost of financing debt, and continues to maintain the same momentum. This has had a concomitant benefit in the level of spending on advertising by the major retailers and packaged goods manufacturers. Figures just released by Ad Ex, which is a service measuring advertising investment, show that overall advertising expenditure in newspapers and magazines is up by 18% for the year ended June 2004, with newspapers having fared slightly better than magazines. Advertising spending in the area of community and regional newspapers increased by a remarkable 68%.

Whilst these factors contributed to the good results of the group, trading conditions remained difficult in a number of areas in which the group operates. These were primarily the Web printing, Packaging and Stationery divisions, which were negatively impacted by the strengthening of the Rand and the intense pressure on margins.

Cash generated by operations reached a record level of R529 million. In an endeavour to improve the return on the group's cash resources a decision was taken to invest further in preference shares. During the year R110 million was invested, bringing the investment in preference shares at year end to R205 million.

Financial review

Turnover increased by 8% from R2 694 million to R2 911 million. Profit from operating activities at R414,3 million was up by 31% and equates to a trading margin of 14,2%.

Finance income reduced from R122,5 million to R82,8 million, directly as a consequence of the decrease in interest rates.

Taxation, which includes Secondary Tax on Companies, absorbed R165,7 million leaving income after tax at R331,4 million.

Associated companies, which mainly represent the company's investment in Ince (Pty) Limited and Merpak Envelopes (Pty) Limited, performed in line with expectations, increasing their contribution to earnings to R7,5 million.

Minority interests amounted to R4,9 million and after providing for the fixed portion of the Preference Dividend, earnings attributable to Ordinary Shareholders amounted to R333,9 million.

Earnings per share amounted to 73 cents compared with 61 cents in 2003, an increase of 20% and headline earnings were 75 cents per share, a 14% improvement on those earned in the previous year. Diluted earnings per share amounted to 72 cents per share, an increase of 20% and diluted headline earnings were 74 cents per share, an improvement of 16%.

Divisional performance

As indicated previously, whilst spending on advertising was well up, overall trading conditions were tough and pressure on margins has been relentless. Dealing with an unstable currency is never easy and when the vast majority of the company's raw materials are sourced from overseas suppliers, or where local suppliers apply import parity to the pricing of their products, it then becomes problematical. All countries and industries require a degree of stability in their currency but the prevailing contradictory statements regarding what the level of the currency should be creates a situation where it is difficult to plan forward.

Newspaper publishing and printing

Excellent results were again achieved. A number of new titles and products were added and an investment in the Rising Sun group of newspapers in Natal was made. Market share has grown appreciably and further growth is being budgeted for.

Magazine publishing

The South African magazine market is going through an interesting and challenging phase. There has been intense activity when it comes to the launching of new titles. The advertising market for magazines is showing signs of contraction which appears to be a worldwide phenomenon. Against this background Caxton Magazines performed well, improving circulations, share of advertising market and most importantly their profitability. Major success has been achieved with the launching of *People* as a weekly magazine and with *Vrouekeur* which is also a weekly. An overseas magazine is to be launched early next year.

Academic publishing

The new schools curriculum is now well underway and exceptional focus has been placed on maintaining market share. It is pleasing to note that these efforts have paid off. Whilst substantial marketing costs have had to be incurred, the profits of Maskew Miller Longman have been more than satisfactory, with all their divisions having participated. They maintain their position as the leading educational publisher in this country and have also done well in a number of countries in Southern Africa. New investments are presently being undertaken in Kenya and Mozambique.

Book printing

Further improvements in plant, technology and efficiencies have assisted CTP Books to maintain their profits. Whilst the export side of their business has all but dried up, due to the strength of the Rand, which makes their products uncompetitive in overseas markets, additional volumes have been sourced locally which have made up the shortfall.

Web printing

This division has done well to maintain volumes during a period where margins have been under pressure. Surplus printing capacity in the country and minimal volume growth has resulted in a highly competitive environment. The accent has been and will continue to be placed on improving efficiencies and a number of technological advances are in the planning stage and will be implemented during the forthcoming year. The overall results of this division were nevertheless satisfactory.

Packaging

The reorganisation of the packaging divisions is now complete and the year saw the conclusion of the capital expenditure programme during which a number of new installations were finalised. The gravure printing facilities are now housed in a modern and well-equipped factory in Elandsfontein.

Turnovers and profits have, however, been negatively affected by both imported packaging and finished goods which come into the country at lower prices than locally manufactured equivalents, due to the strength of the South African currency.

Stationery

Results were impacted negatively by a competitive market where raw material prices reduced materially during the year thus affecting margins. Volumes continue to show no growth.

Prospects

There can be no doubt that the substantial reduction in interest rates, where a further half percent decrease has just occurred, has led to an increase in consumer spending. This bodes well for the forthcoming year, but has to be tempered by the probability of the rate of inflation picking up and interest rates increasing next year. The future of our currency is also unknown and as indicated earlier has a major impact on the performance of the company. Advertising spend is currently buoyant and taking all factors into account, further satisfactory growth should be achieved albeit at not quite the level of improvement achieved this year. The continuing involvement of the Johnnic Communications shareholders and executives will also play a pivotal role in looking forward.

Director's resignation

Mr Ron Woulidge resigned as a director of the company on 12 February 2004. We take this opportunity of thanking him for his services as a director over many years.

Thanks

We again take the opportunity of thanking all of our customers and suppliers for their ongoing support. The record results that have been achieved reflect directly on the loyalty, dedication and effort of our staff, without whose commitment the achievement of these results would not have been possible.

Dr F. van Zyl Slabbert *(Chairman)*

G. M. Utian *(Managing Director)*

Caxton and CTP Publishers and Printers Limited and its subsidiaries

Corporate Governance

Caxton complies with the listing requirements of the JSE Securities Exchange South Africa in relation to the Code of Corporate Practices and Conduct as contained in the second King Report on Corporate Governance.

Board of Directors

The Board of Directors of Caxton comprises eleven directors of whom seven, including the chairman, are non-executive directors. Procedures for appointments to the board are formal and transparent.

The Board of Directors has the following subcommittees:

Audit committee

The Chairman is an executive director. The external auditors have unrestricted access to this committee. The audit committee, which is mandated to meet at least three times each year, reviews the effectiveness of internal control in the group with reference to the findings of the external auditors.

Other areas covered include the review of important accounting issues, specific disclosures in the financial statements and a review of major audit recommendations.

The audit committee members are: M.D.W. Short (Chairman), P. Vallet, P.G. Greyling and G.M. Utian.

Remuneration committee

The remuneration committee comprises P. Vallet (Chairman) and M.D.W. Short.

Chairman and chief executive officer

The roles of the chairman and the chief executive officer are separate.

Board meetings

The Board of Directors has four meetings a year. In addition the Articles of Association of the company provide for material decisions taken between meetings to be confirmed by way of directors' resolutions.

Executive management

The executive committees of the respective companies and divisions meet monthly with senior management to consider issues relevant to the entity's performance.

Financial statements

The company's directors are responsible for preparing the Company and group financial statements and other information presented in the annual report in a manner that fairly presents the financial position and results of the operations of the company and the group for the year ended 30 June 2004.

The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with South African Auditing Standards and reporting whether the financial statements are in accordance with South African Statements of Generally Accepted Accounting Practice and the Companies Act in South Africa. The auditors' report is set out on page 6 of these financial statements.

The annual financial statements set out on pages 7 to 29 have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. They are based on appropriate accounting policies, which have been consistently applied, except as noted in the accounting policies note, and are supported by reasonable and prudent judgments and estimates. Adequate accounting records have been maintained throughout the year under review.

Internal control

Caxton maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for the assets of the group and its stakeholders. These controls are based on established policies and procedures and are implemented by trained personnel with an appropriate segregation of duties. All employees are expected to maintain the highest ethical standards in a manner which, in all reasonable circumstances, is above reproach.

The effectiveness of these controls and systems are monitored through adherence to performance standards and by the aid of internal control procedures and checklists.

Nothing material has come to the attention of the directors or the external auditors, based on their tests of internal controls, to indicate that any material breakdown in the functioning of the abovementioned internal controls and systems has occurred during the year under review.

Management reporting

The company has established a comprehensive management reporting discipline, which includes the preparation of annual budgets by all companies and divisions in the group. Performance relative to budget and prior years is monitored on a regular basis and reported to the Board.

Employee equity

In accordance with the requirements of the Employment Equity Act, reports governed by staff complement or annual turnover have been submitted to the Employment Equity Registry by each division within the group.

An analysis by gender and race of the Group staff complement has revealed again that in excess of 80 percent of the complement fall into the category defined as previously disadvantaged.

The policy outlined in the 2003 annual report is unchanged but bears repeating:

- "The company's policy is that no employee would be dismissed or forced to take early retirement to provide an opportunity for the employment of a person defined as previously disadvantaged. In filling vacancies which do arise,

> there is a predisposition towards applicants who are defined as previously disadvantaged, but the ultimate selection is determined by the applicant's skills levels and the most qualified is selected."

The skills shortage among previously disadvantaged persons in the industries in which the group operates, which we reported last year, is being addressed, but progress is slow.

However, in this regard we are particularly pleased to report that 15 trainee journalists engaged in 2003 successfully completed the basic journalism course provided by the Tshwane University of Technology (formerly the Pretoria Technikon).

24 trainee journalists have been recruited for this year and are located at a number of the group's community newspapers, reporting to the editor of the relevant newspaper. They are all enrolled for the journalism course provided by the Tshwane University of Technology and initial reports on their performance are encouraging.

Within the production departments, 24 learners have been engaged by the Caxton/CTP Training Division and in association with the MAPP Seta are being trained to full journeyman status. All are making satisfactory progress.

Going concern

After making enquiries the directors have no reason to believe that the company will not be a going concern in the year ahead. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Company Secretary's Report

To the best of my knowledge and belief, the company has lodged with the Registrar of Companies in Pretoria, all returns required by the Registrar to be submitted and such returns are true and correct and reflect the latest information applicable to the company.

