CAXTON AND CTP publishers and printers LIMITED

Integrated Annual Report 2013

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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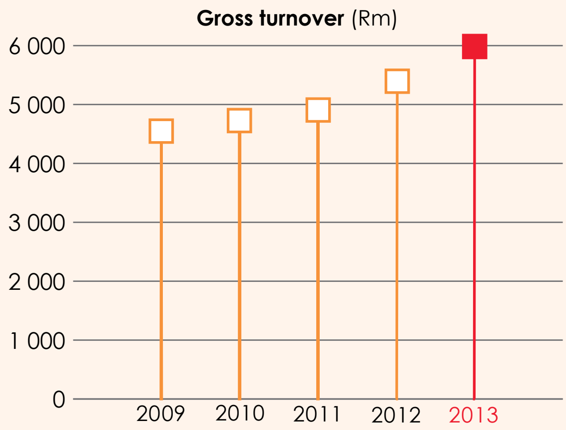
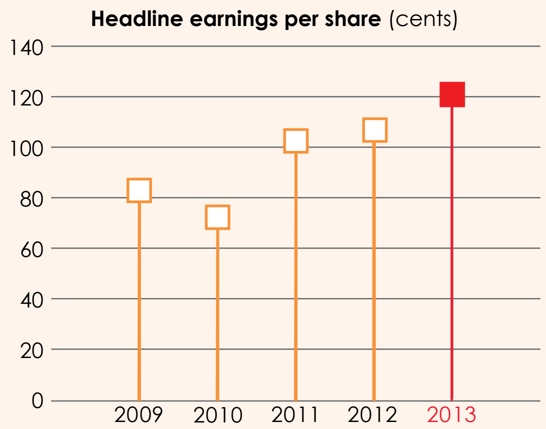
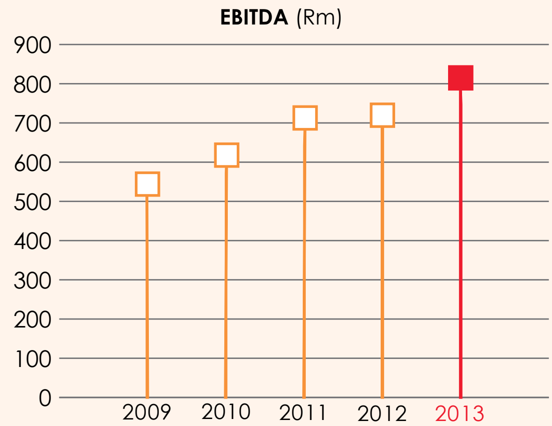
HIGHLIGHTS

- Turnover ***R5 984 million***
- Profit before tax ***R686 million***
- Cash generated by operations ***R847 million***
- Cash resources ***R1 418 million***







HIGHLIGHTS – FIVE YEARS TO 30 JUNE 2013

		2013 Rm	2012 Rm	2011 Rm	2010 Rm	2009 Rm
STATEMENT OF COMPREHENSIVE INCOME AND CASH FLOW						
Gross revenue		**5 984**	5 569	5 056	4 771	4 747
Operating profit before depreciation and amortisation		**837**	747	735	642	572
Finance income		**105**	109	134	154	114
Earnings attributable to owners of the company		**491**	437	463	354	915
Diluted headline earnings per share	(cents)	**123**	110	106	76	87
Cash generated by operations		**847**	788	749	625	686
STATEMENT OF FINANCIAL POSITION						
Shareholders' equity		**5 397**	4 899	5 064	4 942	4 796
Total assets		**6 676**	6 070	6 142	6 177	5 733
Cash and cash equivalents		**1 418**	1 809	1 601	1 845	1 532
OTHER INFORMATION						
Weighted average number of shares in issue	(000's)	**422 657**	416 999	457 252	465 987	465 995
Net asset value per share	(cents)	**1 277**	1 175	1 107	1 060	1 029
Number of employees		**6 025**	5 910	5 850	5 652	5 664

DIRECTORATE

EXECUTIVE

TD Moolman (69) **(Chief Executive Officer)**
Terry is the founder of Caxton and CTP Publishers and Printers Limited.

GM Utian (67) **(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. Gordon has held a number of senior executive positions as well as that of chairman of public companies.

PG Greyling (56) **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 (49) **BCom, CA(SA)**
Tim joined the group as group general manager: finance in 2003 and was appointed as financial director in 2006. He is a 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 held a number of senior and executive operational posts within those companies.

