



CAXTON AND CTP LIMITED
publishers and printers

Integrated Annual Report 2011

Caxton and CTP Publishers and Printers Limited is a major publisher and printer of books, magazines and newspapers in South Africa.

Caxton and CTP Publishers and Printers Limited is driven by the quest for excellence across all disciplines of publishing and printing working with a team of committed, well-trained and empowered employees. We aim to provide products of outstanding quality to our clients and superior returns to our shareholders whilst contributing to the growth of a democratic and prosperous South Africa.

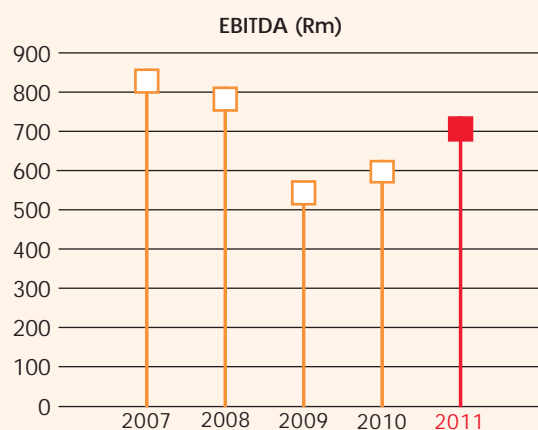
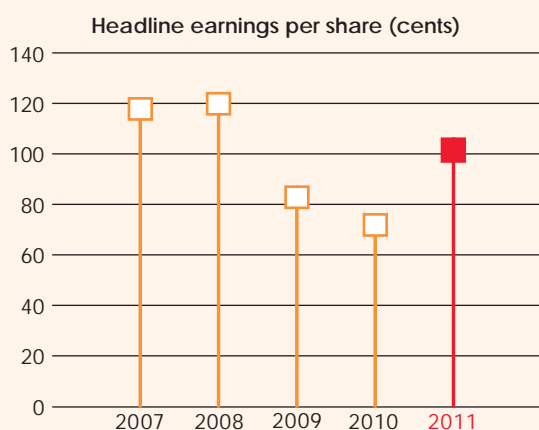
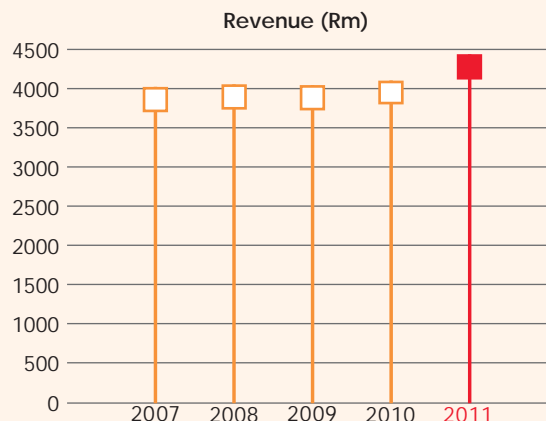
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HIGHLIGHTS

- Turnover *R4 942 million*
- Profit before tax *R672 million*
- Cash generated by operations *R749 million*
- Cash resources *R1 601 million*



HIGHLIGHTS – FIVE YEARS TO 30 JUNE 2011

	2011 Rm	2010 Rm	2009 Rm	2008 Rm	2007 Rm
STATEMENT OF COMPREHENSIVE INCOME AND CASH FLOW					
Revenue	4 340	4 087	4 028	4 038	4 006
Operating profit before depreciation and amortisation	735	642	572	811	857
Finance income	134	154	114	200	149
Earnings attributable to owners of the company	463	354	915	655	611
Diluted headline earnings per share (cents)	106	76	87	124	122
Cash generated by operations	749	625	686	794	851
STATEMENTS OF FINANCIAL POSITION					
Shareholders' equity	5 064	4 942	4 796	3 841	3 783
Total assets	6 142	6 177	5 733	4 805	4 854
Cash and cash equivalents	1 601	1 845	1 532	937	988
OTHER INFORMATION					
Weighted average number of shares in issue (000's)	457 252	465 987	465 995	470 990	480 328
Net asset value per share (cents)	1 107	1 060	1 029	815	787
Number of employees	5 850	5 652	5 664	5 874	5 959



A sample of the many newspapers published by the company



DIRECTORATE

EXECUTIVE

TD Moolman (67) (Chief Executive Officer)

Terry is the founder of Caxton and CTP Publishers and Printers Limited.

GM Utian (66) (Managing Director)

Gordon joined the group as Managing Director in 1996. He brings years of experience in the manufacturing and retail sectors in both the FMCG and printing and publishing industries. Mr Utian has held a number of senior executive positions as well as that of chairman.

PG Greyling (54) BCom, Hons BCompt

Piet is a former chartered accountant who spent most of his earlier career in the accounting and auditing profession. He joined the group in 1992 and is currently CEO of the group's newspaper division.

TJW Holden (47) BCom, CA(SA)

Tim joined the group as group general manager: finance in 2003 and was appointed as a director in 2006. He is a qualified chartered accountant and has had a number of years' experience in the retail and manufacturing industries. Tim has been the financial director of a number of companies. In addition, he has also held a number of senior and executive operational posts within these companies.

NON-EXECUTIVE

PM Jenkins (Chairman) (52) BCom, LLB

Paul qualified at Randse Afrikaanse Universiteit in 1981 with a BCom and LLB degree and was admitted as an attorney and notary in February 1986. He became a partner of Webber Wentzel in 1988 and left his position as senior commercial legal partner in 1999 to join the Johnnic group full time. In this capacity he served as a director of numerous listed companies and was CEO of Johnnic Entertainment. He is currently self-employed and provides business and legal advisory services to a select group of clients.

ACG Molusi * (49) BJournalism, MA

Connie has been involved with the media industry for many years and holds a number of directorships.

NA Nemukula * (56)

Albert qualified as a teacher and has a marketing sales diploma. He has taught at various high schools and was responsible for marketing and publishing at Juta & Co. He has several business interests in publishing and printing, jewellery and retail stores.

T Slabbert *(44) BA MBA

Tania joined WDB Investment Holdings in 1999 and has been the CEO for the past 10 years, building up and managing a portfolio of investments to support the WDB Group's mission of economic development of rural women entrepreneurs in South Africa. Before joining WDB, Tania spent four years in the diplomatic corps, working in the political division of the South African embassy in Paris, France. Prior to this, she spent a number of years in West Africa working in the NGO sector where her

focus was on economic development policies and their implementation. As well as being a director of WDB Investment Holdings, other directorships include BP South Africa, the Bidvest Group and Discovery Holdings.

P Vallet (65) BA, LLB

Phillip qualified at the University of the Witwatersrand in 1971 and was admitted as an attorney in 1972. He was appointed as senior partner of Raphaely-Weiner prior to its merger with Fluxmans in 1990. In 1997, he was appointed senior partner of the merged firm and on its incorporation in 2004 was appointed CEO.

Phillip is Chief Executive Officer of Fluxmans Inc. and Chairman of Super Group Limited.

** independent non-executive*

MANAGING DIRECTOR'S REPORT

GROUP PERFORMANCE:

Whilst retail and wholesale sales continued to grow throughout the year, unemployment remained extremely high in spite of the many efforts by government to create additional jobs. More recently, volatile international economic conditions have created greater uncertainty and at this moment in time it appears that difficult trading conditions, with minimal growth occurring worldwide, can be expected to continue for some time.

Advertising spend has increased but print advertising as a percentage of total spend has declined.

Against this background the company performed reasonably and increased its market share in the major areas in which it operates notwithstanding the increased levels of competition. The financial position remains strong with cash and cash equivalents amounting to R1,6 billion at the year-end which is lower than the corresponding amount at the previous year-end of R1,8 billion due to extensive investments in the purchase of new capital equipment, working capital and the repurchase of shares in the company.

Earnings

Turnover grew slightly ahead of inflation by 6,2%. Profit from operating activities was up by 14,4%. Depreciation, reflecting the additional capital investment in equipment, increased from R171,3 million to R188,7 million. In addition, impairment of plant and goodwill was almost double that of the prior year at R23,5 million compared with R12,7 million. This resulted in net profit from operating activities amounting to R522,6 million – 14% ahead of last year and 12% as a percentage of turnover which is marginally ahead of the prior year of 11,2%.

The major change in the results of the company is reflected under the heading of net finance Income. In the previous year a loss on currency hedges of R157,2 million was incurred with the corresponding figure for the year under review being R2,2 million.

Flowing from this major variance, net finance income has improved from a loss of R3,5 million to income of R131,1 million.

It will be observed from the figures under review that there is a substantial change in the income from associates of a decline to R18 million from R55 million. The reason for this is that in view of the fact that the company no longer participates in, and has a say in, the manner in which the Pearson Southern Africa Group of Companies is managed as the company holds only 15% of the equity of Pearson, it was necessary, that with effect from 1 July 2010, the shareholding in that company be reflected as an investment and not an associate. Accordingly, the figure of earnings from associates is not comparable as the income from this investment is now reflected as dividends received as and when they are declared by Pearson.

Taxation at a higher rate than last year of 30,3% absorbed R203,7 million leaving profit for the year after taxation at R468 million. This is an increase of 29,6% but in order to put the figures into perspective, the loss on currency hedges in the previous year should be ignored. This notional adjustment would increase the previous year's comprehensive income from R337,5 million to R472 million.

Shares in the company repurchased during the year totalled 8 734 838 at a cost of R131,4 million.

Earnings per share therefore amounted to 101,3 cents compared with 76 cents per share in the previous year or 99,9 cents after adjusting for the loss on the currency hedges.

Headline earnings were 106,2 cents per share compared with 76,1 cents or 100 cents after again adjusting for the loss on the currency hedges – an improvement of 6%.

Capital expenditure

Substantial expenditure was incurred on the increase in capacity and post-press equipment for the newspaper printing facility in Johannesburg and the installation of equipment for the newspaper factory in Cape Town. Additional presses were installed at CTP Printers and Kagiso BM Printing in Johannesburg. CTP Printers in Cape Town has benefited from the upgrade of finishing equipment for the book printing division.

In total a net amount of R316 million was expended on capital equipment. Expenditure of the order of approximately R120 million will be incurred in the current year in the Johannesburg newspaper facility and various other newspaper plants to further upgrade equipment and add to capacity. Other than the foregoing, no major capital projects are presently under consideration.

The investment that the company has made in Money Web Holdings Limited and previously reported on, represents 47,4% of the equity of that company and has been made at a total cost of R31,7 million. A decision at the commencement of the financial year to enter the DVD and CD replication market by acquiring the optical disc replication business of Bertelsmann in South Africa conducted through a company trading as Arvato, was taken at a cost of R31 million. The company has subsequently changed its name to CTP Digital Services.

During the year the company merged its operations conducted in Artone with those of the House of Print and as a result of the merger, now holds 67% of the combined entity.

DIVISIONAL PERFORMANCE

Publishing, printing and distribution

Newspaper publishing and printing

The publishing of newspapers continues to suffer from the changing attitudes and behaviour of readers. As a result of the rapid growth in digital technology and the easy access to television and mobile telephones, readers are



MANAGING DIRECTOR'S REPORT

continued

no longer reliant upon newspapers for news and this is reflected particularly in the daily and Sunday broadsheet newspapers where circulations are falling at an even faster rate than the previous year.

Most fortunately, the company's newspapers do not fall into this category as they are predominantly "paid for" regional newspapers or free community newspapers. Totally against the trend mentioned for the daily and Sunday newspapers, the company's regional newspapers have shown good growth. The reason is that they are relevant with good editorial content and continue to focus on community news which is not obtainable through any other source. Coupled with this growth in circulation there has been growth in advertising revenue and a resultant increase in market share.

Additional production capacity was created during the year which allows for improvements in quality and a better product and service for the many publications which are benefiting from the installation of advanced equipment.

A long-term printing contract with Independent Newspapers was concluded for the printing of all their Cape Town-based newspapers and printing commenced towards the end of the current financial year with excellent quality and service being achieved.

Publishing of daily tabloid newspapers has fared a lot better than the broadsheets with a number of publishers having achieved improved circulations. The company's daily and paid-for newspaper "The Citizen" has been one of these publications and circulation has not declined.

A number of new partnerships have been entered into with good results and new successful products have been published.

The new "Look Local" digital platform which supports various publications is operational and a number of roll outs has already taken place. Advertising spend in the print market, as previously indicated, has taken quite a strain of late and part of this is reflected in the property and classified market where there has been a major migration to digital equivalents. It is essential that the company's share of this market be retained and the new digital platforms under development will be fundamental to complement existing products and provide new opportunities for readers of our various publications where over three million copies are published every week.

Magazine publishing and distribution

Contrary to the fall in circulation of newspapers, magazines have generally held up better with only certain categories having shown large declines. Competition remains intense and there has been a move towards new digital publications and digital innovations are being used to complement existing printed magazines. This trend is expected to gather momentum as the public becomes more exposed to digital tablet

devices and inevitably these devices will become available at cheaper prices.

Our magazine division improved its performance during the year under review particularly when compared with their major competitors and advertising revenues grew.

Distribution has become an even more integral part of magazine publishing and this critical area of operation has its challenges. A large number of new outlets have been opened which need to be serviced and the perennial problem of insufficient retail space to display magazines continues.

It is therefore pleasing to report that RNA, the company's distribution operation, has traded well and is giving excellent service to its many and varied customers as is evident by their growth and the fact that two major publishers have changed from their traditional distributors and during the latter part of the year under review awarded their business to RNA.

Improvements in systems and operations have enabled the level of service to be raised and publishers are being supplied with timeous and critical information to help in the distribution of their publications.

The new area of activity for DVD and CD distribution for the music industry has experienced rapid growth with the support of a number of international music companies. New warehouses and systems have been established and this business is operated as a self-standing unit within RNA.

Commercial printing

Web, gravure and book printing

In a highly competitive environment, this division produced reasonable results. New equipment and additional capacity played a role in achieving greater efficiencies and costs were well controlled.

Further investment in post-press finishing equipment was made at CTP Printers in the Cape and this facility, which is the largest and most efficient in the country, is well equipped to handle the requirements of publishers of academic books.

The education market is presently undergoing substantial change as a new curriculum is in the process of being introduced. This move away from the previous "Outcome Based Education" model is scheduled to take three years to implement. The current methods and criteria utilised by the education department of awarding publishers with approved adoptions of the various subjects has also been changed. This has resulted in uncertainty for publishers and printers alike. Furthermore, there does not appear to be clarity on the role that the workbooks introduced for the first time in 2011 by central government will play.



CTP Printers premises in Isando, Johannesburg, in close proximity to OR Tambo Airport



The new KBA C215 16-page press installed at CTP Printers in Johannesburg



MANAGING DIRECTOR'S REPORT

continued

Other

Packaging

There has been a mixed set of results emanating from this division which operates in niche areas of packaging with a lower contribution to the company's profits. Packaging manufacturers have had a difficult year due to the strength of the Rand which has allowed manufacturers to import cheaper packaging equivalents from overseas. Wholesalers and retailers have been able to import products, ready for sale, at cheaper prices than the local equivalent. Both of these factors have had an effect on the market which has become more competitive and has declined.