K.J. Bownass

Company Secretary

23 September 2004

Caxton and CTP Publishers and Printers Limited and its subsidiaries

TEN YEAR REVIEW – SALIENT FEATURES

	R millions									
		Restated								
	2004	2003	2002	2001	2000	1999*	1998	1997	1996	1995
Gross turnover	**3 439**	3 234	2 561	2 380	2 258	2 598	1 245	1 119	966	757
Income before taxation	**497**	438	362	320	265	465	200	145	127	88
Earnings attributable to ordinary shareholders	**334**	256	182	174	158	321	130	96	81	55
Weighted average number of shares in issue during the period (000's)	**456 114**	416 293	371 150	371 150	383 750	379 020	323 370	314 170	298 880	294 890
Earnings per ordinary share (cents)	**73**	61	49	47	43	85	40	31	27	19
Diluted earnings per share (cents)	**72**	60	47	45	41	–	–	–	–	–
Diluted headline earnings per share (cents)	**74**	64	47	48	42	55	–	–	–	–
Proposed dividends/distribution per ordinary share (cents)	**35**	30	20	20	–	10	12	5	4	3
Special dividend per ordinary share (cents)	**–**	–	–	–	–	10	–	–	–	–
Dividend cover (times)	**2**	2	2	2	–	8	3	6	6	6
Ordinary shareholders' equity	**2 332**	2 196	1 637	1 512	1 337	1 323	538	451	376	305
Net current assets	**1 300**	1 355	1 271	1 097	925	936	233	171	134	141
Net asset value per share (cents)	**513**	478	441	408	366	371	167	144	126	103
Number of employees	**5 239**	5 258	5 380	5 235	5 605	5 435	3 496	3 159	3 121	3 020

Comparative figures have been adjusted for the 10-for-1 share split during December 2002.

*15 month reporting period.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED

We have audited the annual financial statements and the group annual financial statements of Caxton and CTP Publishers and Printers Limited set out on pages 7 to 29 for the year ended 30 June 2004. These financial statements are the responsibility of the company's directors.

Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes

– examining on a test basis, evidence supporting the amounts and disclosures in the financial statements,

– assessing the accounting principles used and significant estimates made by management, and

– evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion the financial statements fairly present, in all material respects, the financial position of the company and the group at 30 June 2004 and the results of their operations, cash flows and changes in equity for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

Ernst + Young

Ernst & Young
Chartered Accountants (SA)

Johannesburg
23 September 2004

Review of business and operations

Gross turnover for the year showed an increase over 2003 of R204,9 million (2003: R673 million) to reach R3 439 million (2003: R3 234 million). Profit from operations increased by R98,7 million (2003: R74,6 million) to reach R414,3 million (2003: R315,6 million). Net finance income received amounted to R82,8 million (2003: R122,5 million) with capital expenditure during the year totalling R236 million (2003: R207 million). Net cash resources amounted to R963,5 million (2003: R977,8 million).

Ordinary dividend

A dividend of 35 cents per share has been declared on 24 August 2004 payable to shareholders on 11 October 2004.

Preference dividend

A 12 cents per share, 6% preference dividend has been declared (2003: 12 cents) and a participating preference dividend of R2,52 per preference share will be payable subject to the passing of ordinary resolution 4 as set out in the notice to members (2003: R2,38).

Share capital

Particulars of the authorised and issued share capital of the company are set out in note 11 of the financial statements.

Holding company

The company's holding company is Caxton Limited and its ultimate holding company is Modern Media (Proprietary) Limited.

Subsidiary companies

Particulars of subsidiary companies are set out on page 28. The aggregate attributable interest of the company in the after tax profits and losses of the subsidiaries was:

	R000 2004	R000 2003
Profits	**291 927**	265 832
Losses	**(2 518)**	(2 078)
	289 409	263 754

Share incentive schemes

The company operates two employee share incentive schemes. The first scheme is the Caxton and CTP Publishers and Printers Limited Share Option Scheme (formerly CTP Holdings Limited) which was established in 1996. The second scheme is Caxton and CTP Publishers and Printers Limited Purchase Scheme (formerly Caxton Publishers and Printers Limited) which was established in 1998. The number of shares which may be acquired by the trustees of the schemes is 10% of the issued share capital.

The relevant particulars of the schemes are set out below:

	2004	2003
Number of shares which may be acquired	**45 725 378**	46 057 007
Shares granted less lapsed since inception of both schemes	**32 140 346**	37 869 211
Directors	**13 500 000**	13 500 000
Other employees	**18 640 346**	24 369 211
Available for utilisation at the end of the financial year	**13 585 032**	8 187 796

Share option scheme

The strike price of the option is fixed at an amount equal to the market price of the company's share price of R4,20 and R5,01 on the grant dates. These shares are exercisable over a maximum of 10 years to June 2008, at the company's closing share price on the JSE Securities Exchange South Africa on the exercise date. The amount expensed in the income statement, is arrived at by the difference between the strike price and the closing share price on 30 June 2004 of R8,20 (June 2003: R5,95) multiplied by the share options outstanding.

Details of share options movement during the period:

	Number of options	Weighted average exercise price
Outstanding on 1 July 2003	12 925 450	
Exercised during the year	(595 703)	R7,84
Granted during the year	–	
Lapsed during the year	(6 198 747)	
Outstanding on 30 June 2004	6 131 000	
– directors	1 540 000	
– other employees	4 591 000	
Number of participants	45 (2003: 185)	

Share purchase scheme

The strike price of the purchase is fixed at an amount equal to the market price of the company's share price on the grant date.

Details of share movement during the period:

	Number of shares
Outstanding on 1 July 2003	385 500
Exercised and granted during the year	–
Outstanding on 30 June 2004	385 500
– directors	–
– other employees	385 500
Number of participants	7 (2003: 7)

Directorate and Secretary

The names of the present directors, the secretary and his addresses are set out on page 1 of this report. Mr. R. Woulidge resigned as a director on 12 February 2004. In terms of the Articles of Association Dr. F. van Zyl Slabbert, Mr. T.D. Moolman and Mr. G.M. Utian retire as directors and, being eligible, offer themselves for re-election.

At the date of this report and 30 June 2004 the directors' beneficial shareholding in the company amounted to:

Directors	2004 Direct	2003 Direct	2004 Indirect	2003 Indirect
F.T. Gatefield	–	–	1 995 638	1 995 638
P.G. Greyling	1 325 000	936 282	–	–
T.D. Moolman	17 199 196	15 629 184	–	–
M.D.W. Short	6 764 593	5 408 391	–	–
G.M. Utian	60 000	60 000	2 010 579	1 410 255
P. Vallet	–	20 250	–	–
R.W. Woulidge	–	319 017	–	–
Total	25 348 789	22 373 124	4 006 217	3 405 893

On 30 June 2004 Caxton Limited held 39,88% of the issued ordinary shares of the company. The Moolman & Coburn Partnership ("the partnership"), through various intermediate companies controlled by the partnership, controls Caxton Limited. The partnership and one of its intermediate companies on 30 June 2004 held an additional 6,18% of the issued ordinary shares of the company. The partnership therefore controls a total of 46,06% of the issued ordinary shares in the company.

The directors do not have any non-beneficial shareholdings in the company.

Shareholder spread

Ordinary shares

At the year end, the shares of the company were held by the following categories of shareholders:

	Number of shareholders	% of shareholders	Number of shares held	% of shares held
Non-public shareholders				
Group directors	7	0,35	26 931 386	5,89
Associates of group directors	3	0,15	4 498 206	0,98
Trustees of employee share schemes	2	0,10	1 267 283	0,28
Shareholders, who by virtue of an agreement, have a right to nominate Board members	–	–	–	–
Shareholders holding more than 10% of the issued ordinary shares				
– Johnnic Communications Limited	1	0,05	80 065 330	17,51
– Caxton Limited	1	0,05	182 354 641	39,88
	14	0,70	295 116 846	64,54
Public shareholders	2 007	99,30	162 136 937	35,46
Total	2 021	100,00	457 253 783	100,00

According to the records of the company, other than as indicated above, no shareholder holds five per cent or more of the company's shares at 30 June 2004.

Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the report or group annual financial statements that would affect the operations of the group or the results of those operations significantly.

Approval of the annual financial statements

The annual financial statements, which appear on pages 7 to 29, have been approved by the board and are signed on its behalf by:

G. M. Utian

G.M. Utian
Managing Director

T.D. Moolman
Chief Executive Officer

Johannesburg
23 September 2004

Caxton and CTP Publishers and Printers Limited
Balance sheets at 30 June 2004

COMPANY				GROUP	
2003	2004			2004	2003
R000	R000	Notes		R000	R000
			ASSETS		
–	–	2	PROPERTY, PLANT AND EQUIPMENT	1 031 560	885 890
–	–	3	INTANGIBLE ASSETS	7 076	2 557
1 401 822	1 433 421	4	INTEREST IN SUBSIDIARIES	–	–
20 168	90 115	5	INVESTMENTS AND LOANS	116 459	41 941
1 421 990	1 523 536			1 155 095	930 388
			CURRENT ASSETS		
–	–	6	Inventories	359 226	403 369
3 122	1 335	7	Accounts receivable	610 942	547 884
–	104		Taxation	29 902	15 858
–	110 034	8	Preference shares – listed	110 034	–
95 000	95 000	9	Preference shares – unlisted	95 000	95 000
101 527	89 622	10	Bank and cash resources	758 424	882 839
199 649	296 095			1 963 528	1 944 950
1 621 639	1 819 631		**TOTAL ASSETS**	3 118 623	2 875 338
			EQUITY AND LIABILITIES		
11 514	11 514	11	SHARE CAPITAL	11 359	11 506
942 880	804 971		SHARE PREMIUM	768 286	940 825
4 469	4 469	12	NON-DISTRIBUTABLE RESERVES	80 523	87 443
504 900	550 019		DISTRIBUTABLE RESERVES	1 471 931	1 155 719
1 463 763	1 370 973		ORDINARY SHAREHOLDERS' EQUITY	2 332 099	2 195 493
100	100	11	PREFERENCE SHARE CAPITAL	100	100
–	–	13	MINORITY INTEREST	7 434	5 459
–	–	14	DEFERRED TAXATION	115 109	84 673
1 463 863	1 371 073			2 454 742	2 285 725
			CURRENT LIABILITIES		
16 406	16 819	15	Accounts payable	416 671	363 216
–	–	16	Provisions	114 117	83 543
140 282	430 861		Amounts owed to group companies	–	–
1 088	878		Taxation	133 093	142 854
157 776	448 558			663 881	589 613
1 621 639	1 819 631		**TOTAL EQUITY AND LIABILITIES**	3 118 623	2 875 338