NON-EXECUTIVE

PM Jenkins* (54) **(Chairman) 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* (51) **BJournalism, MA**
Connie has been involved with the media industry for many years and holds a number of directorships.

NA Nemukula* (58)
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* (46) **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. As well as being a director of WDB Investment Holdings, other directorships include BP South Africa, the Bidvest Group and Discovery Holdings.

P Vallet (67) **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 also Chairman of Super Group Limited.

** Independent non-executive*

MANAGING DIRECTOR'S REPORT

GROUP PERFORMANCE

Economies of the major industrialised nations in the world still show no definite direction. Latest statistics available on the American economy indicate a small improvement and it appears that Quantitative Easing will be in place for the foreseeable future. Europe remains in a poor state and China is experiencing a retraction in its growth. South Africa, remaining totally reliant on portfolio inflows and the export of commodities, is going through a rough patch. The balance of payment deficit has ballooned and with the world in "slow down" mode, commodity prices and the volume of commodity exports have dropped.

All of this has had a serious impact on the South African currency and the result is that, over a relatively short period, the Rand has lost some 25% of its value.

The aforementioned negative conditions have been further exacerbated by the scale of industrial unrest and the number of strikes by labourers demanding unrealistic increases and in some instances achieving these, mainly as a result of violence – which has risen to unprecedented heights.

All of this is reflected in the low growth in the Gross Domestic Product.

Print media throughout the world has to contend not only with difficult economic conditions but, in addition, the migration of printed products to digital products, which is gathering momentum at pace. Advertising spend on printed products continues to fall and digital devices such as tablets and telephones are far cheaper than they were, allowing a greater percentage of the population to become users. This in turn will undoubtedly create further demand for the conversion of published products to digital.

Earnings

The company remains in a very strong financial position with cash and cash equivalents at the year-end amounting to R1,418 billion, notwithstanding an active year in terms of the acquisition of a number of investments and capital expenditure amounting to R356 million.

Bearing in mind the difficulties that the aforementioned economic conditions exert upon the company, and the fundamental shift to digital products, the company has done well to achieve a growth in earnings per share of 10,9%, in line with that forecasted at the halfway mark.

Turnover grew from R4,819 billion to R5,157 billion, an improvement of 7%. Total increase in operating expenses was contained to 6,2% despite large increases in power and fuel costs and the negative consequences of the fall in the South African currency bearing in mind that the majority of the company's raw material, equipment and spares are imported.

Profit from operating activities was up by 12,2% and depreciation increased from R226,5 million to R241,6 million. Impairment of plant and goodwill amounted to R37 million.

Net Profit from operating activities rose to R558,9 million – an improvement of 12,9%. Net Finance Income decreased slightly to R104,6 million from R111,7 million, predominantly as a result of the additional investments that took place.

Income from associates reduced from R26 million to R22,4 million.

Profit Before Taxation increased from R632,8 million to R685,8 million – up by 8,4%.

Taxation at the rate of 26,7%, which was lower than the rate of 30,1% in the previous year, absorbed R183 million. The decrease in rate is primarily due to the initial and non-recurring saving on the conversion of the Secondary Tax on Companies into a tax on dividends which is payable by shareholders and not the company.

Profit for the year amounted to R502,8 million which is an increase of 13,7% on the previous year's profit of R442,1 million.

6 360 000 shares in the company were issued during the year in exchange for shares in ElementOne Limited which company owns 39,4% of Caxton. Net of Treasury Shares there are now 422 657 088 shares in issue.

Earnings per share rose 10,9% from 104,8 cents to 116,2 cents and Headline Earnings similarly improved by 11,7% from 109,8 cents to 122,6 cents.

Capital expenditure and investments

New printing presses and ancillary equipment were installed in the Johannesburg newspaper factory and at SA Litho in Cape Town.

A Gravure printing press and associated pre- and post-press equipment is currently being installed for CTP Gravure in Durban and will be in production towards the end of the year.

Several substantial investments were made during the year.

Additional shares were acquired in ElementOne Limited and the shareholding in that company is now 18,7%.

The investment held in Times Media Group Limited increased to an 11,6% shareholding in that company.

In line with the digital strategy which has been adopted and is in the process of implementation, investments were made in FoneWorx Holdings Limited, of which 32,7% of their equity was purchased, and a 25% investment in RSA Web (Pty) Limited was also made.

DIVISIONAL PERFORMANCE

Publishing, printing and distribution

Newspaper Publishing and Printing

Time has shown that the viability of newspaper publishing is being severely affected by the reduction in print circulation due to the popularity of digital products, be it on the internet, tablets or smart phones.