Stationery

The highly competitive nature of the stationery manufacturing business requires the optimisation of production efficiencies and a reduction in the cost of manufacture. In an endeavour to produce more cost-effectively, the manufacturing facilities of the stationery division located in Cape Town, and which trades as Premier Stationery, are to be merged with those of Impala Stationery in Ladysmith. This move should improve the future contribution of this division where declining profits have been evident for some time.

DIVIDENDS

The board has declared a dividend of 40 cents (2010: 40 cents) per share payable to ordinary shareholders and a preference dividend of 357 cents (2010: 357 cents) to preference shareholders.

DIRECTORS

The directors are pleased to announce that Ms Tania Slabbert, daughter of our late chairman Dr Frederik van Zyl Slabbert, has joined the board of directors of the company. She will also assume the position of Chairman of the Audit Committee. In welcoming Tania to the board we look forward to her contribution.

THANKS

We take this opportunity to thank our various stakeholders for their ongoing support. Our customers, staff and suppliers are vital to the success that we have enjoyed and we sincerely express our gratitude.

PROSPECTS

The economy appears to once again be entering a volatile period with little or no growth being predicted by a range of economists. The level of employment continues to decline and there has been a deterioration in consumer confidence. In addition, the migration to digital products is reducing advertising spend on print.

In these circumstances, any earnings growth is likely to be modest.

GM Utian
Managing Director

31 October 2011

TEN-YEAR REVIEW – SALIENT FEATURES

	2011	2010	2009	Restated		2007	2006	2005	2004	2003	2002
				2008*	2008						
Gross turnover (Rm)	4 942	4 771	4 747	4 804	5 108	4 752	4 193	3 826	3 439	3 234	2 561
Income before taxation (Rm)	672	510	495	788	876	830	734	648	497	438	362
Profit from operating activities after depreciation before impairments	546	471	410	646	727	705	614	556	419	326	257
Weighted average number of shares in issue during the period (000's)	457 252	465 987	465 995	470 990	470 990	480 328	464 733	453 450	456 114	416 293	371 150
Earnings per ordinary share (cents)	101	76	181	128	139	127	112	98	73	61	49
Diluted earnings per share (cents)	101	76	181	128	139	127	112	97	72	60	47
Diluted headline earnings per share (cents)	106	76	87	124	135	122	109	95	74	64	47
Dividends/distribution per ordinary share (cents)	40	40	40	52	52	50	45	40	35	30	20
Dividend cover (times)	2,5	1,9	4,9	2,7	2,7	2,5	2,5	2,5	2,1	2,0	2,5
Ordinary shareholders' equity (Rm)	5 031	4 917	4 774	3 821	3 911	3 766	3 296	2 642	2 332	2 196	1 637
Net current assets (Rm)	2 263	2 268	2 193	1 582	1 662	1 500	1 120	1 381	1 300	1 355	1 271
Net asset value per share (cents)	1 107	1 060	1 029	815	835	787	683	588	513	478	441
Number of employees	5 850	5 652	5 664	5 874	6 033	5 959	5 776	5 255	5 239	5 258	5 380

IFRS compliant. SA GAAP compliant prior to 2005

* excluding discontinued operations



SUSTAINABILITY REPORT

APPROACH TO SUSTAINABILITY

Caxton and CTP Publishers and Printers has, for a number of years, adhered to the precepts of socially responsible investment and has previously been recognised for its efforts in this regard. This is our first year of preparing an integrated annual report. We are pleased to reflect our progress in making a positive contribution to our shareholders, customers, suppliers, employees and local communities.

In addition to enhancing shareholder value, we use our resources to make a difference by financially assisting educational institutions, promoting health and wellness in our operations and continually training and supporting our employees by offering them access to new opportunities. These issues are only part of a holistic view that also extends to societal and environmental issues.

SCOPE OF REPORT

Caxton and CTP Publishers and Printers' integrated annual report covers the company's financial and non-financial performance and our integrated economic, social and environmental results from a company-wide perspective.

Several years ago we adopted triple bottom-line reporting and this remains the benchmark of our commitment to sustainable development and of our determination to entrench best practices in all our operations.

Sustainability performance in this report spans the 12 months from July 2010 to June 2011.

STANDARDS AND CERTIFICATION

CTP Printers Johannesburg, CTP Printers Cape Town and Kagiso BM Printing are FOGRA process standard offset (PSO) certified. The Fogra PSO certification is achieved with consistent and predictable colour reproduction to ISO 12647-2 standards.

FOGRA works with, and is associated to, the German Print Federation (GPF) and thus the standards that are set are endorsed by the European printing community. In order to attain the certification, 70% is required as a minimum standard from all aspects that are tested. CTP Printers Cape Town achieved 100% across all the elements that were tested. CTP Printers Cape Town thus became the first print company in Africa to receive this prestigious printing certificate.

EMBEDDING SUSTAINABILITY

Several years ago we embarked on managing and reporting on the sustainability issues facing the company. Our philosophy is that this is a journey in which we need to show continual improvement. Our approach to sustainability has a direct impact on the bottom line and we recognise that failure on our part to manage risks could have an adverse effect on performance, results and our reputation.

Transformation Committee

We have an established Transformation Committee which functions as a policy-making body to monitor the various elements of the BEE scorecard and other sustainable risks facing the company.

This forum, chaired by the Managing Director, comprises senior management representatives. The focus areas have revolved around skills development and training to ensure the group has a constant supply of new talent. The progress is reviewed later in this report. The company is committed to transformation in the workplace and to ensuring that all our employees are afforded the opportunity to advance and grow.

HEALTH, SAFETY AND ENVIRONMENT

We take precautions to ensure a safe environment for employees, customers and suppliers. Equally, we are committed to protecting and conserving the natural resources our business depends on by continuously improving our environmental performance.

Employee Wellness

We have adopted a preventative and proactive approach to health care. Certain employee wellness programmes have been designed to improve the health of every staff member which in turn enhances their productivity and well-being. A permanent Occupational Health Practitioner is employed at most major plants and a medical doctor is available on site every week for consultation.

Our wellness programmes cover a range of issues including general ill health, family planning, substance abuse and HIV/AIDs. The health clinic provides occupational health care to employees including annual audiometric and tuberculosis tests, optometric screening, flu vaccinations and vitamin provisions. A blood donation service is provided for those employees interested in donating blood.

This year we introduced a revised company-wide HIV policy. We now conduct voluntary rapid HIV tests at the request of the employee and refer HIV-positive employees to appropriate clinics for treatment and counselling. We provide vitamins to boost their immune systems and distribute condoms and preventative literature in order to educate employees.

The company provides a supportive and non-discriminatory environment in which employees suffering from life-threatening illnesses are able to continue working for as long as they are medically capable. The company policy on life-threatening diseases covers, among others, cancer, heart disease, tuberculosis, hepatitis and HIV/AIDs.

Employee Benefits

Our employees are central to the success of our company and we are committed to recruiting and retaining high-calibre employees from diverse

backgrounds. Ample opportunities for personal growth and development exist within the company and we are geared towards ensuring that our employees are well trained, involved and take pride in working for the company.

Full-time employees are eligible for a range of benefits including:

- Pension and provident funds
- Medical aid
- Employee wellness programme
- Leave (annual, ill health, maternity, compassionate and study)
- Learnership programmes
- Bursaries for employees
- Training

Employee Relations

We strive to create positive employee relations that support operational safety, develop skills and capabilities and promote a high-performance customer service culture.

We understand our responsibility extends beyond our factory floors and newsrooms and as such we are involved in many socially responsible activities and community development projects.

Bursaries are made available to employees who wish to further their education. We maintain contact with these employees to ensure they are deriving optimal benefit from their studies.

We approach employee relations inclusively, preferring to engage in constructive dialogue with both unions and employees on matters that have an impact on the workplace.

We support an equitable workforce adhering to the legislative rights of employees.

We are currently rolling out a series of employee relations workshops which will help supervisors and management to deal effectively and appropriately with workplace discipline.

Employee Safety

Ensuring the safety of our people is a core priority for the company, supported by safety training programmes and further development of systems and standards throughout our operations.

Appropriate precautions are taken to prevent injuries and incidents and emergency and recovery plans have been devised for all operations. Occupational health and safety risk committees have been established at all sites and annually major sites undergo an external audit to identify risk areas and required actions.

Environment

Like everyone else in the printing and publishing industry we are more aware of the environment and we are

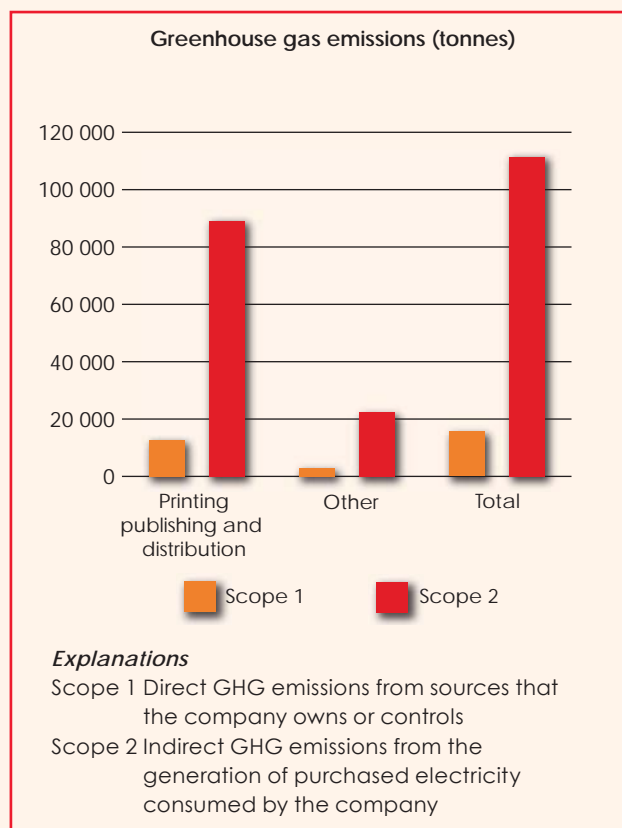
doing as much as is possible to reduce our carbon footprint.

Greenhouse Gas Emissions

The company acknowledges that the climate is changing and part of this change can be attributed to human activities. We recognise that our operations contribute to climate change and that we have a responsibility to minimise our own impact and to adapt to the risks of climate change upon our business.

The 2009/2010 company's carbon emissions figures have been recorded more accurately than that in the previous year and will now form the basis for future measurement. This year's carbon emissions figures have being audited by our internal audit department.

Our greenhouse gas emissions for 2009/2010 were:



To assist in reducing carbon emissions, the company initiated a pilot Energy Measurement and Management Programme at the Parow printing plant in Cape Town in 2010. This programme was led by Global Carbon Exchange (GCX), who assessed carbon emissions through a business-case energy efficiency audit. Power is the major contributor and the audit has provided us with a list of alternative energy-saving technologies that will help reduce consumption across the entire company and in the long term, provide beneficial cost savings.

Whenever and wherever the company installs new press technology, it is conscious of reducing the impact on the environment. Recently installed equipment is climatically



SUSTAINABILITY REPORT

continued

controlled and new presses are totally enclosed ensuring a quiet working environment. By using sophisticated new afterburners on all heatset printing presses, CTP Printers Johannesburg has reduced emissions to zero.

The company continually drives for efficiencies which results in efforts to reduce waste in every aspect of production and distribution. For example, new large-format presses reduce energy consumption per printed page, in-line trimming reduces paper waste and new pre-press technologies, such as computer-to-printing-plate systems, eliminate the chemical and solid waste resulting from traditional photographic plate-making processes. In addition all aluminium plates are recycled.

Waste reduction and recycling is a key objective in all factories. All waste material is removed from site by disposal companies who comply with the legislative requirements for disposal and used material is recycled through reliable sources. We also acquired a stake in Remade P & P Recycling in 2009 as part of our commitment to the environment.

Excess polythene which is used to postal-wrap magazines and brochures is recycled and used to make garbage bags, fertiliser sacks and pallets.

Toluene, which is a key ingredient in the gravure printing process, is recovered and recycled.

Our responsible paper sourcing practices have earned most of our commercial print plants Forest Stewardship Council's (FSC) chain-of-custody certification. This certification is a guarantee to customers that products printed on house stocks come from well-managed forests adhering to strict environmental and socio-economic standards.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

An accredited external BEE ratings agency assessed our status and we maintained a Level 5 rating. We also maintained our value-added vendor status giving all our clients 100% BEE procurement recognition.

During the year we have concentrated on skills development and staff training and have embarked on a number of new initiatives in this regard including employee bursaries and graduate employment programmes. It is our belief that programmes like these will ensure that we have an adequate supply of talent that will contribute to an improving equity representation.

Employment Equity

We continued with initiatives to increase the representation of black people, with a specific focus on black women, across all levels of the company, particularly in leadership roles. We recognise the need to redouble our efforts in this regard.

There has been a steady increase in black representation in senior and middle management occupational levels. Black staff currently make up 66% of our total staff

complement and we have 52% black representation in the managements band C – E.

	2010	2011
Black staff	63%	66%
Black management bands C-E	41%	52%

We believe that the road to improving our equity profile lies in skills development and training whereby we equip our employees with the necessary skills that ensure they can avail themselves of management opportunities as they become available.

Skills Development

We believe that a diverse and skilled workforce provides the quality and services that create a competitive advantage. Such diversity promotes both innovation and business success if allowed to prosper in the workplace.

In 2011, we continued to invest in our people. There has been a slight increase in training expenditure in 2011 with the company spending over R49 million on training. We have seen a large number of our black apprentices qualifying during the year.

We established a new bursary programme for employees in 2011. This bursary programme was started to provide financial support to employees who wanted to further their higher education. This year, five employees received bursaries to study, among others, courses in human resources, general management and marketing.

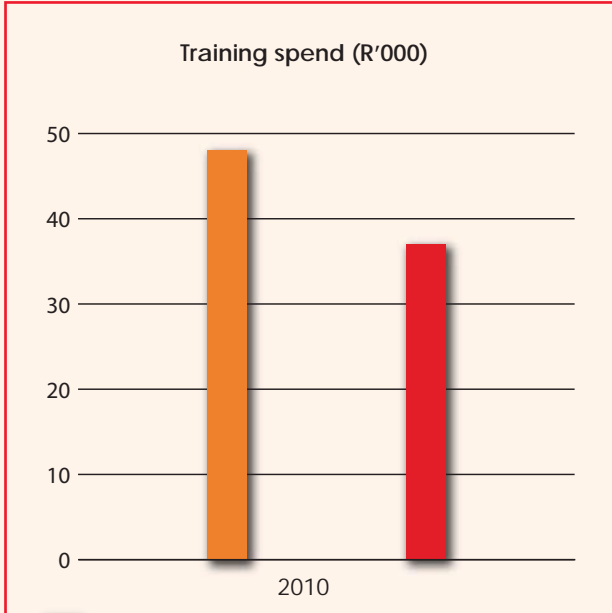
We also launched the Caxton Training Academy in 2011. Premises were secured in Aloe Ridge and an assortment of training courses was conducted from these premises. Training modules include sales, production, credit control, booking clerk, trainee branch manager, various photography courses, specialised skills workshops and human resources.

Skills development programmes are complemented by initiatives such as the editorial cadet school, which was launched in 2006. The cadet school continues to train a dozen aspirant journalists every year.