Caxton and CTP Publishers and Printers Limited
Income statements for the year ended 30 June 2004

COMPANY 2003 R000	COMPANY 2004 R000	Notes		GROUP 2004 R000	GROUP 2003 R000
135 594	**62 444**	17	**REVENUE**	**3 056 424**	2 875 902
–	–	17	GROSS TURNOVER	**3 439 211**	3 234 317
–	–		LESS: INTER-GROUP	**(528 351)**	(540 754)
–	–		NET TURNOVER	**2 910 860**	2 693 563
–	–		OTHER OPERATING INCOME	**56 199**	58 005
–	–		**TOTAL OPERATING INCOME**	**2 967 059**	2 751 568
–	–		CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS	**(9 083)**	(8 745)
–	–		RAW MATERIALS AND CONSUMABLES USED	**995 632**	993 675
–	–	18	STAFF COSTS	**554 510**	504 378
–	–	19	DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE	**84 178**	117 970
22 163	**677**	20	OTHER NET OPERATING EXPENSES	**927 509**	828 676
22 163	**677**		**TOTAL OPERATING EXPENSES**	**2 552 746**	2 435 954
(22 163)	**(677)**		**PROFIT FROM OPERATIONS**	**414 313**	315 614
135 594	**62 444**	22	FINANCE INCOME	**89 365**	124 334
(16)	**(1 522)**	23	FINANCE COSTS	**(6 542)**	(1 841)
113 415	**60 245**		**INCOME BEFORE TAXATION**	**497 136**	438 107
(5 423)	**(14 740)**	24	TAXATION	**(165 753)**	(150 002)
107 992	**45 505**		**INCOME AFTER TAXATION**	**331 383**	288 105
–	–		INCOME FROM ASSOCIATES	**7 490**	5 988
–	–	13	ATTRIBUTABLE TO MINORITY INTEREST	**(4 930)**	(38 436)
(6)	**(6)**	25	FIXED COMPONENT OF PREFERENCE DIVIDENDS	**(6)**	(6)
107 986	**45 499**		**EARNINGS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS**	**333 937**	255 651
		26	EARNINGS PER ORDINARY SHARE (cents)	**73,2**	61,4
		26	DILUTED EARNINGS PER SHARE (cents)	**72,2**	59,6
		27	HEADLINE EARNINGS PER SHARE (cents)	**74,7**	65,6
		27	DILUTED HEADLINE EARNINGS PER SHARE (cents)	**73,7**	63,6
		28	DIVIDENDS PER ORDINARY SHARE (cents)	**–**	20,0
		25	PREFERENCE DIVIDENDS PER SHARE (cents)	**264**	250
			– Fixed	**12**	12
			– Participating	**252**	238

Caxton and CTP Publishers and Printers Limited
Cash flow statements for the year ended 30 June 2004

COMPANY 2003 R000	COMPANY 2004 R000	Notes		GROUP 2004 R000	GROUP 2003 R000
28 597	**(90 904)**		**CASH FLOW FROM OPERATING ACTIVITIES**	**315 654**	251 883
(42 253)	**(677)**	34.1	Cash generated by/(utilised in) operations	**528 678**	461 033
13 413	**2 201**	34.2	Changes in working capital	**29 314**	(143 492)
(28 840)	**1 524**		Cash generated by/(utilised in) operating activities	**557 992**	317 541
(3 904)	**(15 054)**	34.3	Taxation paid	**(184 172)**	(93 021)
13 153	**5 268**		Net interest received	**73 553**	122 491
122 425	**55 654**		Dividends received	**9 270**	2
102 834	**47 392**		Net cash inflow from operating activities	**456 643**	347 013
–	**(138 035)**		Distribution of share premium	**(137 909)**	–
(74 237)	**(261)**	34.4	Dividends paid	**(3 080)**	(95 130)
(64 949)	**(101 546)**		**CASH FLOW FROM INVESTING ACTIVITIES**	**(297 147)**	(209 872)
			Property, plant, equipment and intangibles		
–	**–**		– additions to maintain and expand operations	**(235 777)**	(206 935)
–	**–**		– proceeds from disposals	**5 658**	16 729
–	**–**			**(230 119)**	(190 206)
(44 788)	**–**	34.5	Investments – subsidiary businesses	**–**	(25 065)
(20 161)	**(101 546)**	34.6, 34.7	– associates, other investments and loans	**(67 028)**	5 399
(64 949)	**(101 546)**			**(67 028)**	(19 666)
139 113	**290 579**		**CASH FLOW FROM FINANCING ACTIVITIES**	**(32 888)**	(15 276)
–	**–**		Proceeds on sale of shares by Share Trust	**1 889**	5 092
157 418	**290 579**		Increase in amount owing to group companies	**–**	–
(17 938)	**–**		Own shares acquired	**(34 777)**	(20 001)
(367)	**–**		Share options acquired in cash	**–**	(367)
102 761	**98 129**		Net (decrease)/increase in cash and cash equivalents	**(14 381)**	26 735
93 766	**196 527**		Cash and cash equivalents at beginning of year	**977 839**	951 104
196 527	**294 656**	34.8	Cash and cash equivalents at end of year	**963 458**	977 839

Caxton and CTP Publishers and Printers Limited
Statements of changes in equity for the year ended 30 June 2004

Group **R000**	Notes	Share capital	Share premium	Non-distributable reserves	Distributable reserves	Total
Balance at 1 July 2002		9 279	564 645	88 655	974 123	1 636 702
Changes in accounting policy	1					
– revaluation of plant reversed					(15 097)	(15 097)
– deferred tax thereon					4 529	4 529
– share trust consolidation					5 375	5 375
Restated balance at beginning of the year		9 279	564 645	88 655	968 930	1 631 509
Attributable earnings to ordinary shareholders for the year		–	–	–	255 651	255 651
Ordinary dividends paid	28	–	–	–	(74 221)	(74 221)
Foreign currency translation reserve adjustment		–	–	–	(954)	(954)
Realisation of land and buildings revaluation reserve		–	–	(1 221)	1 221	–
Minority share of non-distributable reserves		–	–	9	–	9
Share trust consolidation	1	–	–	–	5 092	5 092
Share options exercised by employees and acquired by group		–	(367)	–	–	(367)
Shares issued for the acquisition of the minorities of Caxton Publishers and Printers Limited		2 307	396 468	–	–	398 775
Share buy back and cancellation		(72)	(15 529)	–	–	(15 601)
Cost relating to share buy back and cancellation		–	(2 337)	–	–	(2 337)
Own shares acquired		(8)	(2 055)	–	–	(2 063)
Balance at 30 June 2003		11 506	940 825	87 443	1 155 719	2 195 493
Restated balance at 1 July 2003		11 506	940 825	87 443	1 155 719	2 195 493
Attributable earnings to ordinary shareholders for the year		–	–	–	333 937	333 937
Preference dividend	25	–	–	–	(119)	(119)
Foreign currency translation reserve adjustment		–	–	(994)	–	(994)
Realisation of loans acquired at a discount		–	–	(5 119)	5 119	–
Realisation of land and buildings revaluation reserve		–	–	(807)	807	–
Reversal of deferred tax	14	–	–	–	(25 421)	(25 421)
Share trust consolidation		(44)	(1 720)	–	1 889	125
Distribution of share premium		–	(137 909)	–	–	(137 909)
Own shares acquired		(103)	(32 910)	–	–	(33 013)
Balance at 30 June 2004		11 359	768 286	80 523	1 471 931	2 332 099
Company **R000**						
Balance at 1 July 2002		9 279	564 645	4 469	471 145	1 049 538
Attributable earnings for the year		–	–	–	107 986	107 986
Dividends paid	28	–	–	–	(74 231)	(74 231)
Shares issued for the acquisition of the minorities of Caxton Publishers and Printers Limited		2 307	396 468	–	–	398 775
Share buy back and cancellation		(72)	(15 529)	–	–	(15 601)
Cost relating to share buy back and cancellation		–	(2 337)	–	–	(2 337)
Share options exercised by staff and acquired by company		–	(367)	–	–	(367)
Balance at 30 June 2003		11 514	942 880	4 469	504 900	1 463 763
Balance at 1 July 2003		11 514	942 880	4 469	504 900	1 463 763
Attributable earnings for the year		–	–	–	45 499	45 499
Preference dividend	25	–	–	–	(119)	(119)
Distribution of share premium		–	(137 909)	–	(261)	(138 170)
Balance at 30 June 2004		11 514	804 971	4 469	550 019	1 370 973

Caxton and CTP Publishers and Printers Limited
Notes to the annual financial statements
for the year ended 30 June 2004

1. ACCOUNTING POLICIES

The financial statements are compiled in accordance with the historic cost convention except for certain financial instruments carried at fair value and properties which have been revalued. The principal accounting policies of the group, which conform with South African Statements of Generally Accepted Accounting Practice, are set out below and have been consistently applied in all material respects with those of the previous year, except for:

– the accounting policy for the revaluation of plant and machinery was ceased. The effect of this change was to decrease the prior year opening retained income by R10,6 million, decrease fixed assets by R15,1 million and decrease deferred taxation liability by R4,5 million. The effect on the prior year income statement was immaterial and therefore no adjustment was effected.