However, digital products have not yielded the same revenues as the traditional products.

The rate of conversion does seem to be abating as both locally and internationally the swing to digital appears to be slowing down and publishers are finding new opportunities in a changing environment.

Fortunately the areas within which the company's newspapers operate, remain the community and regional markets and, despite problems in the greater industry, these markets have in fact flourished and are experiencing growth.

In line with this, it is pleasing to report that the newspaper division produced good results and increased its overall market share of advertising spend.

The digital strategy referred to is now in the process of implementation and a number of new sites are being rolled out with excellent initial results. Exciting initiatives are under development which are being designed and created to bolster the pre-eminent position that the company's papers enjoy in the retail advertising environment.

New products and partnerships are producing the intended results.

Steady progress continues to take place at "The Citizen", the company's regional daily newspaper which is also benefiting from the appointment of a new publisher. Whilst subject to the same misfortunes that have befallen the daily and weekly paid papers, circulations are marginally down but fortunately gains have been made in advertising market share.

A new and invigorated redesign of the paper, utilising overseas experts and an experienced designer, has just taken place and bodes well for the future.

The Johannesburg newspaper factory completed its extensive capital upgrade during the period under review and is in full production. Good results continued to be achieved, notwithstanding a fall-off in the circulations of a number of products that are printed under contract to outside publishers.

Magazine Publishing and Distribution

Up until quite recently, magazine circulation appeared to be holding up despite the increased competition from the growing digital environment. Unfortunately, of late, magazine sales in the printed format have also suffered. This is partly due to the changes taking place within the publishing environment, but has been accentuated by the difficult economic times in which readers find themselves. As magazines can be considered to be an "impulse purchase", with stretched budgets it is clear that magazine sales are suffering as consumers battle to live within their means.

The company's magazine division had a difficult year and did not achieve its budget. Whilst advertising market share was retained, costs increased mainly on printing and circulation revenues were down.

The company's magazine distribution company, RNA, which continues to operate efficiently, was affected by the reduction in sales of magazines and also missed budget. Furthermore, the retail market continues to be a difficult environment in which to work. A number of new outlets have been opened and the concomitant result is that greater distances have to be travelled to deliver fewer products, all at a time during which transport costs have increased dramatically due to the increases in the price of fuel, which is a major cost item.

COMMERCIAL PRINTING

Web, Gravure and Book Printing

The difficult economic environment has negatively impacted on this division's major customers, being predominantly retailers and magazine publishers. This has resulted in volumes decreasing at a time when the cost base has been under immense pressure due to he substantial increase in raw material costs resulting from the devaluation of the Rand.

Whilst efficiencies have improved, profits have decreased as margins continue to be under pressure.

An additional gravure press is currently being installed in the Durban factory and will be in production towards the end of the calendar year. It is anticipated that substantial savings will be made resulting from the increases in efficiency which this press and the associated post-press installations will bring.

Book Printing

The volume of books printed for the educational publishers increased dramatically during the year. Not only was it the last year of the introduction of a new curriculum which has been introduced over a three-year term, but it would appear that the debacle caused by the non-supply of textbooks to the Limpopo Province has sparked Government to substantially increase funds available for the provision of textbooks throughout the entire country.

Consequently, volumes improved and this division had an exceptional year and was able to cope with the huge demands being made by publishers to adhere to the strict delivery timetable laid down by all the Provinces.

MANAGING DIRECTOR'S REPORT

continued

This was done to ensure that textbooks would be available at all schools well within the required dates so that learners would not be prejudiced by late deliveries.

Resulting from the large quantities produced, good profits were achieved. This situation is not expected to be repeated in the short term as the new curriculum has now been installed for all grades.

OTHER

Packaging

It has been a good year for the packaging division with most of its components having produced profits in excess of budgets. The activities of SA Litho in Cape Town have been added to by the purchase of two small operations in the Western Cape which have been combined into the Parow factory. New presses have been purchased, moved and installed and excellent efficiencies and quality have been achieved in manufacturing.

Margin pressures have continued and here too the fall in the value of the Rand has necessitated the increase in selling prices. Major customers have been satisfied with the excellent service and quality of products and additional contracts have been secured.

A new press has been ordered for CTP Flexibles in Cape Town. This will be arriving shortly and will be in production by the year-end providing additional production capacity.

Stationery

Steps have been taken to rationalise the operations of this area of the company's operations, but have not as yet had the desired results. Budgets have not been met but production efficiencies have improved.