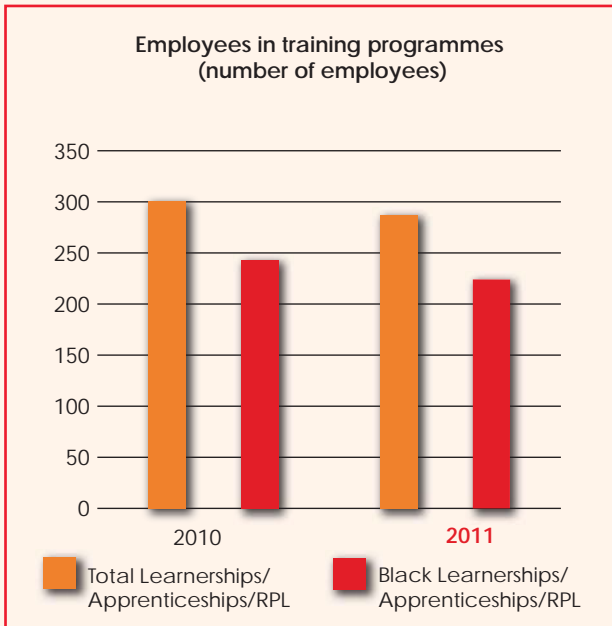
Our training programmes are designed to train and develop our staff at all organisational levels:

- Our **management development programme** is directed at middle management and emerging junior management and we have partnered in this programme with the Production Management Institute for their unique modular part-time courses in both production and operations management.
- The **graduate programme** is part of our initiative to fast-track the careers of diligent and ambitious graduates to management roles after a year's training period. This year the graduate programme focused on the engineering discipline and five engineering graduates were placed at various printing and packaging divisions in order to obtain valuable work experience.

- Continuing to identify existing employees or unemployed learners who are able to participate in the various **apprenticeship programmes** applicable to the industry. Our efforts remain focused on ensuring that not only do we provide opportunities for employment in our company, but also to assist with the supply of qualified apprentices to the industry as a whole.



Currently there are 287 learnerships and Category B, C and D learning programmes of which 224 are for black employees including 37 for black females.



	2010	2011
Total learnerships/ apprenticeships/RPL	301	287
Black learnerships/ apprenticeships/RPL	243	224

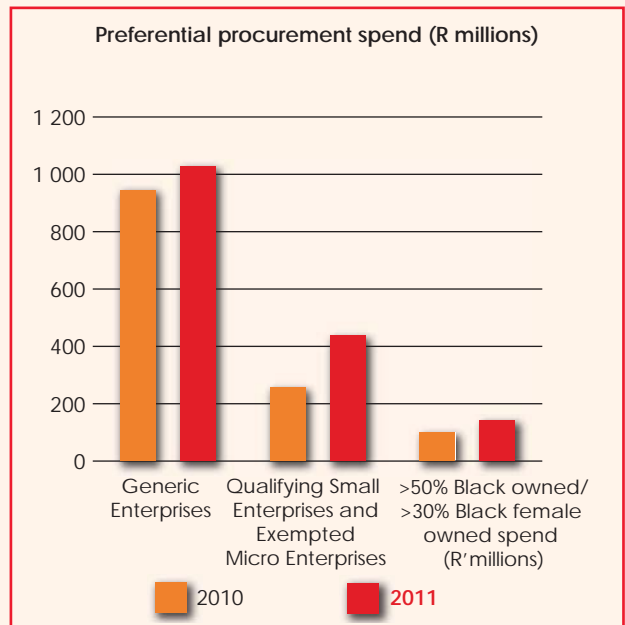
Discretionary grants for learnerships and apprenticeships were not made available to the industry in the last year due to the dissolution of MAPP Seta (a process that took 24 months) and the formation of a new Seta for the printing, packaging and print media sub-sectors, entitled the Fibre Processing and Manufacturing (FP&M) Seta. It is hoped that the new FP&M Seta will be more efficient and offer on-going Discretionary Grants aimed at addressing skills shortages in the industry.

Preferential Procurement

For the year under review we experienced an increase in procurement recognition due to an improvement in the BEE rating of our major suppliers.

An effort has been made by the company with small service providers to obtain their EME affidavits to help facilitate transformation. In addition, consideration is given to increasing procurement from suppliers with a turnover of less than R35 million and greater than 50% black ownership.

This year there has been a substantial increase in preferential procurement (refer to graph below) as it has been our policy to use BEE-compliant suppliers wherever possible. In line with government requirements, we have increased our spend with SMME suppliers and suppliers that are black-owned and black female empowered.





SUSTAINABILITY REPORT

continued

	2010	2011
Generic Enterprises(R millions)	944	1 026
QSE's and EME's(R millions)	256	438
>50% black owned/>30% black female owned(R millions)	101	142

Socio-Economic Development

Every year, the various corporate social investment projects that have developed over the years increased in number and in importance. Involvement from management and staff is critical and often projects are initiated by staff through their own eagerness to bring the company closer to the communities in which we operate.

The focus is on establishing an infrastructure that contributes to the upliftment of communities through the transfer of financial assistance, skills training and education with the ultimate aim of creating sustainable and viable projects.

This year we spent nearly R15 million on SED projects which include:

- Providing free and discounted advertising and editorial space to black organisations and educational institutions in all our publications.

- CTP Printers Johannesburg is a patron of African Divas, a community project that aims to create jobs and provide skills and education. They help to create and produce products for corporate and retail markets using the skills and artistic expression of previously disadvantaged men and women.
- SA Litho sponsors Volunteer Wildlife Services, who help to combat dangerous and often deadly runaway fires in Cape Town.
- SA Litho supports Ubuntu House to feed, house and care for abandoned babies.
- Caxton Printers supports Itshepeng, an NPO organisation that runs a feeding scheme for 500 people, five days a week and a maths and science programme that helps to educate 200 children each year.
- The company sponsors various arts, culture and sports initiatives and charitable endeavours.
- CTP Printers Johannesburg sponsors the soccer team, Makgalanoto Young Chiefs. This very committed and enthusiastic team has made it to the top of SAFA's Fetakgomo Local Football Association (Metropolitan League).



The new newspaper plant at CTP Newspapers in Parow, Cape Town



The newly installed robotic packing equipment at CTP Printers in Johannesburg



The new Kolbus Publica book binding line which was installed at CTP Printers in Cape Town



CORPORATE GOVERNANCE AND RISK

The Board of Directors supports the principles set out in the King III Report on Corporate Governance and, where appropriate to the company, is committed to the implementation of these principles. The company is listed on the JSE and complies with its Listings Requirements.

BOARD OF DIRECTORS

The Board of Directors currently comprises nine directors. A majority of these directors is non-executive and in turn, a majority of the non-executive directors, including the chairman, is independent. Where new appointments to the Board are required, a nominations committee is constituted.

The Board has adopted a formal charter in line with King III which has been implemented to:

- identify, define and record the responsibilities, functions and composition of the Board; and
- serve as a point of reference to new directors.

The Board believes that its members have the expertise and experience to fulfil their obligations to the company.

The Board of Directors has a minimum of 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' written resolutions.

Attendance at Board meetings

	Nov 10	Feb 11	May 11	Sep 11
PM Jenkins	√	√	√	√
TD Moolman	√	√	√	√
GM Utian	√	√	√	√
PG Greyling	√	√	√	√
TJW Holden	√	√	√	√
ACG Molusi	√	√	√	A
NA Nemukula	√	√	√	√
T Slabbert **	-	-	-	√
P Vallet	√	√	√	√
FT Gatefield	A	*	*	*

A apology

* retired

** appointed 7 September 2011

The Board of Directors has the following subcommittees:

Audit and risk committee

The audit and risk committee, during the year under review, consisted of executive and non-executive directors and was chaired by the chairman of the company. With the coming into effect of the new

Companies Act, 2008 ("Companies Act") it has been necessary and appropriate to re-constitute the audit and risk committee to comprise independent non-executive directors only. In compliance with King III, the chairman of the company is no longer a member of the audit and risk committee. The re-constituted audit and risk committee will be separately nominated for appointment by the shareholders in compliance with the Companies Act.

The audit and risk committee has discharged all of those functions delegated to it in terms of its Charter and its terms of reference, and as envisaged in terms of the Companies Act.

During the period under review, the audit and risk committee:

- met on three separate occasions to review, inter alia, the year-end and interim results of the company as well as to consider regulatory and accounting standard compliance;
- considered and satisfied itself that the external auditors are independent auditors, satisfied itself that the fees payable to the external auditors were appropriate and approved the external auditors for appointment for the following financial year;
- determined the non-audit-related services that the external auditors are permitted to provide to the company. This included pre-approving all non-audit-related service agreements concluded between the company and external auditors;
- confirmed the audit plan for the 2010/11 financial year;
- held separate meetings with management and the external auditors to discuss any problems and reservations arising from the year-end audit and any related matters which management and the external auditors wished to discuss;
- reviewed the effectiveness of internal control in the company with reference to the findings of the internal and external auditors; and
- reviewed and evaluated the risks facing the company and satisfied itself that management has put plans and steps in place for the mitigation of these risks across the company.

The audit and risk committee has considered and has satisfied itself of the appropriateness of the expertise and experience of the financial director, Mr TJW Holden.

The audit committee members, following its reconstitution are Ms T Slabbert (Chairman), Mr ACG Molusi and Mr NA Nemukula.

Messrs PM Jenkins (Chairman), PG Greyling, GM Utian and P Vallet served as members of the audit and risk committee during the year under review.

Audit and risk committee meeting attendance:

	Oct 10	Feb 11	Sep 11
PM Jenkins®	√	√	√
PG Greyling®	√	√	√
GM Utian®	√	√	√
P Vallet®	√	√	√
ACG Molusi*	–	–	A
NA Nemukula*	–	–	√
T Slabbert*	–	–	–

A apology

√ attended

* appointed with effect from end of meeting on 7 September 2011

® resigned with effect from end of meeting on 7 September 2011

Remuneration committee

The remuneration committee comprises P Vallet (Chairman) and TD Moolman. It reviews senior executive management salaries and performance incentives.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of chairman and chief executive officer are separate.

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.

INTERNAL CONTROL AND INTERNAL AUDIT

The company 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 company 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 company has an established Internal Audit department whose primary function is to ensure effectiveness of these controls. The audit and risk committee reviewed and approved the annual internal audit plans and evaluated the independence, effectiveness and performance of the internal audit department. It has also considered the reports of the internal auditors and independent auditor on the company's systems of internal control including financial controls, business risk management and maintenance of effective internal control systems.

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 above-mentioned internal controls and systems has occurred during the year under review.

CODE OF CONDUCT

Ethics

A comprehensive ethics policy is in place and is applicable to all employees and directors of the company. The policy is enforced and requires adherence to the highest standards of ethical conduct.

Whistleblowing

All employees are encouraged to act honestly at all times and to report any harmful or illegal activity they may observe or come across. For this purpose a dedicated hotline has been set up and all incidents reported are investigated. The Audit and Risk committee is informed of all substantive matters reported on the hotline.

Conflict of interest

The company has appropriate policies in place to avoid conflicts of interest, from board level down. These include divulging of confidential information, carrying on business for the employees' own account, dealing in the company's shares and the use of price-sensitive information.

Stakeholder engagement

The company is an active participant in the various industry bodies which govern or affect the sectors in which it operates.

Where appropriate, the company engages formally and informally with the investment community.

Shareholders are notified of financial results and the annual general meeting of the company.

The company publishes its financial results in the press. Caxton's website is updated from time to time with relevant information.

Staff members receive regular company and divisional newsletters and communications.

RISKS MATRIX AND RISK MITIGATION

As part of the company's risk management processes, an annual review of the risks facing the company is undertaken and reviewed by the audit and risk committee.

Risk identification is done by each operating unit, including the potential impact and the actions taken to mitigate such risk. This process is then consolidated and reviewed by the audit and risk committee to ensure that steps are taken to minimise risks or to ensure that compensating steps are implemented.



CORPORATE GOVERNANCE

continued

Some of the key risk areas are:-

	RISK	RISK MITIGATION
1.	Foreign exchange purchasing and impact on cost of imported raw material	Treasury committee has been created and monthly meetings in place to review foreign exchange exposure.
2.	Loss of key staff including succession planning	Senior management remuneration is reviewed on an on-going basis and adequate staff retention programmes are in place. Succession planning has been implemented via various schemes of employing graduates and training.
3.	Power outages	Generators have been installed at key sites.
4.	Information technology failure	An information technology review was undertaken and key actions identified to ensure business continuity plans are in place.
5.	Destruction of key production sites	Adequate insurance in place to mitigate loss. Key major operational sites undergo a third party review to ensure adequate steps in place to prevent loss. Contingency production sites are available where feasible.
6.	Disruption to major supplier of raw materials	Strategic stock is in place. Critical suppliers are insured against disruption of supply. The company has access to import replacement.

INFORMATION TECHNOLOGY

Caxton has undertaken a comprehensive review of all its critical information technology systems to accommodate King III requirements as well as to ensure the sustainability of the current systems. A formal document has been prepared and presented to the audit and risk committee for consideration. The proposed actions to mitigate the areas of risk have been delegated to the financial director and the company information technology manager for implementation.

MANAGEMENT REPORTING

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

N Sooka
Company Secretary

31 October 2011



Titles published by the company



ANNUAL FINANCIAL STATEMENTS



CAXTON AND CTP LIMITED
publishers and printers

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STATEMENT OF RESPONSIBILITY AND APPROVAL BY THE BOARD OF DIRECTORS

The directors of Caxton and CTP Publishers and Printers Limited are responsible in terms of the Companies Act 2008 ("the Act") for the preparation of the annual financial statements in accordance with International Financial Reporting Standards ("IFRS") which fairly present the state of affairs of the company and the group, as at the end of the financial year, and the net income and cash flows for the year. In preparing the accompanying financial statements suitable accounting policies have been applied and reasonable estimates made.

The directors are required in terms of the Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards, IAS 34, the AC 500 series of interpretation, the Act and the Listings Requirements of the Johannesburg Stock Exchange.

The external auditors are engaged to express an independent opinion on the annual financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group, and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group.


While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 30 June 2012 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors PFK (Jhb) Inc. are responsible for independently reviewing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditors and their unqualified report is presented on page 23.

The annual financial statements set out on pages 30 to 53, which have been prepared on the going concern basis, were approved by the board of directors and are signed on its behalf by:



GM Utian
Managing Director



TD Moolman
Chief Executive Officer

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

31 October 2011



DECLARATION BY COMPANY SECRETARY

I certify that, to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission in Pretoria, all returns required by the Commission to be submitted and such returns are true and correct and reflect the latest information applicable to the company.

N Sooka
Company Secretary

31 October 2011

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED

Report on the Financial Statements

We have audited the financial statements of Caxton and CTP Publishers and Printers Limited which comprise the consolidated and separate statements of financial position as at 30th June 2011 and the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on page 5 to 8.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Caxton and CTP Publishers and Printers Limited as of 30 June 2011 and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.



PKF (JHB) Inc.
Registered Auditors
Chartered Accountants (SA)
Registration number 1994/001166/21

Director: RJ Lawson

Sandton
31 October 2011



DIRECTORS' REPORT

NATURE OF BUSINESS

The group is involved in the publishing and printing of newspapers and magazines, manufacturing and distribution of stationery, packaging and labels and the manufacture and marketing of printing inks. Further information is provided in the Managing Director's Report.