– the share trusts were consolidated for the first time. The effect of this change was to increase the prior year opening retained income by R5,3 million. The effect on the prior year equity statement was R5,1 million.

1.1 Consolidation

The consolidated annual financial statements combine the financial position and the results of the operations of the company and entities controlled by the group drawn up to 30 June each year. The results of the controlled entities are incorporated over the period in which the group exercises control over them. Unrealised profits arising from transactions within the group and inter company balances have been eliminated. Where necessary, accounting policies for controlled entities are changed to ensure consistency with the policies adopted by the group. The financial statements of controlled entities are prepared for the same reporting period as the parent company. The company carries its investment in controlled entities at cost less accumulated impairment losses.

1.2 Jointly controlled entities

Investments in jointly controlled entities are accounted for at cost in the holding company, and a proportionate share of the assets/liabilities/income and expenses are recognised with similar line items in the consolidated financial statements on a line by line basis. The accounting policies of the jointly controlled entities are the same as those of the group in all material respects.

1.3 Associated companies

The equity method is used to account for investments in associated companies. These are long-term investments where the interests of the group are sufficiently material to enable it to exercise significant influence over the financial and operating policies of the investee company concerned. Under the equity method of accounting the group’s share of the associate’s profit or loss for the year is recognised in the income statement. The group’s interest in the associate is carried in the balance sheet at cost plus post acquisition changes in the group’s share of the results of operations of associates. The accounting policies of the associated companies are the same as those of the group in all material respects. Provision is made for any impairment in the carrying value of the investment in associates.

1.4 Property, plant and equipment

The group's properties are all owner-occupied. Land is not depreciated. Land and buildings are stated at acquisition cost and revalued on an open market value in use basis at intervals not exceeding five years. Freehold buildings are depreciated on the straight line basis to their anticipated residual value over their estimated useful life to the group.

Plant and machinery is stated at acquisition cost and is depreciated on the straight line basis to their anticipated residual value over their estimated useful life, less any accumulated impairment losses. Furniture, equipment and vehicles are stated at acquisition cost and depreciated on a straight line basis at rates appropriate to reduce book values to estimated residual values over the anticipated useful lives of the assets.

The rates of depreciation used are:

Buildings	2%
Plant and machinery	4 – 12,5%
Vehicles	20%
Furniture and equipment	15 – 33%

1.5 Intangible assets

1.5.1 Goodwill

Goodwill represents the excess of the cost of an acquisition of subsidiaries and joint ventures over the fair value of the group’s share of the net identifiable assets at date of acquisition. Goodwill is capitalised and amortised on a straight line basis over the lesser of its effective economic life and twenty years. Negative goodwill, being the excess of the attributable fair value of the identifiable assets over the purchase consideration, is either recognised in income on a systematic basis over the useful life of the identifiable net non-monetary assets, or as future anticipated expenses are incurred, or it is recognised in income immediately when it exceeds the identifiable net non-monetary assets acquired.

1.5.2 Publication titles

Newspaper and magazine publication titles arise on acquisition of newspapers and magazines. Active publication titles are stated at cost and amortised over the best estimate of its useful life, which is five years. Non-active publications titles are written off in the year the newspaper or magazine ceases publication.

1. ACCOUNTING POLICIES (continued)

1.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less any costs of completion and disposal. Cost is determined on the following basis:

– raw materials are valued on a first-in, first-out or average cost basis.

– work in progress and finished goods are valued at raw material cost, direct labour and a proportion of manufacturing overhead expenses, based on normal capacity.

1.7 Impairment of assets

The carrying amounts of property, plant and equipment, goodwill and investments are reviewed at each balance sheet date to determine whether there is indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount and the assets are written down to their recoverable amount.

1.8 Deferred taxation

Deferred taxation is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Current tax rates are used to determine deferred taxation. Provision is made for deferred taxation on the revaluation of property and on fair value adjustment on business acquisitions. Deferred taxation assets relating to temporary differences which will result in deductible amounts in future periods are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

1.9 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.10 Financial instruments

Financial instruments recognised on the balance sheet include investments, accounts receivable, cash and cash equivalents and accounts payable. All financial instruments are recognised at the time the group becomes party to the contractual provisions of the instruments. All financial instruments are initially measured at cost, being the fair value of the consideration given.

Financial assets, or a portion of financial assets, are derecognised when the group loses control of the contractual rights that comprise the financial assets. The group loses such control if it realises the rights to benefits specified in the contract, the rights expire, or if the group surrenders those rights. Financial liabilities are derecognised when they are extinguished – that is, when the obligation specified in the contract is discharged, cancelled, or expires.

Subsequently the financial instruments are measured as follows:

Investments

The company's investment in unlisted associates and subsidiaries are carried at cost less a provision for impairment.

Listed and unlisted investments, other than investments in associates, subsidiaries and joint ventures are classified as available for sale or held for trading. Listed investments, unlisted investments and preference shares are initially measured at cost including transaction costs. Investments are subsequently measured at fair value with fair value adjustments recognised as a separate component of equity in respect of available for sale investments, and through the income statement in respect of held for trading investments.

Accounts receivable

Accounts receivable, which generally have 30 to 60 day terms, are recognised at original invoice amount less an allowance for any uncollectible amounts. Accounts receivable which are of long-term nature are subsequently measured at amortised cost less an allowance for uncollectible amounts, and are classified as receivables originated by the enterprise. An estimate for doubtful debts is made when collection of any amount outstanding is no longer probable. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, cash in banks, short-term deposits, bank overdrafts and highly liquid investments. Those cash and cash equivalents that have a fixed maturity are subsequently measured at amortised cost using effective interest rates. Those cash and cash equivalents that do not have a fixed maturity are subsequently measured at cost.

Accounts payable

Accounts payable which are normally settled on 30 to 60 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the group. Accounts payable are subsequently measured at amortised cost using effective interest rates.

1. ACCOUNTING POLICIES (continued)

1.11 Foreign currency transactions

Foreign currency transactions are recorded at the transaction date using the spot rate. At balance sheet date all foreign currency monetary items are converted at the year-end closing rate. Gains and losses on conversion are recognised in the income statement. Assets and liabilities of subsidiaries denominated in foreign currencies are translated at year-end rates. Income and expense items are translated using the annual weighted average rates of exchange. Adjustments from translation are recorded in shareholders' equity and are reflected in the income statements only upon sale or liquidation of the underlying investments. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate. Foreign currency forward contracts protect the group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Profits or losses on forward currency contracts are calculated based on forward rates of similar contracts at year-end, and are recognised immediately in the profit for the period.

1.12 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria are adopted: turnover from net invoiced sales and circulation revenue is recognised when the risk is transferred to the customer; dividend income is recognised when the last date to register for the dividend has passed; interest is recognised on a proportion basis which takes into account the effective yield on the asset over the period it is expected to be held.

1.13 Employee benefits

Contributions to the group's defined contribution plans are charged to the income statement in the periods when the services are rendered.

1.14 Leases

Leases are classified as operating leases where substantially all the risk and rewards associated with ownership of an asset are not transferred from the lessor to the lessee.

2. PROPERTY, PLANT AND EQUIPMENT (GROUP)

Cost or valuation R000	Freehold land and buildings	Leasehold improvements	Plant and machinery	Vehicles	Furniture and equipment	Total
Year ended 30 June 2004						
Restated opening net book value	**218 647**	**–**	**636 602**	**11 262**	**19 379**	**885 890**
Purchases	**14 232**	**317**	**195 904**	**6 160**	**12 158**	**228 771**
Disposal and reclassifications	**(165)**	**(126)**	**(3 196)**	**(2 173)**	**768**	**(4 892)**
(Impairment)/reversal	**507**	**–**	**(3 096)**	**–**	**–**	**(2 589)**
Depreciation	**(1 919)**	**(67)**	**(55 124)**	**(4 643)**	**(13 867)**	**(75 620)**
Closing net book value	**231 302**	**124**	**771 090**	**10 606**	**18 438**	**1 031 560**
Summary						
Cost	**19 877**	**317**	**1 126 196**	**30 063**	**85 215**	**1 261 668**
Valuation	**214 138**	**–**	**–**	**–**	**–**	**214 138**
	234 015	**317**	**1 126 196**	**30 063**	**85 215**	**1 475 806**
Accumulated depreciation	**(2 713)**	**(193)**	**(355 106)**	**(19 457)**	**(66 777)**	**(444 246)**
Net book value	**231 302**	**124**	**771 090**	**10 606**	**18 438**	**1 031 560**
Year ended 30 June 2003						
Opening net book value	211 449	–	561 310	12 594	23 908	809 261
Purchases	8 944	–	183 981	3 897	9 879	206 701
Disposal and reclassifications	(2 886)	–	(9 545)	(587)	(331)	(13 349)
(Impairment)/reversal	2 831	–	(5 053)	–	(7)	(2 229)
Revaluation	–	–	(15 097)	–	–	(15 097)
Depreciation	(1 691)	–	(78 994)	(4 642)	(14 070)	(99 397)
Restated closing net book value	218 647	–	636 602	11 262	19 379	885 890
Summary						
Cost	31 049	–	796 284	28 910	78 509	934 752
Valuation	190 575	–	164 418	–	–	354 993
	221 624	–	960 702	28 910	78 509	1 289 745
Accumulated depreciation	(2 977)	–	(324 100)	(17 648)	(59 130)	(403 855)
Net book value	218 647	–	636 602	11 262	19 379	885 890