DIVIDENDS

The board has declared a dividend of 55,0 cents (2012: 50,0 cents) per ordinary share (gross) (net 47,96730 cents) and a preference dividend of 450,0 cents (2012: 410,0 cents) per share (gross) (net 383,71730 cents) for the year ended 30 June 2013.

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 company has achieved good results in a difficult economic environment which brought about adverse trading conditions. Whilst the global and local economy is not expected to improve in the short term, the company is nevertheless budgeting for a modest improvement in earnings.

GM Utian
Managing Director

Johannesburg
6 November 2013

TEN-YEAR REVIEW – SALIENT FEATURES

		2013	2012	2011	2010	2009	2008*	Restated 2008	2007	2006	2005	2004
Gross turnover	(Rm)	**5 984**	5 569	5 056	4 771	4 747	4 804	5 108	4 752	4 193	3 826	3 439
Profit before taxation	(Rm)	**686**	633	672	510	495	788	876	830	734	648	497
Profit from operating activities after depreciation before impairments	(Rm)	**596**	520	546	471	410	646	727	705	614	556	419
Weighted average number of shares in issue during the period	(000's)	**422 657**	416 999	457 252	465 987	465 995	470 990	470 990	480 328	464 733	453 450	456 114
Earnings per ordinary share	(cents)	**116**	105	101	76	181	128	139	127	112	98	73
Diluted earnings per share	(cents)	**116**	110	101	76	181	128	139	127	112	97	72
Diluted headline earnings per share	(cents)	**123**	110	106	76	87	124	135	122	109	95	74
Dividends/distribution per ordinary share	(cents)	**55**	50	40	40	40	52	52	50	45	40	35
Dividend cover	(times)	**2,1**	2,1	2,5	1,9	4,9	2,7	2,7	2,5	2,5	2,5	2,1
Ordinary shareholders' equity	(Rm)	**5 347**	4 856	5 031	4 917	4 774	3 821	3 911	3 766	3 296	2 642	2 332
Net current assets	(Rm)	**2 075**	2 371	2 263	2 268	2 193	1 582	1 662	1 500	1 120	1 381	1 300
Net asset value per share	(cents)	**1 277**	1 175	1 107	1 060	1 029	815	835	787	683	588	513
Number of employees		**6 025**	5 910	5 850	5 652	5 664	5 874	6 033	5 959	5 776	5 255	5 239

IFRS compliant. SA GAAP compliant prior to 2005.

** Excluding discontinued operations*

SUSTAINABILITY REPORT

APPROACH TO SUSTAINABILITY

Caxton and CTP Publishers and Printers Limited 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. We continue to prepare an integrated annual report and 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 an holistic view that also extends to societal and environmental issues.

SCOPE OF REPORT

The sustainable development report reflects the company's drive towards facilitating positive transformation in the company, as well as in South African society and its economy. This journey is one of continued improvement in addressing sustainability issues facing the company and the Transformation Committee continues to review this progress and also the factors inhibiting this progress towards a more transformed workplace. The major focus areas continue to be around skills development and training to ensure the company can provide new talent that also contributes to the transformation of the workplace.

Sustainability performance in this report spans the 12 months from July 2012 to June 2013.

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 became the first print company in Africa to receive this prestigious printing certificate.

A number of our divisions have also been awarded the Forestry Stewardship Council (FSC) certification that guarantees that our raw material comes from well managed forests.

EMBEDDING SUSTAINABILITY

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.

Committees

We have a Social and Ethics Committee, chaired by the chairman, which ensures that the best interests of not only the shareholders, but also community, employees, customers and suppliers are met. This committee meets on a regular basis to consider developments with regard to legislative changes (compliance with Employment Equity Act and BBBEE Act); good corporate citizenship; health and safety, and other labour and employment issues. In addition, the Transformation Committee which functions as a policy-making body to monitor the various elements of the BEE scorecard meets on a monthly basis.

This forum, chaired by the managing director, comprises senior management who represent the main business sectors in the company. Progress with regard to transformation is reviewed later in this report.

HEALTH, SAFETY AND ENVIRONMENT

In order to provide and maintain as far as possible a work environment that is safe and without risk to our employees and public that visit our premises, every division is responsible to ensure that the company's health and safety policy is adhered to.

Equally, we are committed to protecting and conserving the natural resources on which our business depends by continuously improving our environmental performance.

The company has adopted a preventative and proactive approach to the healthcare of its employees by providing on-site medical facilities.