REVIEW OF BUSINESS OPERATIONS

Gross turnover for the year increased by R170,5 million to R4 941 million (2010: R4 771 million). Profit from operating activities before depreciation and impairment increased by R92,5 million to R734,8 million (2010: R642,3 million). Net finance income received – before providing for loss on currency hedges – amounted to R133,2 million (2010: R153,7 million) with capital expenditure during the year totalling R343 million (2010: R269 million). Net cash resources amounted to R1 601 million (2010: R1 845 million).

ORDINARY DIVIDEND

An ordinary dividend of 40 cents (2010: 40 cents) per share was declared on 7 September 2011 payable on 28 November 2011 to shareholders registered on 18 November 2011.

PREFERENCE DIVIDEND

A preference dividend of 357 cents (2010: 357 cents) per share was declared on 7 September 2011 payable on 28 November 2011 to shareholders registered on 18 November 2011.

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 54. The aggregate attributable interests of the company in the after-tax profits and losses of the subsidiaries were:

	2011 R000	2010 R000
Profits	411 133	255 736
Losses	(16 520)	(742)
	394 613	254 994

DIRECTORATE AND SECRETARY

The names of the directors and the secretary are set out on page 1 of this report. In terms of the articles of association Mr TJW Holden, Mr ACG Molusi and Mr NA Nemukula retire as directors. Mr TJW Holden, Mr ACG Molusi and Mr NA Nemukula being eligible, offer themselves for re-election.

DIRECTORS' SHAREHOLDING

At the date of this report, based on the latest shareholder register, the directors' beneficial shareholding in the company amounted to:

Directors	2011	2010	2011	2010
	Direct	Direct	Indirect	Indirect
PG Greyling	1 325 000	1 325 000	–	–
TJW Holden	–	–	170 225	170 225
TD Moolman	–	–	13 093 804	13 093 804
GM Utian	200 000	200 000	1 350 000	1 350 000
Total	1 525 000	1 525 000	14 614 029	14 614 029

The Moolman & Coburn Partnership, through various intermediate companies controlled by it, controls Caxton Limited, which holds 39,91% of the issued ordinary shares of Caxton and CTP Publishers and Printers Limited. Caxton Limited controls a further 8,75% of Caxton and CTP Publishers and Printers Limited through its control of Caxton Share Investments (Pty) Limited. The Moolman & Coburn Partnership and its intermediate companies control an additional 4,93% and its associates acting in concert hold a further 2,74 % of the issued ordinary shares of Caxton and CTP Publishers and Printers Limited. It therefore controls a total of 56,33% of the issued ordinary shares of the company.

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

SHAREHOLDER SPREAD

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

	Number of shareholders	Percentage of shareholders	Number of shares held	Percentage of shares held
Non-public shareholders				
Directors of the holding and subsidiary companies	8	0,36	17 863 343	3,91
Caxton Share Investments (Pty) Limited	1	0,05	40 000 000	8,75
Shareholders holding more than 10% of the issued ordinary shares				
– ElementOne Limited	1	0,05	80 065 330	17,51
– Caxton Limited	1	0,05	182 479 476	39,91
	11	0,51	320 408 149	70,08
Public shareholders	2 193	99,44	136 844 244	29,92
Subtotal	2 204	99,95	457 252 393	100,00
Shares held by a subsidiary	1	0,05	33 395 861	–
Total	2 205	100,00	490 648 254	100,00

According to the records of the company, other than as indicated above, no shareholder held five per cent or more of the company's shares at 30 June 2011.

SUBSEQUENT EVENTS

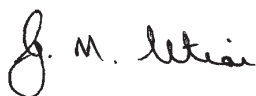
Subsequent to the year end, 29 000 000 shares held by a subsidiary were acquired by the company and therefore those shares became authorised but unissued.

During 2005, Caxton Share Investments Proprietary Limited ("CSI") was formed to facilitate the introduction of a share incentive scheme ("the share scheme") for the employees of the company. The share scheme fulfilled its purpose and it was resolved to unwind the structure in terms of which the share scheme was implemented. As part of the process, the company acquired 100% of the "A" ordinary shares and 68% of the "B" ordinary shares in the issued share capital of CSI for R136 million. The remaining 32% of the "B" ordinary shares in CSI were repurchased by CSI in terms of section 48 of the Companies Act, 2008. CSI accordingly became a wholly-owned subsidiary of CAT. The sole asset of CSI is 40 million ordinary shares in the company.

The directors are not aware of any other 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 significantly affect the operations of the group or the results of those operations.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements, which appear on pages 30 to 53, have been approved by the Board and are signed on its behalf by:



GM Utian
Managing Director

Johannesburg
31 October 2011



TD Moolman
Chief Executive Officer

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2011

COMPANY			GROUP	
2010	2011	Notes	2011	2010
R000	R000		R000	R000
ASSETS				
Non-current assets				
-	-	2	2 287 722	2 147 242
-	-	3	-	-
1 423 889	1 440 782	4	-	-
325 506	99 993	5	159 628	402 180
483 590	743 974	6	743 974	483 589
2 232 985	2 284 749		3 191 324	3 033 011
Current assets				
-	-	7	633 863	511 293
43 371	5 354	8	707 954	770 497
2 032	-		7 965	17 207
87 947	81 371	9	81 371	87 947
1 634 795	1 391 397	10	1 519 332	1 757 265
1 768 145	1 478 122		2 950 485	3 144 209
4 001 130	3 762 871	TOTAL ASSETS	6 141 809	6 177 220
EQUITY AND LIABILITIES				
Capital and reserves				
12 391	12 266	11	11 431	11 648
1 152 846	1 077 827		627 900	759 074
225 998	194 026	12	354 559	388 588
1 493 932	1 451 974	13	4 036 652	3 758 074
-	-	14	33 237	24 052
100	100	11	100	100
2 885 267	2 736 193		5 063 879	4 941 536
Non-current liabilities				
36 063	30 858	15	390 145	359 946
36 063	30 858		390 145	359 946
Current liabilities				
7 838	83 164	16	561 902	762 316
-	-	17	125 883	113 422
971 928	789 608		-	-
-	278		-	-
100 034	122 770		-	-
1 079 800	995 820		687 785	875 738
4 001 130	3 762 871	TOTAL EQUITY AND LIABILITIES	6 141 809	6 177 220

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2011

COMPANY				GROUP	
2010 R000	2011 R000	Notes		2011 R000	2010 R000
-	-	18	Gross turnover	4 941 753	4 771 295
-	-		Less: Inter-group	601 331	684 018
-	-		Revenue	4 340 422	4 087 277
-	-		Other operating income	81 390	84 760
-	-		Total operating income	4 421 812	4 172 037
-	-		Changes in inventories of finished goods and work in progress	14 091	(9 405)
-	-		Raw materials and consumables used	1 530 826	1 539 151
-	-	19	Staff costs	897 599	809 358
(5 019)	1 284	20	Other net operating expenses/(income)	1 244 464	1 190 587
(5 019)	1 284		Total operating expenses	3 686 980	3 529 691
5 019	(1 284)		Profit/(loss) from operating activities	734 832	642 346
-	-	21	Depreciation	188 724	171 268
5 019	(1 284)		Profit/(loss) from operating activities after depreciation	546 108	471 078
-	-	21	Impairment expense	23 462	12 702
5 019	(1 284)		Net profit/(loss) from operating activities	522 646	458 376
194 884	180 194	23	Finance income	134 470	154 230
(52)	(3 306)	24	Finance costs	(1 190)	(478)
-	-	25	Loss on currency hedge	(2 171)	(157 218)
-	22 006	26	Gain on reclassification of associate	-	-
-	-		Income from associates	17 957	55 045
199 851	197 610		Profit before taxation	671 712	509 955
44 678	41 140	27	Taxation	203 669	148 775
155 173	156 470		Profit for the year	468 043	361 180
(18 110)	(31 972)		Other comprehensive income	(31 972)	(23 665)
(21 058)	(37 176)		Fair value adjustment – listed investments and preference shares – Gross	(37 176)	(27 517)
2 948	5 204		Tax thereon	5 204	3 852
137 063	124 498		Total comprehensive income for the year	436 071	337 515
-	-		Profit attributable to:		
-	-		Non-controlling interests	5 042	7 085
155 173	156 470		Owners of the company	463 001	354 095
155 173	156 470			468 043	361 180
-	-		Total comprehensive income attributable to:		
-	-		Non-controlling interests	5 042	7 085
137 063	124 498		Owners of the company	431 029	330 430
137 063	124 498			436 071	337 515
		28	Earnings per ordinary share (cents)	101,3	76,0
		28	Adjusted earnings per ordinary share (cents)	101,6	99,9
		28	Headline earnings per share (cents)	106,2	76,1
		28	Adjusted headline earnings per share (cents)	106,6	100,0
		29	Ordinary dividend paid per share (cents)	40,0	40,0
		30	Preference dividend paid per share (cents)	357,0	357,0
			- Fixed	12,0	12,0
			- Participating	345,0	345,0

STATEMENTS OF CASH FLOW

for the year ended 30 June 2011

COMPANY		GROUP		
2010	2011	Notes	2011	2010
R000	R000		R000	R000
(37 070)	54 831		275 751	572 888
CASH FLOW FROM OPERATING ACTIVITIES				
5 019	(1 448)	36.1	748 941	625 168
23 458	113 343	36.2	(256 388)	86 811
28 477	111 895		492 553	711 979
(54 438)	(38 830)	36.3	(158 079)	(93 637)
104 590	97 715		107 026	112 923
(52)	-		(1 026)	(478)
82 788	82 479		27 437	33 801
161 365	253 259		467 911	764 588
(198 435)	(198 428)	36.4	(192 160)	(191 700)
626 598	(70 585)		(395 505)	(263 274)
CASH FLOW FROM INVESTING ACTIVITIES				
-	-		(342 793)	(269 061)
-	-		27 011	5 298
-	-		(315 782)	(263 763)
638 562	(20 041)	36.5	(36 242)	-
(11 964)	(50 544)	36.6	(43 481)	489
626 598	(70 585)		(79 723)	489
(234 344)	(257 464)		(131 392)	(120)
CASH FLOW FROM FINANCING ACTIVITIES				
(234 344)	(182 320)		-	-
-	(75 144)		(131 392)	(120)
355 184	(273 218)		(251 146)	309 494
-	-		6 129	-
1 273 508	1 628 692		1 851 196	1 541 702
1 628 692	1 355 474	36.7	1 606 179	1 851 196
(5 984)	(5 476)		(5 476)	(5 984)
1 622 708	1 349 998		1 600 703	1 845 212

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2011

R000	Note	Ordinary share capital	Ordinary share premium	Pre- ference share capital	Non- distri- butable reserves	Marked to market reserves	Distribu- table reserves	Minority interest	Total
GROUP									
Balance at 1 July 2009		11 648	759 194	100	174 744	239 642	3 588 430	22 083	4 795 841
Total comprehensive income for the year					(5 559)	(18 106)	354 095	7 085	337 515
Ordinary dividends paid	29						(186 399)	(5 116)	(191 515)
Preference dividends paid	30						(185)		(185)
Realisation of land and buildings revaluation reserve					(2 133)		2 133		-
Own shares acquired by subsidiary			(120)						(120)
Balance at 30 June 2010		11 648	759 074	100	167 052	221 536	3 758 074	24 052	4 941 536
Total comprehensive income for the year						(31 972)	463 001	5 042	436 071
Ordinary dividends paid	29						(186 308)	(5 680)	(191 988)
Preference dividends paid	30						(172)		(172)
Realisation of land and buildings revaluation reserve					(2 057)		2 057		-
Own shares acquired		(217)	(131 174)						(131 391)
Minority interest acquired								9 823	9 823
Balance at 30 June 2011		11 431	627 900	100	164 995	189 564	4 036 652	33 237	5 063 879
COMPANY									
Balance at 1 July 2009		12 391	1 152 846	100	4 469	239 639	1 537 194	-	2 946 639
Total comprehensive income for the year						(18 110)	155 173		137 063
Dividends paid – ordinary shareholders	29						(198 250)		(198 250)
Preference dividends paid	30						(185)		(185)
Balance at 30 June 2010		12 391	1 152 846	100	4 469	221 529	1 493 932	-	2 885 267
Total comprehensive income for the year						(31 972)	156 470		124 498
Own shares acquired		(125)	(75 019)						(75 144)
Dividends paid – ordinary shareholders	29						(198 256)		(198 256)
Preference dividends paid	30						(172)		(172)
Balance at 30 June 2011		12 266	1 077 827	100	4 469	189 557	1 451 974	-	2 736 193



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation

Caxton and CTP Publishers and Printers Limited ("the company") is a South African registered company. The consolidated financial statements of the company for the year ended 30 June 2011 comprise the company and its subsidiaries (together referred to as the group) and the group's interest in associates and jointly-controlled entities.

These annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the AC500 standards as issued by the Accounting Practices Board, the Companies Act No. 71 of 2008 which came into effect on 1 May 2011 and the Listings Requirements of the Johannesburg Stock Exchange.

The financial statements are prepared in thousands of South African Rands (R'000) under the historical cost convention except for investments classified as available-for-sale which are stated at fair value. The accounting policies applied are consistent with those of the prior year.

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company ("its subsidiaries"). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective date of acquisition or up to the effective date of disposal as appropriate. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. Identifiable assets, liabilities and contingent liabilities acquired or assumed are initially measured at their respective fair values at acquisition date.

All intra-group transactions, balances, income and expenses and unrealised gains and losses are eliminated in full on consolidation.

Non-controlling interest-holders' interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interest-holders' interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest-holders' share of changes in equity since the date of the combination.

1.3 Significant judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Judgements made by management in applying the accounting policies are:

Asset lives and residual values

Property, plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed at each reporting date and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, machine usage and maintenance programmes are taken into account. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

Deferred tax assets

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, inflation, taxation rates and competitive forces. Deferred tax assets are recognised on Secondary Tax on Companies credits only to the extent it is probable that future dividends will utilise these credits.

Impairment of assets

Property, plant and equipment as well as financial and non-financial assets are assessed at each reporting date for indications that impairment might exist. These assets are tested for impairment if there is reason to believe that an impairment may be necessary. The future cash flows expected to be generated by the assets are projected taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current carrying value and, if lower, the assets are impaired to the present value.

1. ACCOUNTING POLICIES (continued)

1.4 Impairment of assets

The group assesses at each reporting date whether there is any indication that objective evidence exists that might indicate that a financial asset or group of financial assets is impaired irrespective of whether there is any indication of impairment. The group also tests goodwill acquired in a business combination for impairment annually.

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 in profit and loss whenever the carrying amount exceeds the recoverable amount and the assets are written down to their recoverable amount.

1.5 Property, plant and equipment

Plant and equipment is initially recorded at cost. Impairment losses and reversal of impairment losses are recognised in the statement of comprehensive income. Costs include costs incurred initially to acquire an item of property, plant and equipment and costs incurred subsequently to add to, or replace part of it. Costs are only capitalised to the extent that the cost can be measured reliably and it is probable that the cost will result in the inflow of future economic benefits to the group.

The group's properties are all owner-occupied. Land and buildings are stated at acquisition cost and revalued on an open-market value-in-use basis when there is an indicator that the fair value is materially different from the carrying value but at least every five years. Freehold buildings are depreciated on the straight line basis to their anticipated residual value over their estimated useful life to the group. Land is not depreciated.