2.1 The register of fixed property is available for inspection at the registered office of the company.

Company 2003 R000	Company 2004 R000		Group 2004 R000	Group 2003 R000
		3. INTANGIBLE ASSETS		
		Goodwill		
		Goodwill acquired	4 330	15 638
		Accumulated amortisation	(2 165)	(7 819)
			2 165	7 819
		Impairment	(2 165)	(7 819)
			–	–
		Publication titles		
		Cost or valuation		
		Opening net book value	2 557	5 082
		Purchases	7 006	234
		Reclassification and disposals	(848)	(2 053)
		Amortisation	(1 639)	(706)
		Closing net book value	7 076	2 557
		4. INTEREST IN SUBSIDIARIES		
1 370 548	1 398 462	Shares at cost		
31 274	34 959	Amount owing by subsidiaries		
1 401 822	1 433 421			
		5. INVESTMENTS AND LOANS		
		Associated companies – Unlisted		
20 161	23 462	Shares at cost	23 056	19 756
–	–	Share of post acquisition reserves	13 726	10 377
20 161	23 462	Total carrying value	36 782	30 133
–	(2 240)	Loans	6 348	11 765
20 161	21 222		43 130	41 898
		Listed investments		
–	3 353	African Media Entertainment Limited	3 353	–
–	35 232	Johnnic Holdings Limited	35 232	–
–	–	Other	4 402	–
–	38 585		42 987	–
		Unlisted investments		
–	30 301	Long-term preference shares	30 301	–
7	7	Other	41	43
7	30 308		30 342	43
		Loans		
–	–	Share Purchase Trust	–	6 174
–	–	Less: short-term portion included in accounts receivable	–	(6 174)
20 168	90 115		116 459	41 941
		(i) Associated company details are set out on page 29.		
20 168	90 115	(ii) Directors' valuation of investments and loans	116 459	41 941

Company 2003 R000	Company 2004 R000		Group 2004 R000	Group 2003 R000
		6. INVENTORIES		
		Raw materials	225 761	278 987
		Work in progress	48 314	41 302
		Finished goods	85 151	83 080
			359 226	403 369
		Comprising:		
		Inventory at cost	324 290	348 440
		Inventory at net realisable value	34 936	54 929
			359 226	403 369
		7. ACCOUNTS RECEIVABLE		
		Trade accounts receivable	520 782	471 622
		Allowance for doubtful debts	(29 547)	(28 811)
		Prepayment and deferred expenditure	22 679	15 394
3 122	1 335	Other accounts receivable	97 028	89 679
3 122	1 335		610 942	547 884
		8. PREFERENCE SHARES – LISTED		
–	22 654	Preference shares earning a dividend, payable semi-annually, of 72% of prime	22 654	–
–	87 380	Preference shares earning a dividend, payable semi-annually, of 75% of prime	87 380	–
–	110 034		110 034	–
		9. PREFERENCE SHARES – UNLISTED		
95 000	95 000	Preference shares earning a dividend, payable semi-annually, of 59% of prime, redeemable 6 June 2005	95 000	95 000
		10. BANK AND CASH RESOURCES		
9 230	49 307	Cash on hand	241 003	270 417
92 297	40 315	Cash on call and deposit	517 421	612 422
101 527	89 622		758 424	882 839
		11. SHARE CAPITAL		
		ORDINARY SHARE CAPITAL		
		Authorised		
15 000	15 000	600 000 000 ordinary shares of 2,5 cents each	15 000	15 000
		(2003: 600 000 000 ordinary shares of 2,5 cents each)		
		PREFERENCE SHARE CAPITAL		
		Authorised		
200	200	100 000 6% cumulative participating preference shares of R2 each	200	200

Company 2003 R000	Company 2004 R000		Group 2004 R000	Group 2003 R000
		11. SHARE CAPITAL (continued)		
		ORDINARY SHARE CAPITAL (continued)		
		Issued		
11 514	**11 514**	460 570 068 ordinary shares of 2,5 cents each	**11 514**	11 514
		(2003: 460 570 068 ordinary shares of 2,5 cents each)		
–	–	Less 3 316 285 Treasury shares (2003: nil)	**(83)**	–
–	–	Less 1 139 960 (2003: 343 784) shares held by subsidiary	**(28)**	(8)
11 514	**11 514**	456 113 823 ordinary shares of 2,5 cents each	**11 403**	11 506
–	–	Less: Share Trust consolidation	**(44)**	–
11 514	**11 514**		**11 359**	11 506
		PREFERENCE SHARE CAPITAL		
		Issued		
100	**100**	50 000 6% cumulative participating preference shares of R2 each	**100**	100
		The unissued shares are under the control of the directors until the next annual general meeting.		
		12. NON-DISTRIBUTABLE RESERVES		
		Comprising:		
4 469	**4 469**	Realisation reserve	**32 700**	32 700
–	–	Foreign currency translation reserve adjustment	**(994)**	–
–	–	Loans acquired at a discount	**16 338**	21 457
–	–	Surplus on revaluation of land and buildings	**32 479**	33 286
4 469	**4 469**		**80 523**	87 443
		13. MINORITY INTEREST		
		Balance at beginning of the year	**5 459**	396 549
		Share of – profits	**4 930**	38 436
		– non-distributable reserves	**–**	(9)
		Dividends	**(2 955)**	(20 909)
		Minority interest change in holding	**–**	(408 608)
		Balance at end of the year	**7 434**	5 459
		14. DEFERRED TAXATION		
		Deferred taxation comprises:		
		Balance at beginning of the year	**84 673**	94 304
		Income statement transfer	**5 388**	(5 102)
		Prior year adjustment	**–**	(4 529)
		Trade marks	**25 421**	–
		Revaluation adjustments	**(373)**	–
		Balance at end of the year	**115 109**	84 673
		Deferred taxation comprises:		
		– property,	**155 167**	124 178
		– accounts receivable	**6 991**	6 763
		– accounts payable	**(41 870)**	(40 850)
		– assessed losses	**(5 179)**	(5 418)
			115 109	84 673
		15. ACCOUNTS PAYABLE		
–	–	Trade accounts payable	**256 251**	210 286
16 406	**16 819**	Sundry accounts payable and accruals	**160 420**	152 930
16 406	**16 819**		**416 671**	363 216

Company 2003 R000	Company 2004 R000		Group 2004 R000	Group 2003 R000
		16. PROVISIONS		
		Bonus		
		Opening balance	**47 398**	36 624
		Additional provisions	**68 747**	35 694
		Utilised	**(56 784)**	(24 920)
		Closing balance	**59 361**	47 398
		Leave pay		
		Opening balance	**11 355**	10 293
		Additional provisions	**14 667**	10 701
		Utilised	**(9 717)**	(9 639)
		Closing balance	**16 305**	11 355
		Volume discount allowed		
		Opening balance	**5 910**	4 270
		Additional provisions	**17 389**	14 655
		Utilised	**(14 829)**	(13 015)
		Closing balance	**8 470**	5 910
		Rental premises		
		Opening balance	**–**	2 295
		Additional provisions	**–**	–
		Utilised	**–**	(709)
		Reversed	**–**	(1 586)
		Closing balance	**–**	–
		Retrenchments		
		Opening balance	**1 142**	579
		Additional provisions	**–**	1 484
		Utilised	**(472)**	(921)
		Closing balance	**670**	1 142
		Development and other		
		Opening balance	**17 738**	1 456
		Additional provisions	**32 500**	23 353
		Utilised	**(20 927)**	(7 071)
		Closing balance	**29 311**	17 738
		Total provisions		
		Opening balance	**83 543**	55 517
		Additional provisions	**133 303**	85 887
		Utilised	**(102 729)**	(56 275)
		Reversed	**–**	(1 586)
		Closing balance	**114 117**	83 543
		17. REVENUE		
–	**–**	Gross turnover	**3 439 211**	3 234 317
–	**–**	Less: Inter group turnover	**(528 351)**	(540 754)
–	**–**	Net turnover	**2 910 860**	2 693 563
–	**–**	Other income	**56 199**	58 005
13 169	**6 790**	Interest	**80 095**	124 332
122 425	**55 654**	Dividends	**9 270**	2
135 594	**62 444**		**3 056 424**	2 875 902

The group's gross turnover has been reflected above in order to provide a measure for the return generated by the group's assets and personnel.

Company 2003 R000	Company 2004 R000		Group 2004 R000	Group 2003 R000
		18. STAFF COSTS		
		– salaries, wages and bonuses	**530 270**	479 489
		– retirement benefit costs	**24 240**	24 889
			554 510	504 378
		19. DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE		
		Depreciation		
		– buildings	**1 986**	1 691
		– plant and machinery	**55 124**	78 994
		– motor vehicles	**4 643**	4 642
		– furniture and equipment	**13 867**	14 070
		Amortisation		
		– goodwill	**2 165**	7 819
		– publication titles	**1 639**	706
		Impairment		
		– buildings (impairment losses reversed on disposal of property)	**(507)**	(2 831)
		– plant and machinery	**3 096**	5 053
		– furniture and equipment	**–**	7
		– goodwill	**2 165**	7 819
			84 178	117 970

During the year, the group changed its estimate of the useful lives of plant and machinery. This change resulted in a reduction of R32 million in the depreciation charge for the year.

Company 2003 R000	Company 2004 R000		Group 2004 R000	Group 2003 R000
		20. OTHER NET OPERATING EXPENSES		
		Income		
		Profit on sale of property, plant and equipment	**1 255**	4 122
		Foreign currency profits	**182**	1 093
			1 437	5 215
		Expenditure		
		Auditors' remuneration		
114	**125**	– audit fees	**3 130**	2 781
–	**–**	– under/(over) provision previous year	**24**	(52)
–	**–**	– fees for other services	**565**	636
114	**125**		**3 719**	3 365
		Fees for:		
		– administrative, managerial and secretarial services	**8 035**	6 261
		– royalties	**981**	2 309
		– technical services	**4 385**	2 755
			13 401	11 325
		Foreign currency losses	**4 404**	11 443
		Operating leases		
		– buildings	**8 837**	9 524
		– other	**1 380**	1 150
			10 217	10 674
		Loss on sale of property, plant and equipment	**977**	2 794

21. DIRECTORS' EMOLUMENTS

R000	Executive Directors				Non-executive Directors					
	T.D. Moolman	G.M Utian	P.G. Greyling	M.D.W Short	Dr. J.M. Buitendag	F.T. Gatefield	P. Vallet	Dr. F. van Zyl Slabbert	R.W. Woulidge	**Total 2004**
Directors' fees					10					**10**
Fees for services	1 080	1 080		1 080			150			**3 390**
Consulting fees						184		285		**469**
Basic salary			782						470	**1 252**
Bonuses			500						457	**957**
Retirement funding			54						35	**89**
Shares/option exercised	3 770	5 290	2 742	3 770				1 328	813	**17 713**
Total 2004	**4 850**	**6 370**	**4 078**	**4 850**	**10**	**184**	**150**	**1 613**	**1 775**	**23 880**
Total 2003	3 596	3 596	3 031	3 596	10	218	150	589	826	15 612

	2004 R000	2003 R000
Paid by:		
– Subsidiaries	**23 880**	15 612

Messrs Desai, Jenkins and Molusi did not receive any remuneration from the company or its subsidiaries.