Employee wellness

Many sites of the company have a permanent occupational healthcare practitioner, in addition to a medical doctor who is available on site every week for consultation. The wellness programmes include addressing issues pertaining to ill-health, family planning, substance abuse and HIV/AIDS educational programmes. Voluntary HIV testing is available on request to employees with referral assistance to clinics for treatment and counselling.

Some sites have also adopted a non-smoking policy in order to further encourage employees to improve their health. CTP Printers, SA LItho and CTP Newspapers in Cape Town initiated a smoking awareness campaign to encourage their employees to quit smoking before proposed new smoking laws come into effect. New policies are being considered to address substance abuse problems in the workplace.

Employee relations

Each workplace has a workplace committee that focuses on monitoring the implementation of the Employment Equity Plan as well as the Workplace Skills Plan and annual training report. This committee meets as least quarterly. The re-evaluation of each position in the group will be finalised by June 2014. Each job will also have a detailed job description, which will assist the company in identifying training needs, performance issues and improve succession planning.

Environment

As a member of the printing, publishing and packaging industries we are aware of the adverse impact that our printing processes have on the environment and we are therefore taking measures to reduce our carbon footprint.

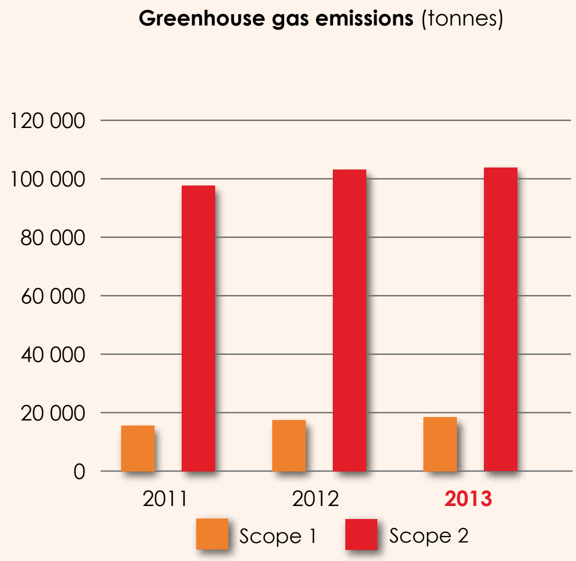
Greenhouse gas emissions

The company acknowledges that the climate is changing and this change can be attributed mainly 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.

Electricity usage is the biggest contributor to our greenhouse gas emissions. We are constantly striving to reduce our electricity consumption by installing more energy efficient plant and machinery, conducting energy efficiency audits and being more conscious in our usage of energy. This has included installing after-burners and power-saving switches.

We are proud to advise that overall emissions increased by only 1,3% during the current financial year. This increase is particularly pleasing taking into consideration that we had a much higher increase in production throughput.

Our greenhouse gas emissions for 2012/2013 were:



Explanations
Scope 1: Direct GHG emissions from sources that the company owns or controls
Scope 2: Indirect GHG emissions from the generation of purchased electricity consumed by the company

These results have been verified by the company's internal audit department.

During the past financial year the company invested in a high-efficiency gas burner which controls the large-volume steam generation boilers at our Gravure factory. This burner is designed to reduce natural gas usage by up to 15% while at optimum efficiency which results in reduced emission levels.

Air emissions from the web offset presses are cleansed with the use of after-burner devices prior to release into the atmosphere and at our Gravure facility, solvent vapours used in the printing process are collected and converted back into liquid solvents through the use of sophisticated solvent recovery absorbers.

In addition, some of the factories have progressed with the replacement of light fixtures with energy-saving fittings and are engaged with Eskom's IDM programme on their co-operative initiative to promote further reductions in electrical use.

All waste paper, reel cores, plastics, effluent, copper and chrome waste used in the manufacturing process is collected, segregated and recycled.

In partnership with Global Carbon Exchange, the company is exploring alternative methods of sustainable energy generation, including solar power.
Over and above these new initiatives, the company continues to invest in new technology to reduce energy consumption and promote sustainability.

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.

We continue to concentrate on skills development and staff training and maintain a number of 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.

Transformation

The company established the Transformation Committee in 2008 to address the introduction of the Broad-Based Black Economic Empowerment Codes. The committee functions as a policy-making body to monitor and introduce new initiatives that will assist the company with improving its BEE scorecard. The company aims to at least maintain its Level 5 BEE rating with Value-Adding Vendor status, thereby providing 100% BEE procurement recognition to all its clients.