The useful lives are as follows:

Buildings	50 years
Plant and machinery	2 – 20 years
Vehicles	5 years
Furniture and equipment	3 – 6 years

1.6 Goodwill

Goodwill is initially measured as the excess of the cost of the business combination over the group's interest of the fair value of the net identifiable assets, liabilities and contingent liabilities.

Subsequently, goodwill is carried at cost less any accumulated impairment. Goodwill is tested at least annually for impairment.

The excess of the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in the statement of comprehensive income.

1.7 Publication titles

Newspaper and magazine publication titles arise on acquisition of newspapers and magazines and are considered to have an indefinite life. Active publication titles are initially and subsequently measured at cost. The useful lives of publication titles are reviewed on an annual basis to determine whether events and circumstances continue to support the indefinite useful life assessment. Non-active publications titles are written off in the year the newspaper or magazine ceases publication.

1.8 Investments in subsidiaries

In the company's separate financial statements, investments in subsidiaries are carried at cost less impairment. The cost of an investment in a subsidiary is measured at the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the company.

1.9 Investments in associates

Associates are entities over which the group has significant influence but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are recognised at cost, less amounts written off and accumulated impairment losses, at a stand-alone level.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011 *continued*

1. ACCOUNTING POLICIES (continued)

1.9 Investments in associates (continued)

The group's investment in associates includes goodwill identified on acquisition (net of any accumulated impairment loss). The group's share of the associates' post-acquisition profits or losses is recognised in the statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

1.10 Investments in 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 and cash flows is 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.

1.11 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; and
- 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.

1.12 Share Capital

When share capital recognised as equity is repurchased, the amount of the consideration paid and the directly attributable costs, is recognised as a deduction from equity. Repurchased shares held by subsidiaries are classified as treasury shares and presented as a deduction from equity.

1.13 Deferred taxation

Deferred taxation is provided using a statement of financial position liability method on all temporary differences between the carrying amount, for financial reporting purposes and the amounts used for taxation purposes, except for differences relating to goodwill which are not deductible for taxation purposes and the initial recognition of assets or liabilities in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.

1.14 Provisions

Provisions are recognised when:

- there is a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is minimal. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the increases specific to the liability. The increase in the provision due to the passage of time is recognised as a finance expense.

1. ACCOUNTING POLICIES (continued)

1.15 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 fair value which includes directly attributable transaction costs, 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 investments in unlisted associates, unlisted investments and subsidiaries are carried at fair value less a provision for impairment and the basis of valuation used is the discounted cash flow method.

Purchases and sales of investments are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Listed and unlisted investments, other than investments in associates, subsidiaries and joint ventures are classified as available for sale or held for trading (except for held for trading investments). Listed investments, unlisted investments and preference shares are initially measured at fair value 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. Fair value is determined by reference to the market value of listed and unlisted investments.

Accounts receivable

Accounts receivable are recognised at fair value and are subsequently measured on the amortised cost basis using the effective rate of interest. Accounts receivable which are of a long-term nature are discounted where the time value of money is significant and are classified as receivables.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when objective evidence exists that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents consist 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 are recognised at fair value and are subsequently measured on the amortised cost basis using the effective rate of interest.

1.16 Foreign currency transactions

Foreign currency transactions are recorded on initial recognition in Rand, by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are reported using the closing rate;
- non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction; and
- non-monetary items, which are carried at fair value denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or expenses in the period in which they arise.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011 *continued*

1. ACCOUNTING POLICIES (continued)

1.17 Derivative financial instruments

The group has entered into foreign option contracts which are defined as derivatives. Upon initial recognition, these are measured at fair value and subsequent measurement is at fair value through profit or loss with gains or losses on fair value measurements recorded in profit or loss.

Upon de-recognition the difference between the carrying amount of the financial liability and the consideration paid will be recognised in profit or loss.

1.18 Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and value-added tax. Revenue is recognised when the significant risks and rewards have been transferred to the buyer, recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably.

Dividends are recognised when the group's right to receive the revenue is established. Interest revenue is recognised on a time apportionment basis that takes into account the effective yield on the investment.

1.19 Employee benefits

Contributions to the group's defined contribution plans are charged to the statement of comprehensive income in the periods when the services are rendered. Accruals for performance bonuses and annual leave are calculated on the basis of current salary levels.

1.20 Leases

Leases where the company assumes substantially all of the risks and rewards associated with ownership of assets are classified as financial leases. All other leases are classified as operating leases.

1.21 Determination and presentation of operating segments

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. An operating segment's operating results are reviewed regularly by the senior management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the senior management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the group's headquarters and the sub-group's headquarters). Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill. Operating segments' disclosure is based on the information that is internally provided to the Board of Directors.

1.22 Financial risk management

The company's activities expose it to a variety of financial risks, namely: currency risk, credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out by local management under policies approved by the Board of Directors.

Currency risk

Exposure to currency 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 SA 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 32.

Credit risk

The company has no significant concentrations of credit risk due to the diversity of its customers. It has policies in place to ensure that sales of services are made to customers of appropriate credit history. Cash transactions are limited to high-credit-quality financial institutions.

1. ACCOUNTING POLICIES (continued)

1.22 Financial risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the company aims to maintain flexibility in funding by keeping committed credit lines available.

Cash flow and interest rate risk

The company's income and operating cash flows are substantially independent of changes in market interest rates. The company has significant interest-bearing assets and interest is earned at competitive market-related rates.

1.23 Key management assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

- **Key assumption:**

Allowances for impairment of debtors

Basis for determining value assigned to key assumption:

The recoverability of debtors is reviewed by management on an ongoing basis and all amounts considered to be irrecoverable, based on management past experience, are provided for.

- **Key assumption:**

Impairment of assets

Basis for determining value assigned to key assumption:

Where the group has an asset for which there is no operational use for the asset, it is impaired to its residual value.

- **Key assumption:**

Revaluation of property

Basis for determining value assigned to key assumption:

The group revalues its properties every five years using an independent professional valuer. The basis applied by the valuer is determined with reference to an open-market value.

- **Key assumption:**

Asset lives and residual values

Basis for determining value assigned to key assumption:

Property, plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Key assumption:**

Valuation of unlisted investments.

Basis for determining value assigned to key assumption:

The basis used for the valuation of unlisted investments is the present value of future cash flows discounted at an appropriate rate taking into account the risk factor.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011 *continued*

1. ACCOUNTING POLICIES (continued)

1.24 Statements and interpretations not yet effective

At the date of the authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective.

Details of amendment		Effective from	
IFRS 1	First-Time Adoption of International Financial Reporting Standards	Accounting policy changes in the year of adoption.	1 January 2011
		Revaluation basis as deemed cost.	1 January 2011
		Use of deemed cost for operations subject to rate regulation.	1 January 2011
		Standard amended to provide guidance for entities emerging from severe hyper-inflation and resuming presentation of IFRS-compliant financial statements or presenting IFRS-compliant financial statements for the first time.	1 July 2011
		Standard amended to remove the fixed date of 1 January 2004 relating to the retrospective application of the derecognition requirements of IAS 39 and relief for first-time adopters from calculating day 1 gains on transactions that occurred before the date of adoption.	1 July 2011
IFRS 3	Business Combinations	<ul style="list-style-type: none"> Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS. Measurement of non-controlling interests. Unreplaced and voluntarily replaced share-based payment awards. 	1 January 2011
IFRS 7	Financial Instruments: Disclosures	Clarification of disclosures.	1 January 2011
		Additional disclosure on transfer transactions of financial assets.	1 July 2011
IFRS 9	Financial Instruments	New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement.	1 January 2013
IFRS 10	Consolidated Financial Statements	New standard that replaces the consolidation requirements in SIC-12 Consolidation – Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess.	1 January 2013
IFRS 11	Joint Arrangements	New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement rather than its legal form. Standard requires a single method for accounting for interests in jointly-controlled entities.	1 January 2013
IFRS 12	Disclosure of Interest in Other Entities	New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.	1 January 2013
IFRS 13	Fair Value Measurements	New guidance on fair value measurement and disclosure requirements.	1 January 2013
IAS 1	Presentation of Financial Statements	Clarification of statement of changes in equity.	1 January 2011

1. ACCOUNTING POLICIES (continued)

1.24 Statements and interpretations not yet effective (continued)

At the date of the authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective.

Details of amendment		Effective from	
	<ul style="list-style-type: none">• New requirements to group together items within OCI that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact of the overall performance of an entity.	1 July 2012	
IAS 12	Income Taxes	<ul style="list-style-type: none">• Rebuttable presumption introduced that an investment property will be recovered in its entirety through sale.	1 July 2012
IAS 19	Employee Benefits	<ul style="list-style-type: none">• Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans.	1 January 2013
IAS 24	Related Party Disclosure	<ul style="list-style-type: none">• Simplification of the disclosure requirements for government-related entities.• Clarification of the definition of related party.	1 January 2011
IAS 27	Consolidated and Separate Financial Statements	<ul style="list-style-type: none">• Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	1 January 2013
IAS 28	Investments in Associates	<ul style="list-style-type: none">• Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	1 January 2013
IAS 32	Financial Instruments: Presentation	<ul style="list-style-type: none">• Accounting for rights issues (including rights, options or warrants) that are denominated in a currency other than the functional currency of the user.	1 February 2011
IAS 34	Interim Financial Reporting	<ul style="list-style-type: none">• Significant events and transactions.	1 January 2011
IFRIC 13	Customer Loyalty Programmes	<ul style="list-style-type: none">• Fair value of award credits.	1 January 2011

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the group and of the company.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011 *continued*

2. PROPERTY, PLANT AND EQUIPMENT (GROUP)

Cost or valuation R000	Freehold land and buildings	Leasehold improve- ments	Plant and machinery	Vehicles	Furniture and equipment	Total
Year ended 30 June 2011						
Opening net book value	549 398	-	1 554 339	18 509	24 996	2 147 242
Purchases	15 536		303 973	7 510	15 774	342 793
Disposals	(5 832)		(23 255)	(11)	(276)	(29 374)
Impairment			(9 171)		(38)	(9 209)
Acquisition of subsidiaries			22 260	1 074	1 660	24 994
Depreciation	(4 772)		(160 899)	(8 366)	(14 687)	(188 724)
Closing net book value	554 330	-	1 687 247	18 716	27 429	2 287 722
Summary						
Gross carrying amount	106 920	1 852	2 924 034	64 197	183 356	3 280 359
Valuation	476 165					476 165
Accumulated depreciation and impairment	583 085 (28 755)	1 852 (1 852)	2 924 034 (1 236 787)	64 197 (45 481)	183 356 (155 927)	3 756 524 (1 468 802)
Net carrying amount	554 330	-	1 687 247	18 716	27 429	2 287 722
Year ended 30 June 2010						
Opening net book value	539 268	-	1 477 672	18 368	29 150	2 064 458
Purchases	14 963		230 920	8 004	12 180	266 067
Disposals			(1 653)	(399)	(255)	(2 307)
Impairment			(12 702)			(12 702)
Acquisition of subsidiaries			2 515	439	40	2 994
Depreciation	(4 833)		(142 413)	(7 903)	(16 119)	(171 268)
Closing net book value	549 398	-	1 554 339	18 509	24 996	2 147 242
Summary						
Gross carrying amount	75 020	1 507	2 635 305	57 616	169 368	2 938 816
Valuation	499 022					499 022
Accumulated depreciation and impairment	574 042 (24 644)	1 507 (1 507)	2 635 305 (1 080 966)	57 616 (39 107)	169 368 (144 372)	3 437 838 (1 290 596)
Net carrying amount	549 398	-	1 554 339	18 509	24 996	2 147 242

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

2.2 The fixed properties were revalued by Balme, Van Wyk and Tugman (Pty) Limited, independent valuers, on 30 June 2007. The fair values of the properties were determined on an open-market valuation basis.

2.3 The net carrying value of the properties would have been R428 568 000 had the asset been measured using the historic cost model.

COMPANY			GROUP	
2010 R000	2011 R000		2011 R000	2010 R000
		3. GOODWILL		
		Opening net book value	-	-
		Acquisition of Subsidiaries	14 253	-
		Impairment	(14 253)	-
-	-	Closing net book value	-	-
		Summary		
		Gross carrying amount	14 253	
		Impairment	(14 253)	
-	-	Net carrying amount	-	-

Cash flows used in impairment testing of goodwill were projected using five-year periods and estimated growth rates discounted by the group's cost of capital.

COMPANY			GROUP	
2010	2011		2011	2010
R000	R000		R000	R000
		3. GOODWILL (continued)		
		Fair value of assets and liabilities acquired		
		Property, plant and equipment	24 993	
		Inventories	5 003	
		Accounts receivable	13 331	
		Bank and cash resources	6 129	
		Accounts payable	(12 670)	
		Non-controlling interest	(9 824)	
		Deferred taxation	(4 973)	
			21 989	
		Consideration	36 242	
-	-	Goodwill	14 253	-
		During the year the company acquired (1) 100% of CTP Digital Services (2) 67% of The House of Print. These businesses complement our existing businesses and bring about synergies.		
		4. INTEREST IN SUBSIDIARIES		
1 363 802	1 360 654	Shares at cost		
60 087	80 128	Amount owing by subsidiaries		
1 423 889	1 440 782		-	-
		The amounts owing by the subsidiaries are interest free, unsecured and repayable on demand.		
		5. INVESTMENTS IN ASSOCIATES		
		Associated companies		
311 302	62 369	Shares at cost	61 964	310 896
-	22 254	Shares at valuation	22 254	-
-	-	Share of post-acquisition reserves	50 695	71 512
311 302	84 623	Total carrying value	134 913	382 408
14 204	15 370	Loans	24 715	19 772
325 506	99 993		159 628	402 180
325 506	99 993	Associated company details are set out on page 55 Fair value of investments and loans	159 628	402 180
		Loans to associated companies		
		Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group's exposure to credit risk with regard to loans is the maximum amounts reflected in the gross carrying value of the loan.		
		Interest rate risk refers to the risk that the fair value of future cash flows of the loans will fluctuate because of changes in market interest rates which are charged on the loan accounts.		
		Management assesses the recoverability of the loans on an ongoing basis.		
		At 30 June 2011, if interest rates had been 1% higher with all other variables held constant, post-tax profit for the year would have increased by approximately R0,1 million (2010: R1,4 million)		
		If interest rates had been 1% lower post-tax profit would have decreased by approximately R0,1 million (2010: R1,4 million)		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011 *continued*