Details of directors' participation in the share option scheme

	Opening balance	Options exercised	Closing balance	Exercise date	Subscription price	Market price	Vesting period
T.D. Moolman	240 000	–	240 000		R4,20		Fully vested
T.D. Moolman	700 000	–	700 000		R5,01		Fully vested
R.M. Woulidge	160 000	(160 000)	–	20 Apr 04	R4,20	R9,28	–
G.M. Utian	1 000 000	(400 000)	600 000	11 Nov 03	R4,20	R8,00	Fully vested
Dr. F. van Zyl Slabbert	500 000	(500 000)	–	10 Sep 03	R5,01	R7,00	–
	2 600 000	(1 060 000)	1 540 000				

Details of directors' participation in the share purchase scheme

	Opening balance	Shares taken up	Closing balance	Exercise date	Subscription price	Market price
T.D. Moolman	600 324	(600 324)	–	12 Dec 03	R1,52	R7,80
G.M. Utian	600 324	(600 324)	–	12 Dec 03	R1,52	R7,80
P.G. Greyling	436 600	(436 600)	–	12 Dec 03	R1,52	R7,80
M.D.W. Short	600 324	(600 324)	–	12 Dec 03	R1,52	R7,80
Dr. F. van Zyl Slabbert	54 574	(54 574)	–	12 Dec 03	R1,52	R7,80
	2 292 146	(2 292 146)	–			

Company 2003 R000	Company **2004 R000**		Group **2004 R000**	Group 2003 R000
		22. FINANCE INCOME		
13 169	**6 790**	– interest on bank deposits	**80 095**	124 332
–	**7 465**	– dividends: listed companies	**7 465**	–
–	**–**	– dividends: unlisted companies	**1 805**	2
418	**4 142**	– dividends: associated companies	–	–
122 007	**44 047**	– dividends: subsidiary companies	**–**	–
135 594	**62 444**		**89 365**	124 334

Company 2003 R000	Company 2004 R000		Group 2004 R000	Group 2003 R000
		23. FINANCE COSTS		
16	–	– interest on bank overdraft	309	1 841
–	1 522	– South African Revenue Services	6 233	–
16	1 522		6 542	1 841
		24. TAXATION		
		South African normal tax		
3 484	1 985	– current	124 345	131 319
(49)	2 499	– prior year	16 164	3 006
		Deferred tax		
–	–	– current	21 997	(97)
–	–	– prior year	(16 609)	(5 006)
1 988	9 538	Secondary tax on companies	13 551	12 788
–	718	Capital gains tax	745	–
–	–	Foreign tax	5 560	7 992
5 423	14 740		165 753	150 002
34 025	18 074	Tax at the standard rate of 30%	149 141	131 432
28 602	3 334	Difference	(16 612)	(18 570)
		Explained as follows:		
36 727	16 777	– dividend and other non-taxable income	7 545	6 913
(6 187)	(608)	– disallowable expenses	(4 746)	(6 702)
50	(2 579)	– effect of prior year	445	1 999
(1 988)	(9 538)	– secondary tax on companies	(13 551)	(12 788)
–	(718)	– capital gains tax	(745)	–
–	–	– foreign tax	(5 560)	(7 992)
28 602	3 334		(16 612)	(18 570)
		Estimated tax losses:		
		– at beginning of year	18 057	7 657
		– incurred and acquired during year	1 978	11 418
		– utilised during year	(2 772)	(1 018)
		– at end of year	17 263	18 057
		25. PREFERENCE DIVIDENDS		
		6% preference dividend		
6	6	– declared	6	6
–	119	– participating preference dividend	119	–
6	125	**Paid**	125	6
6	6	– fixed portion	6	6
119	126	– participating portion declared, paid post year end	126	119
125	132	**Used in calculation of dividend per share**	132	125

The participating preference portion of the preference dividend is at the rate of 0,5% for every completed 5% dividend in excess of 10% paid on the ordinary shares. This dividend will be declared subject to the passing of the ordinary resolution in which a distribution of 35 cents per share has been declared to ordinary shareholders.

Company 2003 R000	Company 2004 R000		Group 2004 R000	Group 2003 R000
		26. EARNINGS PER SHARE		
		The calculation of earnings per share is based on earnings of and on the weighted number of shares 456 113 823 (2003: 416 293 505 subdivided shares) Diluted earnings is based on additional shares of 6 131 000 in respect of share options (2003: on additional shares of 12 925 450 in respect of share options).	333 937	255 651
		27. HEADLINE EARNINGS PER SHARE		
		Earnings attributable to ordinary shareholders	333 937	255 651
		Impairment in value of property, plant and equipment	2 589	902
		Net profit on disposal of property, plant and equipment	(278)	–
		Loss on disposal of investments	–	752
		Goodwill impairment	2 165	7 819
		Goodwill amortisation	2 165	7 819
		Headline earnings	340 578	272 943
		28. DIVIDENDS		
74 231	–	Paid – ordinary	–	74 221
		During 2004 a distribution was made to shareholders from the share premium account, in lieu of a dividend.		
		29. COMMITMENTS		
		Capital expenditure on plant and machinery – approved but not contracted	70 000	68 000
		The capital expenditure will be financed from existing resources.		
		Operating lease commitments		
		Future minimum rentals under non-cancellable leases are as follows:		
		Within one year	2 801	1 162
		After one year, but not more than five years	3 569	3 513
			6 370	4 675
		30. CONTINGENT LIABILITIES AND FOREIGN EXCHANGE EXPOSURE		
		Forward exchange contracts not relating to specific items on the balance sheet but entered into to cover foreign commitments not yet due, in Rand equivalents:		
		European Euro	27 511	62 368
		US Dollars	2 431	9 580
			29 942	71 948
		31. BORROWING POWERS		
		In terms of its Articles of Association, the company's and group's borrowing powers are unrestricted.		

32. RELATED PARTIES

Certain directors are members of a partnership that benefits from a revenue arrangement with the group. The directors' share of the partnership benefit amounts to 2,3% (2003: 2,3%) of the group's advertising turnover.

Subsidiaries

Details of the investment in subsidiaries are disclosed in note 4 and in the annexure on page 28.

Directors

The directors' names are disclosed on page 1 of this report, whilst their emoluments are disclosed in note 21. The directors' shareholding in the company is disclosed in the directors' report.

Associates

Details of income from associates and investments are disclosed in the income statement, note 5 and in the annexure on page 29.

33. RETIREMENT BENEFIT PLANS

The group's main retirement benefit plans, the Hortors Group Pension and Provident Funds, are governed by the Pension Funds Act. The plans are structured as defined contribution plans as opposed to defined benefit plans. 4 575 (2003: 4 376) of the group's employees are covered by the plans.

Company 2003 R000	Company 2004 R000		Group 2004 R000	Group 2003 R000
		34. NOTES TO THE CASH FLOW STATEMENT		
		34.1 Cash generated by operations		
113 415	**60 245**	Income before taxation	**497 136**	438 107
(13 153)	**(5 268)**	Interest received (net)	**(73 553)**	(122 491)
(122 425)	**(55 654)**	Dividends received	**(9 270)**	(2)
		Adjustment for non-cash items:		
–	**–**	– depreciation of property, plant and equipment	**75 620**	99 397
–	**–**	– amortisation and impairment of intangibles	**4 228**	16 344
–	**–**	– loss on disposal of investments	**–**	751
(20 090)	**–**	– write off of loans	**–**	–
–	**–**	– (surplus)/loss on disposal of property, plant and equipment	**(278)**	901
–	**–**	– loss on forex	**4 221**	–
–	**–**	– movement in provisions	**30 574**	28 026
(42 253)	**(677)**		**528 678**	461 033
		34.2 Changes in working capital		
–	**–**	Decrease/(increase) in inventories	**44 143**	(83 704)
1 173	**1 787**	(Increase)/decrease in accounts receivable	**(63 073)**	(73 188)
12 240	**414**	Increase in accounts payable	**48 244**	13 400
13 413	**2 201**		**29 314**	(143 492)
		34.3 Taxation paid		
431	**(1 088)**	Opening tax receivable/(payable)	**(126 996)**	(64 914)
(5 423)	**(14 740)**	Charged in income statement	**(160 365)**	(155 103)
1 088	**774**	Closing tax payable	**103 189**	126 996
(3 904)	**(15 054)**		**(184 172)**	(93 021)
		34.4 Dividends paid		
(74 231)	**(261)**	Charged to reserves	**(125)**	(74 221)
(6)	**–**	Dividends of minority shareholders	**(2 955)**	(20 909)
(74 237)	**(261)**		**(3 080)**	(95 130)
		34.5 Investments – subsidiary businesses		
		Net assets acquired:		
–	**–**	Premium on acquisition	**–**	(15 231)
–	**–**	Outside shareholders	**–**	(408 608)
–	**–**		**–**	(423 839)
(442 631)	**–**	Cash acquired	**–**	–
(925)	**–**	Advanced to group companies	**–**	–
(7)	**–**	Proceeds from disposal of investments	**–**	–
398 775	**–**	Issue of shares	**–**	398 774
(44 788)	**–**		**–**	(25 065)
		34.6 Investments – associates and other investments		
–	**(68 887)**	Acquisition	**(72 445)**	(15 907)
(20 161)	**(32 659)**	(Decrease)/increase in loans	**5 417**	5 885
(20 161)	**(101 546)**		**(67 028)**	(10 022)
		34.7 Other loans		
–	**–**	Decrease in other loans	**–**	15 421

Company			Group	
2003	**2004**		**2004**	2003
R000	**R000**		**R000**	R000

34. NOTES TO THE CASH FLOW STATEMENT (continued)

34.8 Cash and cash equivalents

Company 2003 R000	Company 2004 R000		Group 2004 R000	Group 2003 R000
101 527	**89 622**	Cash	**758 424**	882 839
95 000	**205 034**	Preference shares	**205 034**	95 000
196 527	**294 656**		**963 458**	977 839

35. COMPARATIVE FIGURES

Comparatives have been restated to more accurately reflect turnover and cost of sales in the magazine distribution business which has had no effect on the net income.