The committee is chaired by the group managing director and has senior management representatives that meet on a monthly basis. The proposed changes to the Employment Equity Act, Basic Conditions of Employment Act, and the BEE Codes will have an impact on how the company needs to address these aspects of its business in future.

Despite the higher targets for elements of Employment Equity and preferential procurement since February 2012, the company aims to at least maintain its Level 5 BEE rating with Value-Adding Vendor status, thereby continuing to provide all clients with 100% preferential procurement spend recognition. A report by the Print and Digital Media Transformation Task Team has recently been made available which the company is studying.

To enhance its leadership role within the printing, packaging and print media sectors, the company has representatives in the following industry organisations:

- Print and Digital Media South Africa Board (previously Print Media South Africa) and its sub-committees;
- Fibre Processing and Manufacturing ("FP & M") SETA Board;
- South African Typographical Union ("SATU") Pension Fund and Printing Industry Provident Fund Board; and
- Printing Industries Federation of South Africa ("PIFSA") Training Council.

The company continues to focus its transformation efforts in the areas of employment equity and skills development.

Employment equity

Divisions monitor their employment equity progress through their employment equity plans. The workplace committees at each division meet at least quarterly to discuss progress with regard to the removal of identified barriers and new appointments, terminations and promotions.

The appointment of black females to managerial positions continues to be the main area of focus for the group. Due to low turnover rates in senior management positions, it is difficult to materially change the racial and gender profile in this specific occupational level. The number of black employees has increased slightly but there has been no change in the number of blacks in managerial positions.

The main focus to improve our employment equity is to provide training opportunities to employees to ensure succession planning and that internal promotions can take place. Internal opportunities focus on learnerships, apprenticeships, the CTP Bursary Programme, and accredited skills programmes. External opportunities have also been created for unemployed graduates to participate in the CTP Graduate Programme.

Skills development

The past three years show a steady increase in the number of employees participating in learnerships and apprenticeships. The types of learnerships include Generic Management, Production Technology and Production Management, Wholesale and Retail Operations and Manufacturing Management at various NQF levels. Apprenticeships include Millwrights, Gravure, Rotary Offset, and Lithography machine minding. Assistance is also provided to employees to obtain a recognised qualification through the Recognition of Prior Learning (RPL) process.

The CTP Bursary programme is available to employees who have been earmarked for future management positions. In 2012 five bursaries were awarded to employees in the disciplines of journalism, communication science, management accounting, production and operations management, and business management. The courses range from BA to masters degrees. Bursars are 80% black and 80% female. The group was also awarded discretionary grants from the FP & M Seta for graduate and post-graduate bursaries, including one for a PhD programme that will focus on measuring the success of online media.

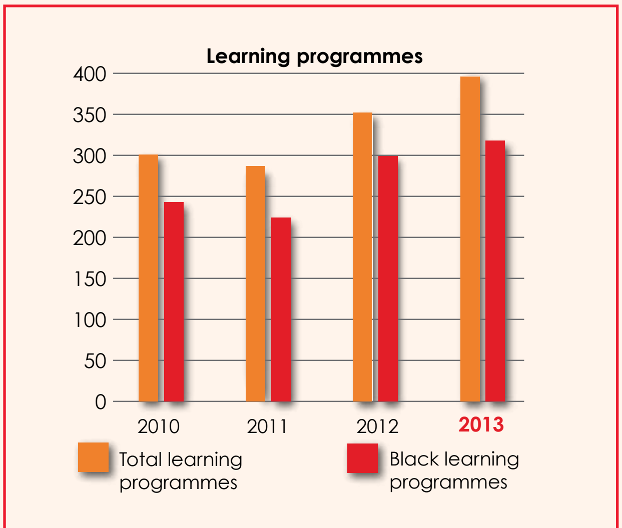
The CTP Graduate Programme is available to recent graduates to obtain work experience for one year at any division in the company. Ten graduates were appointed in January 2012 in the financial, marketing, logistics and HR departments of various divisions. The participants are 100% black and female. The success of the 2011 programme has led to three graduates being offered permanent positions in the group.

The company continues to support training initiatives in the following areas:
- Adult education and training (AET);
- Various skills programmes for administrative employees.

During the past year, 399 employees participated in Category B and Category D learning programmes. This is a steady increase from previous years of which 322 opportunities were provided to black employees. A total of 101 black female employees participated in learnerships and apprenticeships. Disciplines included generic management, wholesale and retail operations and various printing apprenticeships.