COMPANY			GROUP	
2010 R000	2011 R000		2011 R000	2010 R000
		6. INVESTMENTS		
		Listed investments – available for sale		
5 000	6 651	Avusa Limited	6 651	5 000
2 871	-	Moneyweb Holdings Limited	-	2 870
7 871	6 651		6 651	7 870
		Unlisted investments – available for sale		
10 912	9 312	Long-term preference shares	9 312	10 912
400 000	400 000	Caxton Share Investments (Pty) Limited – preference shares	400 000	400 000
64 807	75 119	ElementOne Limited	75 119	64 807
-	252 892	Pearsons Southern Africa (Pty) Limited – ordinary shares	252 892	-
475 719	737 323		737 323	475 719
483 590	743 974	Total investments	743 974	483 589
483 590	743 974	Fair value of investments	743 974	483 589
		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 2011.		
		The interest in Pearson Holdings Southern Africa is valued based on the put option related to the investment at the prevailing rate at put date. The put option is designated in pounds sterling.		
		Fair value estimation		
		IFRS 7 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:		
		Avusa is Level 1		
		The long-term preference shares, Caxton Share Investment and ElementOne are Level 2		
		Pearson Holdings Southern Africa is a Level 3		
		7. INVENTORIES		
		Raw materials	476 146	367 667
		Work in progress	51 237	46 813
		Finished goods	106 480	96 813
			633 863	511 293
		Comprising:		
		Inventory at cost	605 817	493 004
		Inventory at net realisable value	28 046	18 289
			633 863	511 293
		8. ACCOUNTS RECEIVABLE		
-	-	Trade accounts receivable	659 960	634 377
-	-	Allowance for impairments	(27 585)	(22 508)
-	-	Prepayment and deferred expenditure	12 138	12 461
43 371	5 354	Other accounts receivable	63 441	146 167
43 371	5 354		707 954	770 497
		Trade accounts receivable		
		<i>Exposure to credit risk</i>		
		Gross trade receivables represents the maximum credit exposure.		
		The maximum exposure to credit risk at the reporting date was:	659 960	634 377

COMPANY		GROUP	
2010 R000	2011 R000	2011 R000	2010 R000
	8. ACCOUNTS RECEIVABLE (continued)		
	The maximum exposure to credit risk for gross trade receivables at the reporting date by type of customer was:		
	Average debtors terms (days)		
	Parastatals/government	60	20 063
	Corporates	30	514 781
	SMMEs	30	113 482
	Individuals	30	11 634
			659 960
			634 377
	The group has a relatively large diversity of customers and thus has a limited exposure to any one customer.		
	The maximum exposure to credit risk for gross trade receivables at the reporting date by geographical region was:		
	Average debtors terms (days)		
	South Africa	30	652 167
	Rest of Africa	60	7 793
			659 960
			634 377
	Management views the debtors' days per geographic region as within expectations compared with the group's standard payment terms for that region.		
	Debtors' days differ in Africa due to local economic and market conditions and risks involved in trading in that geographic region.		
	The decrease in debtors' days is due to improved credit management that has been achieved during the financial year in order to maximise cash flow and minimise associated credit risk.		
	Credit risk is minimised through an initial new client acceptance procedure whereby potential customers are individually assessed before an appropriate credit limit is allocated to the new client. The group uses credit vetting agencies who maintain current credit data on most companies in South Africa.		
	Trade receivables		
	Within terms	613 646	602 894
	Current	355 545	306 003
	Due 30 days and less	189 128	234 274
	Due 30 to 60 days	68 973	62 617
	Past due	46 314	31 483
	Due 60 to 90 days	23 372	17 834
	Due 90 days +	22 942	13 649
			659 960
			634 377
	Listings of overdue customer balances are reviewed monthly and reviewed against their credit terms/limits. Customers exceeding their credit terms/limits must settle their overdue balances before any further credit is extended.		
	Appropriate action is taken to recover long-overdue debts.		
	Allowance for impairment of debtors:		
	Opening balance	22 508	28 507
	Impairment loss recognised/(reversed)	(4 968)	(4 894)
	Additional/(reversal of) impairment loss	10 045	(1 105)
		27 585	22 508

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011 *continued*

COMPANY			GROUP	
2010 R000	2011 R000		2011 R000	2010 R000
		8. ACCOUNTS RECEIVABLE (continued)		
		The following impairment losses were recognised:		
		Financial difficulties/bankruptcy	5 381	(4 632)
		Absconded	4	(55)
		Dispute	(308)	(1 312)
			5 077	(5 999)
		Prepayments and other receivables		
		The carrying amount of the following financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:		
		Prepayment and deferred expenditure	12 138	12 461
		Other accounts receivable	63 441	146 167
			75 579	158 628
		9. PREFERENCE SHARES LISTED – available for sale		
		Preference shares earning a dividend, payable semi-annually, of 72% of prime.	20 462	21 072
		Preference shares earning a dividend payable semi-annually, of 68% of prime.	60 909	66 875
			81 371	87 947
		The group is exposed to interest rate risk as the dividend yields on the preference shares are linked to fixed percentages of the prime rate of interest which is subject to fluctuations in the fair value of future cash flows.		
		The group is exposed to equity securities price risk as investments are held and classified on the balance sheet as available for sale.		
		Management does not consider to have any liquidity risk associated with these investments in preference shares as the instruments are those of reputable counterparties that have a credit rating of at least A1 by Standard and Poor's.		
		At 30 June 2011, if interest rates had been 1% higher with all other variables held constant, post-tax profit for the year would have increased by approximately R0,6 million (2010: R0,8 million).		
		If interest rates had been 1% lower post-tax profit would have decreased by approximately R0,6 million (2010: R0,8 million).		
		Refer to note 23 for the carrying amount of dividends and interest received.		
		10. BANK AND CASH RESOURCES		
		Cash on hand	120 004	77 086
		Cash on call and deposit	1 399 328	1 680 179
			1 519 332	1 757 265
		The group's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions. As a result the group has no credit risk with respect to cash and cash equivalents on the statement of financial position at year-end. Surplus funds are invested in such a manner as to achieve maximum returns whilst minimising risk. The group's cash deposits are for short periods ranging from daily to monthly at fluctuating market-related rates and exposure to interest rate risk therefore exists.		
		At 30 June 2011, if interest rates had been 1% higher with all other variables held constant, post-tax profit for the year would have increased by approximately R13,8 million (2010: R12 million).		
		If interest rates had been 1% lower, post-tax profit would have decreased by approximately R13,8 million (2010: R12 million).		
		Refer to note 23 for the carrying amount of dividends and interest received.		

COMPANY			GROUP	
2010	2011		2011	2010
R000	R000		R000	R000
		11. SHARE CAPITAL		
		Authorised Ordinary shares		
30 000	30 000	1 200 000 000 ordinary shares of 2,5 cents each	30 000	30 000
		Preference shares		
200	200	100 000 6% cumulative participating preference shares of R2 each	200	200
		Issued Ordinary shares		
12 391	12 266	490 648 254 (2010: 495 639 628) ordinary shares of 2,5 cents each	12 266	12 391
-	-	Less: 33 395 861 (2010: 29 652 397) shares held by subsidiary	(835)	(743)
12 391	12 266	457 252 393 ordinary shares of 2,5 cents each	11 431	11 648
		Preference shares		
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		
		Comprises:		
4 469	4 469	Realisation reserve	32 975	32 975
-	-	Loans acquired at a discount	16 515	16 515
-	-	Surplus on revaluation of land and buildings	115 505	117 562
221 529	189 557	Fair value adjustments – investments	189 564	221 536
225 998	194 026		354 559	388 588
		13. DISTRIBUTABLE RESERVES		
1 493 932	1 451 974	Accumulated profits	4 036 652	3 758 074
		The accumulated distributable reserves, if declared as a dividend, would be subject to secondary tax on companies of R403,7 million at 10% (2010: R375,8 million at 10%).		
		14. NON-CONTROLLING INTEREST		
		Balance at beginning of the year	24 052	22 083
		Share of earnings	5 042	7 085
		Dividends	(5 680)	(5 116)
		Acquired	9 823	-
		Balance at end of year	33 237	24 052
		15. DEFERRED TAXATION		
39 011	36 063	Balance at beginning of year	359 946	326 080
-	-	Income statement transfer	25 217	35 729
(2 948)	(5 205)	Non-distributable reserves transfer – re-valuations	(5 203)	(2 950)
-	-	Prior year adjustment	5 212	1 041
-	-	Acquisition/(disposal)	4 973	46
36 063	30 858	Balance at end of year	390 145	359 946
		Deferred taxation comprises temporary differences arising on:		
36 063	30 858	- property, plant and equipment	404 582	362 904
		- investments	30 858	36 063
		- accounts receivable	(4 064)	1 766
		- accounts payable	(39 798)	(39 512)
		- assessed losses	(1 433)	(1 275)
36 063	30 858		390 145	359 946
		The benefits of the tax losses in the group have been included in deferred tax.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011 *continued*

COMPANY			GROUP	
2010	2011		2011	2010
R000	R000		R000	R000
		16. ACCOUNTS PAYABLE		
		Trade accounts payable	268 202	298 304
7 838	83 164	Sundry accounts payable and accruals	293 700	464 012
7 838	83 164		561 902	762 316
		Trade payables		
		Management of liquidity risk		
		The group has negotiated favourable credit terms with suppliers, which enables the group to utilise its operating cash flow to full effect. The suppliers' age-analysis is reviewed by management on a regular basis to ensure that credit terms are adhered to and suppliers are paid when due.		
		Currency risk		
		The group has clearly defined policies for the management of foreign currency risks. Transactions which create foreign currency cash flows are hedged with forward exchange and currency hedge contracts.		
		There are no further foreign currency risks.		
		Interest rate risk		
		The group has no material exposure to interest risk as there are no suppliers that charge interest.		
		17. PROVISIONS		
		Bonus		
		Opening balance	58 149	54 327
		Additional provisions	48 153	45 387
		Utilised	(47 262)	(41 565)
		Closing balance	59 040	58 149
		Leave pay		
		Opening balance	16 884	16 507
		Additional provisions	13 425	11 012
		Utilised	(13 363)	(10 635)
		Closing balance	16 946	16 884
		Volume discount allowed		
		Opening balance	13 875	18 833
		Additional provisions	24 445	9 677
		Utilised	(26 646)	(14 635)
		Closing balance	11 674	13 875
		Retrenchments		
		Opening balance	8 958	1 628
		Additional provisions	10 091	10 638
		Utilised	(1 793)	(3 308)
		Closing balance	17 256	8 958
		Other		
		Opening balance	15 556	26 999
		Additional provisions	19 804	34 555
		Utilised	(14 393)	(45 998)
		Closing balance	20 967	15 556
		Total provisions		
		Opening balance	113 422	118 294
		Additional provisions	115 918	111 269
		Utilised	(103 457)	(116 141)
		Closing balance	125 883	113 422

COMPANY			GROUP	
2010	2011		2011	2010
R000	R000		R000	R000
		18. TURNOVER		
		The group's gross turnover has been reflected in order to provide a measure of the return generated by the group's assets and personnel.		
		The group's turnover comprises invoiced sales and circulation revenue.		
		19. STAFF COSTS		
		- salaries, wages and bonuses	858 124	774 954
		- retirement benefit costs	39 475	34 404
			897 599	809 358
		20. OTHER NET OPERATING EXPENSES		
		Income		
		Profit on sale of property, plant and equipment	-	2 990
		Foreign currency profits	738	4 326
			738	7 316
		Expenditure		
		Auditors' remuneration:		
		- audit fees	5 738	5 523
		- under provision previous year	49	10
		- fees for other services	600	300
		- expenses	38	35
			6 425	5 868
		Fees for:		
		- administrative, managerial and secretarial services	14 098	13 702
		- royalties	3 487	2 743
			17 585	16 445
		Loss on sale of property, plant and equipment	2 365	-
		Foreign currency losses	21	521
		Operating leases		
		- buildings	10 284	7 702
		21. DEPRECIATION AND IMPAIRMENT		
		Depreciation		
		- buildings and leasehold improvements	4 772	4 833
		- plant and machinery	160 899	142 413
		- motor vehicles	8 366	7 903
		- furniture and equipment	14 687	16 119
			188 724	171 268
		Impairment		
		- plant and machinery	9 171	12 702
		- furniture and equipment	38	-
		- goodwill	14 253	-
			23 462	12 702
			212 186	183 970

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011 *continued*

22. DIRECTORS' EMOLUMENTS

R000	Executive Directors				Non-executive Directors					Total
	TD Moolman	GM Utian	PG Greyling	TJW Holden	PM Jenkins	ACG Molusi	NA Nemukula	Dr F van Zyl Slabbert	P Vallet	
Directors' fees					100	100	100		100	400
Fees for services	3 000	2 680								5 680
Consulting fees					860				70	930
Salary			2 116	1 533						3 649
Bonuses			1 500	600						2 100
Medical funding	126	71	12	16						225
Retirement funding			188	102						290
Total 2011	3 126	2 751	3 816	2 251	960	100	100	-	170	13 274
Total 2010	2 750	3 440	3 221	2 009	310	80	80	455	160	12 505
										2011 R000
Paid by subsidiaries									13 274	12 505

Mr T Gatefield did not receive any remuneration from the company or its subsidiaries.

Dr F van Zyl Slabbert resigned on 16 February 2010.

COMPANY			GROUP	
2010 R000	2011 R000		2011 R000	2010 R000
		23. FINANCE INCOME		
104 590	97 715	- interest	107 026	112 923
10 821	6 128	- dividends: listed companies	19 937	10 821
22 980	13 809	- dividends: unlisted companies	7 500	22 980
48 987	62 542	- dividends: subsidiary companies	-	-
7 506	-	- net surplus on realisation of investments: available for sale	7	7 506
194 884	180 194		134 470	154 230
		24. FINANCE COSTS		
-	-	- interest on bank overdraft	79	3
52	-	- other interest	947	475
-	164	- net loss on realisation of preference shares	164	-
-	3 142	- net loss on realisation of investments: available for sale	-	-
52	3 306		1 190	478
		25. LOSS ON CURRENCY HEDGES		
-	-	The loss on currency hedges resulted from the fair value of foreign exchange option contracts outstanding at year end	2 171	157 218
		26. Gain on re-classification of associate		
-	22 006	The company no longer participates in and or has a say in the manner in which the Pearson Southern Africa Group of Companies is managed. As the company holds only 15% of the equity of Pearson, it was necessary, that with effect from 1 July 2010, the shareholding in that company be reflected as an investment and not an associate. This re-classification has given rise to a gain as a result of the re measurement of the fair value of the investment at the date of loss of control.	-	-

COMPANY			GROUP	
2010	2011		2011	2010
R000	R000		R000	R000
		27. TAXATION		
		South African normal tax		
30 742	27 439	- current	156 336	81 259
-	(245)	- prior year	(4 054)	(894)
-	-	- associates	5 856	16 210
		Deferred tax		
-	-	- current	25 217	35 729
-	-	- prior year	5 212	1 041
-	-	- associates	(72)	(3)
12 918	13 946	Secondary tax on companies	15 039	14 277
-	-	Secondary tax on companies: Associates	135	135
1 018	-	Capital gains tax	-	1 021
44 678	41 140	Total Tax	203 669	148 775
55 958	55 331	Tax at the standard rate of 28% on operating profit (2010: 28%)	188 079	142 787
11 280	14 191	Difference	(15 590)	(5 988)
		Reconciled as follows:		
26 635	29 256	- dividend and other non-taxable income	7 683	13 328
(1 419)	(1 119)	- disallowable expenses	(6 889)	(3 065)
-	-	- effect of prior year	(1 158)	(146)
(12 918)	(13 946)	- secondary tax on companies	(15 174)	(14 277)
(1 018)	-	- capital gains tax	-	(1 021)
-	-	- other	(52)	(807)
11 280	14 191		(15 590)	(5 988)
		Estimated tax losses included in deferred tax:		
		- at beginning of year	4 954	2 767
		- incurred and acquired during year	2 691	3 010
		- utilised during year	(1 864)	(823)
		- at end of year	5 781	4 954
		The estimated secondary tax on companies payable on dividends declared but not raised at year end amounts to	18 307	18 639

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011 *continued*

28. EARNINGS PER SHARE

Reconciliation between earnings, adjusted earnings and headline earnings	2011		2010	
	Gross R000	Net of tax R000	Gross R000	Net of tax R000
Earnings attributable to owners of the company		463 001		354 095
Adjustments for:				
goodwill written off	14 253	14 253	–	–
impairment of property, plant and equipment	9 209	6 630	12 702	9 145
net loss/(profit) on disposal of property, plant and equipment	2 365	1 703	(2 990)	(2 153)
net loss/(profit) on disposal of investments	157	135	(7 506)	(6 455)
Headline earnings		485 722		354 632
Earnings attributable to owners of the company		463 001		354 095
Adjustments for:				
non recurring items :				
– loss on currency hedge	2 171	1 513	157 218	111 310
Adjusted earnings		464 514		465 405
Headline earnings adjustment	25 984	22 721	2 206	537
Adjusted headline earnings		487 235		465 942
Earnings per share (cents)		101,3		76,0
Adjusted earnings per share (cents)		101,6		99,9
Headline earnings per share (cents)		106,2		76,1
Adjusted headline earnings per share (cents)		106,6		100,0

Reconciliation of weighted average number of shares	2011	2010
	Number of shares	Number of shares
Issued shares at the beginning of the year	495 639 628	495 639 628
Treasury shares	(38 387 235)	(29 652 397)
Weighted average number of shares	457 252 393	465 987 231

Basic earnings per share is calculated by dividing the earnings attributable to the parent equity holders by the weighted average number of ordinary shares in issue during the year.