The accounting policy for the revaluation of plant and machinery was ceased. The effect of this change was to decrease the prior year opening retained income by R10,6 million, decrease fixed assets by R15,1 million and decrease deferred taxation liability by R4,5 million. The effect on the prior year income statement was immaterial and therefore no adjustment was effected.

The share trusts were consolidated for the first time. The effect of this change was to increase the prior year opening retained income by R5,3 million. The effect on the prior year equity statement was R5,1 million.

36. FINANCIAL INSTRUMENTS

Exposure to currency, interest rate and credit risk arises in the normal course of the group's business. The group incurs currency risk as a result of transactions that are denominated in a currency other than S.A. Rands. These transactions, mainly for the import of capital equipment and inventory, are substantially hedged by utilising forward exchange contracts. Details of forward exchange contracts that do not relate to amounts on the balance sheet are given in note 30.

Bank balances carry interest rates that vary in accordance with market rates. The group is exposed to credit risk in its accounts receivable and bank balances. The group has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The group has no significant concentration of credit risk. Bank balances are all maintained at reputable financial institutions.

Accounts receivable and accounts payable, arising from normal trade transactions, are expected to be settled within normal credit terms.

Financial instruments recognised on the balance sheet include bank balances and cash, investments, accounts receivable, accounts payable and borrowings.

The carrying values of financial instruments are considered to approximate their fair value.

37. SEGMENTAL REPORTING

The group operates under one segment being Publishing and Printing which is considered to be the primary reporting segment. It operates under one geographic segment being South Africa, which is considered to be a secondary segment. Primary and secondary disclosure requirements are disclosed in the financial statements.

CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED

INFORMATION RELATING TO INTEREST IN SUBSIDIARIES

SUBSIDIARY	ACTIVITIES	ISSUED CAPITAL R	HOLDING % 2004	HOLDING % 2003	COST 2004 R000	COST 2003 R000	OWING* 2004 R000	OWING* 2003 R000
DIRECTLY HELD								
CAXTON PUBLISHERS & PRINTERS	HOLDING COMPANY	28 234	**100**	100	**1 398 462**	1 370 548	**34 959**	31 274
INDIRECTLY HELD								
CTP GRAVURE AND WEB PRINTERS (COASTAL)	PRINTING	200	**100**	100				
CTP LIMITED	PRINTING & PUBLISHING	2 500 718	**100**	100				
DARWAIN INVESTMENTS	PRINTING	300	**60**	60				
DIRECT STATIONERY U.K.	STATIONERY	1 711	**100**	100				
ERFRAD 13	PROPERTY OWNING	100	**100**	100				
HIGHWAY MAIL	PUBLISHING	100 000	**100**	100				
HIGHWAY PRINTERS	PRINTING	100	**67**	67				
IMPALA STATIONERY MANUFACTURERS	MANUFACTURING	90 000	**100**	100				
KAGISO PUBLISHERS	PRINTING	700	**100**	100				
LUMEDIA	PUBLISHING	100	**80**	75				
NORTHWEST NEWSPAPERS	PUBLISHING	250	**90**	90				
NORTHWEST WEB PRINTERS	PRINTING	100	**90**	90				
PECANVIEW PROPERTIES	PROPERTY OWNING	–	**100**	100				
PROJECT NORTHWARDS	PROPERTY OWNING	166	**100**	100				
RACING NETWORK	PUBLISHING	1 000	**100**	100				
RIDGE TIMES	PUBLISHING	4 000	**67**	67				
RORKE OUTSOURCING	COMPUTER CONSULTANCY	100	**100**	100				
THE CITIZEN LIMITED	HOLDING COMPANY	3 195 161	**100**	100				
THE CITIZEN (1978)	PUBLISHING	3	**100**	100				
THUTHUKA PACKAGING	PRINTING	14 815	**100**	100				
TIGHT LINES	PUBLISHING	180	**100**	100				
ZULULAND OBSERVER	PUBLISHING	47	**60**	60				
					1 398 462	1 370 548	**34 959**	31 274

ALL PRIVATE COMPANIES UNLESS OTHERWISE STATED AND ARE ALL INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA

*THE AMOUNTS OWING ARE INTEREST FREE AND REPAYABLE ON DEMAND.

JOINTLY CONTROLLED ENTITIES				
MASKEW MILLER LONGMAN HOLDINGS (PTY) LIMITED	PUBLISHING	50 000	**50**	50
MCS CAXTON INTERNATIONAL PRESS (PTY) LIMITED	DISTRIBUTION	100	**50**	–

CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED

INFORMATION RELATING TO ASSOCIATED COMPANIES

ASSOCIATE	ACTIVITIES	ISSUED CAPITAL R	HOLDING % 2004	HOLDING % 2003	COST 2004 R000	COST 2003 R000	OWING 2004 R000	OWING 2003 R000
Capital Media	Newspaper publisher	4	**50**	50	**–**	–	**–**	–
Carpe Diem	Magazine publisher	120	**30**	–	**3 000**	–	**–**	–
FBC Properties	Property owning	100	**50**	50	**1 350**	1 350	**732**	732
Heraut Publiseerders	Newspaper publisher	100	**49**	49	**189**	189	**225**	225
Ince Holdings	Printer	1 000	**26**	26	**1 279**	1 279	**4 280**	8 222
Leo Kantoor Meubels	Property owning	100	**50**	50	**(7)**	(7)	**–**	–
Lincroft Book	Newspaper publisher	100	**40**	40	**85**	85	**–**	–
Merpak	Envelope manufacturer	2 857	**40**	40	**15 096**	15 096	**(3 020)**	–
Mooivaal Media (March)	Newspaper publisher	25 000	**50**	50	**1 565**	1 565	**–**	2 428
Nachas Reproduction	Typesetting	500	**50**	50	**–**	–	**–**	–
Rising Sun	Newspaper publisher	100	**45**	–	**–**	–	**3 000**	–
Sentrale Makelaars	Dormant	25 000	**50**	50	**56**	56	**–**	–
Shumani Printers	Printer	1 000	**49**	49	**–**	–	**–**	–
Tambuti Brits	Property owning	100	**50**	50	**–**	–	**–**	–
Tambuti Enterprise	Property owning	100	**50**	50	**143**	143	**158**	158
Tambuti Upington	Property owning	100	**50**	50	**–**	–	**–**	–
Tambuti Vryburg	Property owning	100	**50**	50	**–**	–	**–**	–
Threads & Craft	Magazine publisher	100	**30**	–	**300**	–	**973**	–
					23 056	19 756	**6 348**	11 765

ALL PRIVATE COMPANIES UNLESS OTHERWISE STATED AND ARE ALL INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA.
THE FINANCIAL YEAR ENDS ARE JUNE UNLESS OTHERWISE STATED.

The group's proportional share of interest in associated companies and jointly controlled entities is as follows:

	ASSOCIATED COMPANIES R000		JOINTLY CONTROLLED R000	
BALANCE SHEET	**2004**	2003	**2004**	2003
Fixed assets	**17 699**	26 069	**5 288**	4 512
Investments and long-term receivables	**16 297**	6 386	**–**	1 405
Current assets	**28 052**	31 046	**158 254**	120 170
Total assets	**62 048**	63 501	**163 542**	126 087
Long-term liabilities	**10 951**	14 240	**–**	–
Deferred taxation	**1 419**	1 427	**1 054**	106
Current liabilities	**23 176**	25 393	**88 744**	62 554
Total liabilities	**35 546**	41 060	**89 798**	62 660
Attributable net asset value	**26 502**	22 441	**73 744**	63 427
INCOME STATEMENT				
Turnover	**139 870**	142 443	**231 661**	180 146
Income before taxation	**11 199**	9 673	**46 036**	37 725
Taxation	**(3 709)**	(3 685)	**(18 220)**	(16 380)
Income after taxation	**7 490**	5 988	**27 816**	21 345
Dividends	**(4 141)**	(418)	**(17 500)**	(15 000)
Net income for the year	**3 349**	5 570	**10 316**	6 345

Notice to members of Caxton and CTP Publishers and Printers Limited ("Caxton")
Share code: CAT
ISIN: ZAE000043345

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members will be held in the board room, Caxton House, 368 Jan Smuts Ave, Craighall Park, Johannesburg on Friday, 29 October 2004 commencing at 10:30 am for the following purposes:

1. To receive and consider the annual financial statements for the year ended 30 June 2004.

2. To consider and if thought fit to pass with or without modification the following ordinary resolutions:

2.1 "**THAT** in terms of section 221 of the Companies Act 1973, the company hereby extends, until the next Annual General Meeting, the directors' authority to allot and issue, at their discretion and in terms of the regulations of the JSE Securities Exchange South Africa, the unissued shares of the company".