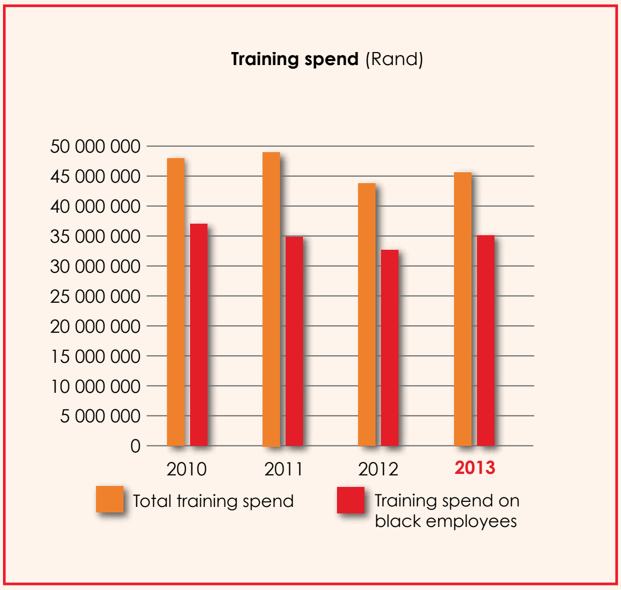
LEARNING PROGRAMMES

The Caxton Training Academy provides internal training for employees on various aspects of the newsroom, such as media law, photography, ad design, layout and web writing. The Cadet School also provided opportunities for 12 new aspiring journalists to obtain training and hands-on experience at the newspaper divisions. The intake for 2012 was 91% black and 75% female. A specialised training course for newspaper advertising sales was identified and developed by senior editorial management that provided training to 15 employees.

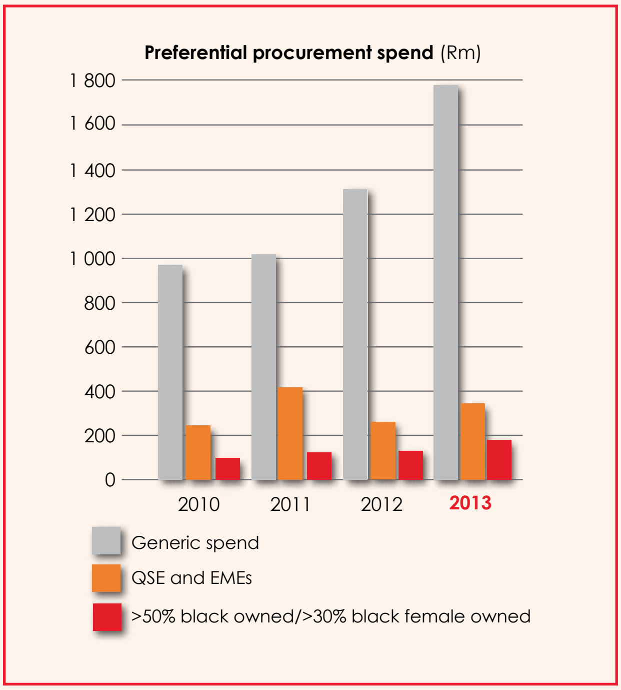


Training spend

The company is also participating in industry training initiatives such as new apprenticeship curriculum development, specifically with regard to the bookbinding and sheet fed lithography trades. Future planning includes the development of training material that will address technological advancements such as a computer to plate qualification in collaboration with industry bodies such as Printing SA and other printing companies. A leading role has also been taken by the company regarding the development of a bridging programme for the printing and packaging industries. CTP Printers in Cape Town will be a pilot site for the rollout of this programme in 2014.



Preferential procurement



The company has continued with its policy of assisting smaller companies in its supply chain, and linking procurement with enterprise development. Despite higher targets set by the BEE Codes from February 2012, the company has successfully increased its spend with suppliers with an annual turnover of less than R35 million.

Overall procurement spend recognition has improved along with spend at black empowered suppliers.

Enterprise development

The company maintains its enterprise development initiatives in line with previous years with the focus on supporting small and medium enterprises with early payment to improve their cash flow.

Socio-economic development

The company continues to identify projects that will benefit the communities in which it operates. There was an increase in spend from 2012. Various charities have benefited from the company's initiatives, including CANSA, Hospice, Cotlands, Dorcas Aid and schools located in the vicinity of the company's divisions.

The company and South African National Parks ("SANParks") signed a five-year media sponsorship agreement in April 2013.