Basic headline earnings per share is calculated by dividing headline earnings by the weighted average number of ordinary shares in issue during the year.

COMPANY			GROUP	
2010	2011		2011	2010
R000	R000		R000	R000
198 250	198 256	29. ORDINARY DIVIDENDS		
		Paid	186 308	186 399
		30. PREFERENCE DIVIDENDS		
6	6	- 6% fixed portion	6	6
185	172	- participating preference dividend	172	185
191	178	Paid	178	191
6	6	- fixed portion	6	6
172	172	- participating portion declared, paid post year end	172	172
178	178	Used in calculation of dividend per share	178	178
		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.		
		31. COMMITMENTS		
		Capital expenditure on plant and machinery - approved but not contracted	120 000	250 000
		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	1 185	352
		After one year, but not more than 5 years	968	629
			2 153	981

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011 *continued*

COMPANY		GROUP	
2010 R000	2011 R000	2011 R000	2010 R000
32. CONTINGENT LIABILITIES AND FOREIGN EXCHANGE EXPOSURE			
32.1 Currency risk			
The group incurs currency risk as a result of transactions which are denominated in a currency other than the group entity's functional currency on purchases and sales.			
The currencies giving rise to currency risk, in which the group primarily deals are UK sterling, US dollars, Euros and Australian dollars.			
The group entities hedge all foreign denominated trade creditors and trade debtors. The settlement of these transactions takes place within a normal business cycle.			
The group has clearly defined policies for the management of foreign currency risks. Transactions which create foreign currency cash flows are hedged with forward exchange and currency hedge contracts. Speculative use of financial instruments or derivatives is not permitted and none has occurred during any of the periods presented.			
32.2 Foreign currency contracts			
The principal or contract amounts of foreign exchange and currency hedge contracts outstanding at balance sheet date were:			
		Average rate of exchange	
	Euro	10,027	77 830 642 265
	Pound sterling	11,684	2 337 27 096
	Australian dollars	7,478	638 634
	US dollars	7,087	15 050 50 630
	Total		95 855 720 625
32.3 Foreign currency commitments			
Forward exchange and currency hedge contracts which do not relate to specific items appearing on the statement of financial position, but which were entered into to cover foreign commitments not yet due.			
The contracts will be utilised for purposes of purchasing inventory and plant during the year.			
Foreign currency in respect of imports			
	Euro	-	350 246
	Pound sterling	-	25 913
	US dollars	-	49 047
	Australian dollars	-	446
	Total	-	425 652

33. BORROWING POWERS

In terms of its Articles of Association, the company's and group's borrowing powers are unlimited.

34. RELATED PARTIES

During the year the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with fellow subsidiaries. These transactions occurred under terms that are no more or less favourable than those arranged with third parties.

Directors

Certain members of senior management are executive directors. Details relating to directors' emoluments and shareholdings (including share options) in the company are disclosed in note 22 and the directors' report respectively.

Controlling shareholders

Messrs TD Moolman and GM Utian are members of The Moolman and Coburn Partnership together with a number of other parties. In terms of an agreement concluded in 1985, the Partnership receives a commission on the group's advertising revenue which in 2011 amounted to R44,7 million (2010: R41,3 million).

The balance owing to the Partnership at the year-end amounted to R4,5 million (2010: R3,5 million).

Subsidiaries

Details of investments in subsidiaries and joint ventures are disclosed in the annexure on page 54.

Associates

Details of income from associates are disclosed in the statement of comprehensive income, note 5 and in the annexure on page 55.

Shareholders

The principal shareholders of the company are detailed in the shareholders' analysis in the directors' report.

35. 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: 5 091 (2010: 4 743) of the group's employees are covered by the plans.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011 *continued*

COMPANY			GROUP	
2010	2011		2011	2010
R000	R000		R000	R000
36. NOTES TO THE CASH FLOW STATEMENT				
36.1 Cash generated by/(utilised in) operations				
199 851	197 610	Income before taxation	671 712	509 955
-	-	Associate income	(17 957)	(55 045)
(104 538)	(97 715)	Interest received (net)	(106 000)	(112 445)
(82 788)	(82 479)	Dividends received	(27 437)	(33 801)
Adjustment for non-cash items:				
-	-	- depreciation of property, plant and equipment	188 724	171 268
-	-	- impairment of plant	23 462	12 702
(7 506)	3 142	- (profit)/loss on disposal of investments	157	(7 506)
-	-	- movement in foreign currency translation reserve	-	(5 511)
-	(22 006)	Gain on reclassification of associate	-	-
-	-	- loss/(surplus) on disposal of property, plant and equipment	2 365	(2 990)
-	-	- (profit) on forex	(717)	(3 805)
-	-	- loss on currency hedge	2 171	157 218
-	-	- movement in provisions	12 461	(4 872)
5 019	(1 448)		748 941	625 168
36.2 Changes in working capital				
-	-	(Increase)/decrease in inventories	(117 567)	32 216
23 406	38 017	Decrease/(increase) in accounts receivable	75 874	(61 431)
52	75 326	(Decrease)/increase in accounts payable	(214 695)	116 026
23 458	113 343		(256 388)	86 811
36.3 Taxation paid				
(7 728)	2 032	Opening tax overpaid/(payable)	17 207	19 234
(44 678)	(41 140)	Charged in income statement	(173 312)	(112 009)
-	-	Less: Associates	5 991	16 345
(2 032)	278	Closing tax payable/(overpaid)	(7 965)	(17 207)
(54 438)	(38 830)		(158 079)	(93 637)
36.4 Dividends paid				
(198 435)	(198 428)	Charged to reserves	(186 480)	(186 584)
-	-	Dividends of minority shareholders	(5 680)	(5 116)
(198 435)	(198 428)		(192 160)	(191 700)
36.5 Investments – subsidiary businesses				
(108)	-	Acquisitions	(36 242)	-
638 670	(20 041)	Advances to group companies	-	-
638 562	(20 041)		(36 242)	-
36.6 Investments – associates and other investments				
(34 152)	(50 981)	Acquisitions	(50 981)	(21 506)
28 426	1 600	Proceeds from disposal of investments	1 600	28 426
(6 238)	(1 163)	Increase in loans	5 900	(6 431)
(11 964)	(50 544)		(43 481)	489
36.7 Cash and cash equivalents				
1 534 761	1 268 627	Cash	1 519 332	1 757 265
93 931	86 847	Preference shares at cost	86 847	93 931
(5 984)	(5 476)	Fair value adjustment	(5 476)	(5 984)
1 622 708	1 349 998	Fair value of cash and cash equivalents	1 600 703	1 845 212

37. SEGMENTAL ANALYSIS

	2011		GROUP	
	R000	%	R000	%
Revenue				
Publishing, printing and distribution	4 132 146	95	3 926 753	96
Other	924 122	21	844 542	21
Inter-group sales – Publishing, printing and distribution	(695 192)	(16)	(671 419)	(17)
Inter-group sales – Other	(20 654)	–	(12 599)	–
	4 340 422	100	4 087 277	100
Operating income				
Publishing, printing and distribution	392 620	75	369 711	81
Other	130 026	25	88 665	19
	522 646	100	458 376	100
Other information				
Total assets				
Publishing, printing and distribution	2 775 549	45	2 673 271	43
Other	3 366 260	55	3 503 949	57
	6 141 809	100	6 177 220	100
Total liabilities				
Publishing, printing and distribution	751 949	70	812 383	66
Other	325 981	30	423 301	34
	1 077 930	100	1 235 684	100
Capital expenditure				
Publishing, printing and distribution	271 237	79	190 680	72
Other	71 556	21	75 387	28
	342 793	100	266 067	100
Depreciation and impairment				
Publishing, printing and distribution	142 197	67	142 167	77
Other	69 989	33	41 803	23
	212 186	100	183 970	100

The group operates in South Africa

38. CAPITAL MANAGEMENT

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2011 and 30 June 2010. The company had no debt during the periods under review.

INFORMATION RELATING TO INTEREST IN SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

Subsidiaries	Activities	Issued capital R	Holding		Cost		Owing*	
			2011 %	2010 %	2011 R000	2010 R000	2011 R000	2010 R000
Directly held								
Caxton Publishers and Printers	Holding company	29 083	100	100	1 352 228	1 352 228	76 162	57 158
Darwain Investments	Printing	300	60	60	494	494		
Highway Mail	Publishing	50 000	67	67	471	471		
Impala Stationery Manufacturers	Stationery manufacturer	1 000	100	100				
Lumedia	Publishing	-	-	100		3 148		
Noordwes Koerante	Publishing	250	90	90				
Northwest Web Printers	Printing	100	90	90				
Raylene Designs	Repro designs	180	100	100	4 452	4 452		
Ridge Times	Publishing	4 000	67	67	512	512		
Royal Albatross Properties 2	Property owning	100	100	100				
Saxton Investments	Investments	100	100	100				
Zululand Observer	Publishing	47	60	60	2 497	2 497		
Indirectly held								
CTP Limited	Publishing and printing CD and DVD replication	2 500 718	100	100				
CTP Digital Services	replication	100	100	-				
CTP Newspapers – Cape	Printing	100	100	100				
Direct Stationery UK	Stationery distributors	1 711	100	100				
Erfrad 13	Property owning	100	100	100				
Highway Printers	Printing	100	100	100				
Kagiso Publishers	Printing	700	100	100				
Pecanview Properties	Property owning	1	100	100				
Project Northwards	Property owning	166	100	100				
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				
Thombird Trade & Investment 100	Printing	564	67	-				
					1 360 654	1 363 802	76 162	57 158
Jointly controlled entities								
MCS Caxton								
International Press	Distribution	20 000	50	50	-	-	725	210
Mahareng Publishing	Publishing	100	50	50	-	-	2 450	1 188
Safeway Publishing	Publishing	100	50	50	-	-	588	588
Remade Publishing	Recycling	100	50	50	-	-	203	943
					-	-	3 966	2 929
					1 360 654	1 363 802	80 128	60 087

All are private companies unless otherwise stated and are incorporated in the Republic of South Africa.

* The amounts owing are interest free and repayable on demand.

INFORMATION RELATING TO ASSOCIATED COMPANIES

Associate	Activities	Issued capital R	Holding		Cost		Owing	
			2011 %	2010 %	2011 R000	2010 R000	2011 R000	2010 R000
Capital Media (Feb)	Newspaper publisher	4	50	50	-	-	-	-
Carpe Diem	Magazine publisher	120	30	30	5 134	5 134	-	-
FBC Properties	Property owning	100	50	50	1 352	1 352	-	-
Rising Sun Fordsburg	Newspaper publisher	1 000	40	-	-	-	-	-
Green Willow Properties 177	Property owning	120	50	-	-	-	-	-
Heraut Publseerders	Newspaper publisher	100	50	50	189	189	-	-
Hutton Trading	Advert delivery	120	50	50	250	250	-	-
Ince Holdings **	Printer	13 000	16	16	787	787	-	-
Leo Kantoor Meubels	Property owning	100	50	50	-	(6)	-	-
Lincroft Books (March)	Newspaper publisher	100	40	40	85	85	-	-
Lonehill Trading (March)	Magazine publisher	120	45	45	1 170	1 170	1 882	1 882
Moneyweb Holdings	Integrated media	107 000	47,4	-	34 450	-	-	-
Mooivaal Media (March)	Newspaper publisher	25 000	50	50	1 565	1 565	-	-
Overdrive Publishing	Magazine publisher	1 000	25	25	1 250	1 250	-	-
Pearson Holdings Southern Africa**	Book publisher	7 500	-	15	-	261 135	-	-
Ramsay Media (Feb)	Magazine publisher	12 000	30	30	30 075	30 075	-	-
Rising Sun Community Newspapers	Newspaper publisher	100	45	45	-	-	-	-
Ronain Investments	Property owning	1 000	50	50	33	33	10 636	9 670
Rowaga Properties	Property owning	1 000	50	50	1 175	1 175	-	-
Sentrale Makelaars	Dormant	50 000	50	50	56	56	-	-
Shumani Print Services	Printer	1 000	49	49	3 159	3 159	2 852	2 652
Tambuti Brits	Property owning	100	50	50	-	-	-	-
Tambuti Enterprise	Property owning	100	50	50	143	143	-	-
Tambuti Upington	Property owning	100	50	50	-	-	-	-
Tambuti Vryburg	Property owning	100	50	50	-	-	-	-
Wordsmiths	Newspaper publisher	10 000	50	50	3 750	3 750	-	-
					84 623	311 302	15 370	14 204

All are private companies except Moneyweb Holdings, and all are incorporated in the Republic of South Africa.

The financial year ends are June unless otherwise stated.

** re-classified as an investment as the Company does not have any significant influence.

Investments of 50% are accounted for as Associates where the Company does not have significant influence over the entity.

Moneyweb is a listed company and has been valued at the closing market price at year end.

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

	Associated companies		Jointly controlled entities	
	2011	2010	2011	2010
Statement of financial position				
Fixed assets	78 474	67 778	1 405	1 541
Investments and long-term receivables	3 836	4 904	1 750	-
Current assets	84 098	71 668	14 401	13 960
Total assets	166 408	144 350	17 556	15 501
Long-term liabilities	36 957	27 910	3 110	3 576
Deferred taxation	1 570	4 462	(540)	(486)
Current liabilities	43 029	34 284	10 956	8 565
Total liabilities	81 556	66 656	13 526	11 655
Attributable net asset value	84 852	77 694	4 030	3 846
Statement of comprehensive income				
Turnover	234 651	235 843	21 471	20 527
Income before taxation	17 957	55 045	3 009	3 917
Taxation	(5 919)	(16 343)	(951)	(1 402)
Net income for the year	12 038	38 702	2 058	2 515



NOTICE TO MEMBERS OF CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1947/026616/06)
Share code: CAT ISIN: ZAE000043345
Preference share code: CATP ISIN: ZAE000043352
("Caxton" or "the company")

A NOTICE OF MEETING

Notice is hereby given that the annual general meeting of shareholders of the company ("the meeting") will be held in the boardroom, Caxton House, 368 Jan Smuts Ave, Craighall Park, Johannesburg, on Friday 9 December 2011 at 10:00 am.