2.2 "**THAT** the directors have the powers to allot and issue any shares of any class already in issue in the capital of the company for cash by way of a general authority, when the directors consider it appropriate in the circumstances, subject to the following:

- this authority shall not endure beyond the earlier of the next annual general meeting of the company or beyond 15 months from the date of the meeting;
- there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Securities Exchange South Africa in its Listing Requirements) and not to related parties;
- upon any issue of shares which, together with prior issues during any financial year in terms of section 11.22 of the JSE Listing Requirements, will constitute 5% or more of the number of shares of the class in issue, the company shall, by way of a paid press announcement in terms of section 11.22 of the JSE Listings Requirements, give full details thereof, including the effect on the net asset value of the company and earnings per share, the number of securities issued and the average discount to the weighted average traded price of the securities over the 30 days prior to the date that the price of such issue was determined or agreed by the company's directors;
- that issues in the aggregate in any one financial year may not exceed 15% of the number of shares of that class of the company's issued share (including instruments which are compulsorily convertible into shares of that class) at the date of application less any shares of that class issued, or to be issued in the future arising from options/convertible securities issued during the current financial year, plus any shares to be issued pursuant to an announced, irrevocable and fully underwritten rights offer or to be issued pursuant to any acquisition for which final terms have been announced and
- the maximum discount at which securities may be issued is 10% of the weighted average traded price of those securities over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors;

a 75% majority is required of votes cast by the shareholders present or represented by proxy at the general meeting to approve the resolution.

3. To approve the dividend of 35 cents per share

4. To approve the 6% preference dividend of 12 cents per share and a participating preference dividend of R2,52 per preference share.

5. To approve the payments of emoluments to directors as detailed on page 22 of the annual report.

6. To elect the following directors who are retiring and offer themselves for re-election:

6.1 Dr. Frederick van Zyl Slabbert (64) Chairman

Dr. Van Zyl Slabbert has been Chairman of the Board since 1998. He has been a senior lecturer at various universities and was the leader of the Progressive Federal Party and leader of the official opposition in Parliament during the late 70s and early 80s. Dr Van Zyl Slabbert has a D.Phil and has been conferred with two Honorary Doctorates. He is a political consultant to various interest groups and is also the chairman of a number of companies and institutions.

6.2 Terrence D. Moolman (60) Chief Executive Officer

Founder of Caxton and CTP Publishers and Printers Limited.

6.3 Gordon M. Utian (59) Managing Director

Mr. Utian joined the Group as Managing Director in 1996. He is qualified as a Chartered Accountant and brings years of experience in the manufacturing and retail sectors. Mr. Utian has held a number of senior executive positions in listed companies, as well as that of Chief Executive Officer and Chairman.

7. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

"**THAT** the company or any of its subsidiaries, are hereby authorised as a general approval given in terms of section 85(2) and 89 of the Act, to acquire shares issued by the company upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the provisions of the Act and the Listings Requirements of the JSE Securities Exchange South Africa ("the JSE") which currently stipulate that:

- the repurchase of securities being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- at any point in time the company may only appoint one agent to effect any repurchases on the company's behalf;
- the company may only undertake a repurchase of securities if after such repurchase it still complies with the shareholder spread requirements of the JSE;
- the company or any of its subsidiaries may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements;
- this general authority shall only be valid until the company's next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this Special Resolution;
- a paid press announcement will be published as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue, at the time of passing of this Special Resolution , and any 3% (three percent) increments thereafter which announcements shall contain full details of such acquisitions;
- acquisitions of ordinary shares by the company in terms of this general authority in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital nor may any subsidiary hold more than 10% (ten percent) of the company's issued shared capital at any one time;
- in determining the price at which ordinary shares issued by the company are acquired in terms of this general authority, the maximum price at which such ordinary shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market price at which such ordinary shares traded on the JSE over the 5 (five) business days immediately preceding the date on which the transaction is effected.

The general authority to repurchase the company's shares will be acted upon within the parameters laid down by the JSE, as and when the directors deem it to be appropriate. After considering the effect of a general repurchase within these parameters, the directors are of the view that for a period of at least 12 (twelve) months after the date of this notice:

- Caxton will be able in the ordinary course of business to pay its debts;
- the assets of Caxton, fairly valued in accordance with accounting policies used in the latest audited report, will be in excess of the liabilities of the company and the group for a period of 12 (twelve) months after the date of this notice of annual general meeting;
- the ordinary capital and reserves of Caxton will be adequate for the purposes of the company's and the group's businesses respectively; and
- the working capital of Caxton will be adequate for their requirements."

The Sponsor of the company has signed the appropriate working capital statement in terms of section 2.12 of the JSE Listings Requirements.

The reason for this Special Resolution is to grant a general approval in terms of the Act and the Listings Requirements of the JSE for the acquisition by the company or its subsidiaries of shares issued by the company, subject to statutory and regulatory limitations and controls.

The effect of this Special Resolution is to enable the company and/or a subsidiary, by way of a general approval, to repurchase up to a maximum of 20% (twenty percent) of its share capital in any one financial year; such authority to remain valid until the company's next annual general meeting but not beyond the period of 15 (fifteen) months after the date of this resolution.

As per section 11.26b of the Listings Requirements of the JSE Securities Exchange South Africa, shareholders are referred to the following sections in the annual report to which this notice of annual general meeting is attached:

- Details of directors on page 1;
- Directors' interest in securities on page 8 (which beneficial interests have not changed since 30 June 2004. There are no non-beneficial interests);
- Major shareholders on page 8;
- Material changes in the nature of the company's trading or financial position post 30 June 2004 on page 9;
- The Share Capital note on page 18 and 19.

The directors are not aware of any legal or arbitration proceedings active, pending or threatened against or being brought by the company, which may have a material effect on the group's financial position or which have had a material effect during the 12 months preceding the date of this notice of annual general meeting.

8. To transact such other business as may be transacted at an Annual General Meeting.

The directors, whose names have been given on page 1 of this annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the annual report contains all information required by the JSE Listings Requirements, have considered the general authority to repurchase securities resolution and are of the opinion that Caxton shareholders should vote in favour of the resolutions necessary to implement the resolution.

Shareholders who hold their shares in certificated form or who are own name registered dematerialised shareholders who are unable to attend the annual general meeting but who wish to be represented thereat, are required to complete and return the attached form of proxy so as to be received by the transfer secretaries: Computershare Investor Services 2004 (Pty) Limited (70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2017) or company at its registered address (1 Blumberg Street, Industria West Johannesburg, 2093 or PO Box 43587, Industria, 2042) by not later than 10:30am on Wednesday, 27 October 2004.

Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration who wish to attend the annual general meeting should instruct their CSDP or broker to issue them with the necessary authority to attend the meeting, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration who wish to vote by way of proxy, should provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to their CSDP or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature.

By order of the Board

K.J. Bownass
Secretary

Johannesburg
23 September 2004

motiv
Printed by Ince (Pty) Ltd

Caxton and CTP Publishers and Printers Limited **Proxy Form**
Share code: CAT
ISIN: ZAE000043345

For use ONLY by certificated shareholders and own name dematerialised shareholders at the annual general meeting of Caxton shareholders to be held at 10:30am on Friday, 29 October 2004, or such later time that may be applicable ("the annual general meeting").

I/We

of appoint (see note 1)

1. or failing him,

2. or failing him,

3. the chairman of the meeting,

as my/our proxy to act for me/us at the aforementioned annual general meeting of members, which will be held at Caxton House, 368 Jan Smuts Avenue, Craighall Park, Johannesburg on Friday, 29 October 2004, commencing at 10:30am and at any adjournment thereof, for the purpose of considering and, if deemed fit, passing, with and/or without modification, the resolutions to be proposed thereat and to vote for and/or against the resolutions with and/or without modification and/or to abstain from voting thereon (see note 2).

		Number of votes	
Resolution number	For	Against	Abstain
1. To approve annual financial statements for the year ended 30 June 2004.			
2.1. Extend the authority of the directors to allot and issue the unissued shares of the company.			
2.2. To empower the directors to issue shares for cash.			
3. To approve the dividend of 35 cents per share.			
4. To approve 6% preference dividend of 12 cents per share and the participating preference dividend of R2,52 per preference share.			
5. To approve the payments of emoluments to directors.			
6.1 To re-elect Dr. F van Zyl Slabbert as director of the company			
6.2 To re-elect T.D. Moolman as director of the company			
6.3 To re-elect G.M. Utian as director of the company			
Special resolution			
7. To approve the general authority to acquire shares.			

On a poll, every member present in person or by proxy shall have one vote for every share held (see note 2).

Signed at on 2004

Signature

Assisted by me
(where applicable – see note 7)

Notes

1. A Caxton shareholder may insert the name of a proxy or the names of two alternative proxies of the Caxton shareholder's choice in the space/s provided, with or without deleting "the Chairperson of the general meeting", but any such deletion must be initialled by the Caxton shareholder concerned. The person whose name appears first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in Caxton, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A Caxton shareholder or his/her proxy is not obliged to use all the votes exercisable by the Caxton shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.

3. The date must be filled in on this proxy form when it is signed.

4. The completion and lodging of this form of proxy will not preclude the relevant Caxton shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of Caxton or waived by the Chairperson of the general meeting of Caxton shareholders.

6. Any alterations or corrections made to this form of proxy must be initialled by the signatory/ies.

7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of Caxton.

8. Forms of proxy must be received by the company at its registered office or the transfer secretaries, Computershare Investor Services 2004 (Pty) Limited at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by not later than 10:30am on Wednesday, 27 October 2004.

9. The Chairperson of the general meeting may accept or reject any form of proxy, in his absolute discretion, which is completed other than in accordance with these notes.

10. If required, additional forms of proxy are available from the transfer secretaries of Caxton.

11. Dematerialised shareholders, other than those with own name registration who wish to attend the annual general meeting should instruct their Central Securities Depository Participant ("CSDP") or broker to issue them with the necessary authority to attend the meeting in terms of the custody agreement between such shareholders and their CSDP or brokers. Such shareholders who wish to be represented by proxy at the annual general meeting should provide their CSDP or broker with their voting instructions in terms of custody agreement between such shareholders and their CSDP or broker.

motiv