B RECORD DATE, ATTENDANCE AND VOTING

The record date for determining which shareholders are entitled to notice of the meeting is Tuesday, 4 November 2011 (date of posting) and the record date for determining which shareholders are entitled to participate in and vote at the meeting is Thursday, 8 December (22 business days after date of posting). The last day to trade in order to be eligible to vote at the meeting is accordingly Thursday, 1 December 2011 (one week earlier than second record date).

If you hold dematerialised shares which are registered in your name or if you are the registered holder of certificated shares:

- you may attend the meeting in person;
- alternatively, you may appoint a proxy to represent you at the meeting by completing the attached form of proxy in accordance with the instructions it contains and returning it to Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) ("transfer secretaries") to be received not later than 48 (forty-eight) hours (excluding Saturdays, Sundays and public holidays) prior to the meeting.

If you hold dematerialised shares which are not registered in your name:

- and wish to attend the meeting, you must obtain the necessary letter of representation from your Central Securities Depository Participant ("CSDP") or broker;
- and do not wish to attend the meeting but would like your vote to be recorded at the meeting, you should contact your CSDP or broker and furnish them with your voting instructions;
- you must not complete the attached form of proxy.

A shareholder who is entitled to attend and vote at the meeting is entitled, by completing the attached proxy form and delivering it to the company in accordance with the instructions on that proxy form, to appoint a proxy to attend, participate in and vote at the meeting in that shareholder's place. A proxy need not be a shareholder of the company.

All meeting participants (including shareholders and proxies) will be required to provide satisfactory identification to the chairman of the meeting. Forms of identification include valid identity documents, passports and driver's licences.

C PURPOSE OF MEETING

The purpose of this meeting is to consider and, if deemed fit, to pass, with or without modification, the resolutions set out below.

Ordinary resolutions

To consider, and, if deemed fit, approve the following ordinary resolutions with or without modification.

Explanation: In order to be adopted, all ordinary resolutions require the support of a majority of the votes cast by shareholders present or represented by proxy at this meeting.

1. Ordinary resolution number 1: adoption of annual financial statements

"Resolved that:

The annual financial statements of the company and the group for the year ended 30 June 2011 be and are hereby adopted."

Explanation: The reason for and effect of the ordinary resolution number 1 is to receive and adopt the annual financial statements for the company and the group for the year ended 30 June 2011.

2. Ordinary resolution number 2: to place the unissued shares of the company under the control of the directors

"Resolved that:

All the unissued shares in the capital of the company be placed under the control of the directors as a general authority in terms of the Companies Act, 2008 (Act 71 of 2008), as amended ("the Act"), who are hereby authorised to allot and issue shares in the capital of the company to those persons, upon such terms

and conditions, as the directors in their sole discretion deem fit, until the next annual general meeting subject to the provisions of the Act and the Listings Requirements of the Johannesburg Stock Exchange (“the JSE”).”

Explanation: In terms of the general authority of the Companies Act, the authority given at the annual general meeting needs to be renewed.

3. Ordinary resolution number 3: to approve the directors’ emoluments for the year ended 30 June 2011

“Resolved that:

The directors’ emoluments for the year ended 30 June 2011 be and are hereby approved.”

Explanation: Directors’ emoluments for the year ended 30 June 2011 have to be approved by the shareholders.

4. Ordinary resolution number 4: re-election of Directors

“Resolved that:

4.1 Mr TJW Holden, who retires by rotation in terms of the articles of association of the company and who is eligible and available for re-election, be and is hereby re-elected as a director of the company.

4.2 Mr ACG Molusi, who retires by rotation in terms of the articles of association of the company and who is eligible and available for re-election, be and is hereby re-elected as a director of the company.”

4.3 Mr NA Nemukula, who retires by rotation in terms of the articles of association of the company and who is eligible and available for re-election, be and is hereby re-elected as a director of the company.”

4.4 Ms T Slabbert, who was appointed a director of the company on 7 September 2011 be re-elected as a director of the company.”

Explanation: The reason for this ordinary resolution is that the articles of association require that a third of the company’s non-executive directors retire at the annual general meeting. A retiring director, if eligible, may be re-elected.

In addition, the memorandum of incorporation requires that non-executive directors appointed during the year retire at the annual general meeting. These retiring directors, if eligible, may also be re-elected.

Brief biographies of these directors appear on page 4 of the annual report.

The ordinary resolutions number 4.1, 4.2, 4.3 and 4.4 will be considered separately.

5. Ordinary resolution 5: re-appointment of independent auditors

“Resolved that:

PKF (Jhb) Inc. be and is hereby re-appointed as independent auditors of the company from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the company.”

Explanation: The reason for this ordinary resolution is that the company, being a listed public company, must appoint an independent auditor and have its annual financial statements audited.

6. Ordinary resolution number 6: re-election of the audit and risk committee members and chairman

“Resolved that:

7.1 The appointment of Ms T Slabbert with effect from 7 September 2011, as a member and chairman of the audit and risk committee, be and is hereby ratified and Ms T Slabbert be and is hereby re-elected as a member and chairman of the audit and risk committee until the conclusion of the next annual general meeting.

7.2 The appointment of Mr ACG Molusi with effect from 7 September 2011, as a member of the audit and risk committee be and is hereby ratified, and Mr ACG Molusi be and is hereby re-elected as a member of the audit and risk committee until the conclusion of the next annual general meeting.

7.3 The appointment of NA Nemukula with effect from 7 September 2011, as a member of the audit and risk committee be and is hereby ratified, and Mr NA Nemukula be and is hereby re-elected as a member of the audit and risk committee until the conclusion of the next annual general meeting.

Explanation: To elect Ms T Slabbert, Mr ACG Molusi and Mr NA Nemukula who are recommended by the board and whose appointment automatically terminates on the day of the annual general meeting. The reason for this ordinary resolution is that at each annual general meeting, a public company must elect an audit and risk committee comprising of at least three members.

Brief biographies of these directors appear on page 4.

The ordinary resolutions number 7.1, 7.2 and 7.3 will be considered separately.



NOTICE TO MEMBERS OF CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED *continued*

7. *Ordinary resolution number 7: authority to sign documentation*

“Resolved that:

Any director of the company or the company secretary be and is hereby authorised to take all actions necessary and sign all documentation required to give effect to the ordinary and special resolutions which have been passed at the annual general meeting.”

Special business: To consider and, if deemed fit, approve the following special resolutions with or without modifications.

Explanation: In order to be adopted, all special resolutions required the support of 75% or more of the votes cast by shareholders present or represented by proxy at this meeting.

8. *Special resolution number 1: general authority for company and/or subsidiary to acquire the company's own shares*

“Resolved that:

The company and/or a subsidiary of the company be and is hereby authorised to re-purchase or purchase, as the case may be, ordinary shares issued by the company on such terms and conditions and in such amounts as the directors of the company may decide, but subject always to the provisions of section 48 of the Act and the Listings Requirements of 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 or any of its subsidiaries may not repurchase securities during a prohibited period as defined in paragraph 3.67 in the Listings Requirements of the JSE;
- 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 share 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 and the group will be able in the ordinary course of business to pay its debts;
- the assets of Caxton and the group, 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 and the group will be adequate for the purposes of the company's and the group's businesses respectively; and
- the working capital of Caxton and the group will be adequate for their requirements.

The company will provide the sponsor and the JSE with all documentation as required in Schedule 25 of the Listings Requirements of the JSE and will not recommence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

Additional disclosure requirements in terms of the JSE Listings Requirements

As per Section 11.26b of the Listings Requirements of the JSE, 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 4;
- Directors' interests in securities on page 24 (which beneficial interests have not changed since 30 June 2011, there are no non-beneficial interests);
- Major shareholders on page 25;
- Material changes in the nature of the company's trading or financial position post 30 June 2011 on page 25; and
- The share capital note on page 43.

Litigation statement

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

Directors' responsibility statement

The directors, whose names appear on page 4 of the annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that, to the best of their knowledge and belief, there are no facts which 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 resolution contains all information relevant to special resolution number 1.

Material changes

Other than the facts and developments reported on in the annual financial statements, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

Explanation: The reason for and effect of special resolution number 1 is to give a mandate to the directors to re-purchase or purchase ordinary shares issued by the company.

9. *Special resolution number 2: approval of non-executive directors' fees*

"Resolved that:

The remuneration of the non-executive directors for the year 1 January 2012 to 31 December 2012 be as follows:

PM Jenkins	R960 000
T Slabbert	R200 000
P Vallet	R170 000
ACG Molusi	R140 000
NA Nemukula	R140 000

Explanation: The reason for and effect of special resolution number 2 is to grant the company the authority to pay fees to its non-executive directors for their services as directors.

10. *Special resolution number 3: Financial assistance to related or inter-related entities to the company*

"Resolved that:

the board of directors is authorised, in terms of and subject to the provisions of section 45 of the Act, to cause the company to provide financial assistance to any company or corporation that is related or inter-related to Caxton."

Explanation: The reason for and effect of this resolution is to grant the directors of the company the authority to cause the company to provide financial assistance to any entity which is related or inter-related to the company. This special resolution does not authorise the provision of financial assistance to a director or prescribed officer of the company.



NOTICE TO MEMBERS OF CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED *continued*

11. *Special resolution number 4: Financial assistance for subscription for or purchase of securities by related or inter-related entities to the company*

“Resolved that:

The board of directors is authorised, in terms of and subject to the provisions of section 44 of the Act, to cause the company to provide financial assistance to any company or corporation that is related or inter-related to Caxton for the subscription for or purchase of securities in the company or in any company or corporation that is related or inter-related to the company.”

Explanation: The reason for and effect of this resolution is to grant the directors of the company the authority to cause the company to provide financial assistance for the subscription for or purchase of securities to any entity which is related or inter-related to the company. This special resolution does not authorise the provision of financial assistance to a director or prescribed officer of the company.

By order of the board

N Sooka

Company secretary

4 November 2011

Registered Office

28 Wright Street
Industria West
Johannesburg 2093
PO Box 43587
Industria, 2042

Transfer Secretaries

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

PROXY FORM

CAXTON AND CTP LIMITED publishers and printers

Incorporated in the Republic of South Africa)
(Registration number 1947/026616/06)
Share code: CAT ISIN: ZAE000043345
Preference share code: CATP ISIN: ZAE000043352
("Caxton" or "the company")

For use by certificated shareholders and dematerialised shareholders with own name registration at the annual general meeting of the holders of ordinary shares in the company ("Caxton shareholders") to be held in the boardroom, Caxton House, 368 Jan Smuts Ave, Craighall Park, Johannesburg at 10:00 am on Friday, 9 December 2011.

I/We (full names)

of (address)

being the registered holder/s of ordinary shares in the capital of the company hereby appoint (see note 1):

1. _____ or failing him/her,
2. _____ or failing him/her,

the chairman of the annual general meeting, as my/our proxy to act for me/us at the annual general meeting for the purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, and at each adjournment thereof, and to vote for or against the resolutions or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions (see note 2).

		For	Against	Abstain
	Ordinary resolutions			
1.	To adopt the annual financial statements for the year ended 30 June 2011			
2.	To place unissued ordinary shares of the company under the control of the directors			
3.	To approve the directors' emoluments for the year ended 30 June 2011			
4.1	To re-elect Mr TJW Holden as director of the company			
4.2	To re-elect Mr ACG Molusi as director of the company			
4.3	To re-elect Mr NA Nemukula as director of the company			
4.4	To elect Ms T Slabbert as director of the company			
5.	To re-appoint PKF (Jhb) Inc. as the independent auditors			
6.1	To elect Ms T Slabbert as member and chairman of the audit and risk committee			
6.2	To elect Mr ACG Molusi as member of the audit and risk committee			
6.3	To elect Mr NA Nemukula as member of the audit and risk committee			
7.	To authorise the directors or company secretary to sign documentation to effect resolutions passed			
	Special resolutions			
8.	To approve the general authority for the company and/or a subsidiary to acquire the company's own shares			
9.	To approve the remuneration of the non-executive directors			
10.	To approve financial assistance to related or inter-related companies			
11.	To approve financial assistance for subscription for or purchase of securities			

Signed at _____ on _____ 2011

Signature _____

Assisted by (where applicable) _____

Each Caxton shareholder is entitled to appoint one or more proxy/ies (who need not be a shareholder/s) of the company to attend, speak and vote in his/her stead at the annual general meeting.



Notes

1. A Caxton shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the shareholder concerned. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those names that follow.
2. The shareholder's instruction to the proxy must be shown by indicating in the appropriate boxes provided the manner in which that shareholder wishes to vote by inserting an "X" in the relevant box unless a shareholder wishes to split his/her votes. In this case, the relevant number of shares to be so voted must be indicated in the relevant box. Failure to comply with the above will be deemed to authorise the proxy to vote, or abstain from voting, at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat.
3. A Caxton shareholder or his/her proxy is not obliged to use all the votes exercisable by the member or to cast all these votes exercised in the same way, but the total of the votes cast, and in respect whereof abstention is recorded, may not exceed the total of the votes exercisable by the member. Failure to comply with the above will be deemed to be authority to the chairman of the annual general meeting, if he is the authorised proxy, to vote in favour of the resolutions proposed at the annual general meeting or any other proxy to vote or abstain from voting, at the annual general meeting as he/she deems fit, in respect of the shares concerned.
4. Forms of proxy and any power of attorney by virtue of which such proxy is signed (or a notarially certified copy of such power of attorney) must be lodged at or posted to the transfer secretaries of the company, Computershare Investor Services (Proprietary) Limited (70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107), to be received by not later than 10:00 on Wednesday, 7 December 2011.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
6. 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 company's secretary or waived by the chairman of the annual general meeting.
7. If you are a dematerialised shareholder, other than by own name registration, you must inform your appointed Central Securities Depository Participant ("CSDP") or broker of the manner in which you wish to vote in order for them to notify the secretary by not later than 10:00 on Wednesday, 7 December 2011. Only registered certificated shareholders recorded in the main register of members of the company or under own names in the dematerialised register, may complete a proxy form or alternatively attend the annual general meeting.
8. Dematerialised shareholders who are not registered under their own names who wish to attend the annual general meeting or vote by proxy must contact their CSDP or broker who will provide them with the necessary authority to do so, or carry out their instructions.
9. The chairman of the annual general meeting may reject or accept any proxy form which is completed and/or received, other than in compliance with the articles of association of the company or these notes.

ADMINISTRATION

Business address

28 Wright Street
Industria West
Johannesburg, 2093

Postal address

PO Box 43587
Industria, 2042

Registered office

28 Wright Street
Industria West
Johannesburg, 2093

Auditors

PKF (JHB) Inc.
42 Wierda Road West
Wierda Valley
Sandton
Johannesburg, 2196

Attorneys

Fluxmans Inc.
11 Biermann Avenue
Rosebank
Johannesburg, 2196

Bankers

First National Bank
Bank City, Johannesburg, 2001

Sponsors

Arcay Moela Sponsors (Pty) Limited
Arcay House
3 Anerley Road
Parktown, 2193

Transfer Secretaries

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

Company registration number

1947/026616/06