The sponsorship marks the company's largest social investment initiative with the aim to support sustainable development and the conservation of South Africa's natural and cultural heritage. As the leading conservation authority in the country, SANParks protects millions of hectares of unique environments, divided into 19 national parks. Among these are the celebrated Kruger, Table Mountain, Garden Route and Kgalagadi national parks.

The company has committed the group resources and all of its publications to provide SANParks with print and digital media support, publicity and exposure. In addition, a seasonal publication, *SANParks Times*, with a current print order of 160 000 copies, was launched in September 2012. The product is distributed free of charge by RNA Distribution to all national parks and a selection of 162 strategically situated points in South Africa. Plans are in place to expand the distribution and make *SANParks Times* available digitally.

SANParks CEO, Dr David Mabunda, says of the publication, "*SANParks Times* has assisted us to communicate with a much wider sector of the public. This has enabled us to bring a greater number of South Africans on board in relation to understanding what the management of a national park system is all about. We are extremely pleased with the outcome of this initiative and we look forward to this publication going from strength to strength."

The company's sponsorship is worth many millions of rands annually and is a powerful marketing tool for SANParks. The coverage across all the titles highlights a broad spectrum of tourism activities and educates readers on important environmental matters as well as the way in which SANParks continually strives to meet its vision of "connecting to society".

CORPORATE GOVERNANCE AND RISK MANAGEMENT

KING III

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

Set out below is an explanation of the measures introduced by the company pursuant to the King Code and the Listings Requirements.

A full analysis of the King III application can be viewed on our website under the "Financial Information" heading at www.caxton.co.za

The company is ultimately controlled by the Moolman & Coburn Partnership. Mr TD Moolman is the Chief Executive Officer ("CEO") of the company. The executive directors of the company advise on, develop and implement the company's business strategy, in conjunction with the board. By virtue of Mr Moolman's and his associates control of the company and him being the CEO, Mr Moolman has a significant influence on the strategic direction of the company.

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.

The appointment of directors will be undertaken by the Board in a manner which is formal and transparent. The Board does not consider that a nominations committee is appropriate. If a vacancy arises, the Board will develop the criteria for the required candidate. The Board will ensure that the composition of its members reflects the appropriate mix of skills and experience required by the company.

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 for new directors.

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

The Board has a minimum of four meetings a year. In addition, the Memorandum of Incorporation of the company provides for material decisions taken between meetings to be confirmed by way of directors' written resolutions.

Attendance at Board meetings

	Oct 12	Feb 13	May 13	Aug 13
PM Jenkins	✔	✔	✔	A
TD Moolman	✔	✔	✔	✔
GM Utian	✔	✔	✔	✔
PG Greyling	✔	✔	✔	✔
TJW Holden	✔	✔	✔	✔
ACG Molusi	✗	✔	✔	✔
NA Nemukula	✔	✔	✔	✔
T Slabbert	✔	✔	✔	✔
P Vallet	✔	✔	✔	✔

A: *apology*
✗: *absent*

The Board of Directors has the following sub-committees:

Audit and Risk Committee

The Audit and Risk Committee comprises independent non-executive directors only, in compliance with King III. The Audit and Risk Committee is 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:

(a) 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 standards compliance;

(b) considered and satisfied itself that the external auditors are independent auditors; satisfied itself that the fees payable to the external auditors were appropriate and recommended the external auditors for appointment for the following financial year;

(c) 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;

(d) confirmed the audit plan for the 2012/2013 financial year;

(e) 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;

(f) reviewed the effectiveness of internal controls in the company with reference to the findings of the internal and external auditors; and

(g) 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 committee members are Ms T Slabbert (Chairman), Mr ACG Molusi and Mr NA Nemukula.

Attendance at Audit Committee meeting			
	Oct 12	Feb 13	Aug 13
T Slabbert	✔	✔	✔
ACG Molusi	✗	✔	✔
NA Nemukula	✔	✔	✔

✗: *absent*

Remuneration Committee

The Remuneration Committee comprises Mr P Vallet (Chairman) and Mr TD Moolman. The Charter provides for the Remuneration Committee to review senior executive management salaries and performance incentives.

The director fees of non-executive directors and the Chief Executive Officer's remuneration are increased by the baseline percentage increase applicable to the company. The remuneration of the executive directors is based on applicable industry benchmarking, and the financial performance of the company at operating profit level, and is subject to review by the Remuneration Committee.

Social and Ethics Committee

The committee is set up in accordance with section 72 of the Companies Act and its main function is to monitor the company's activities having regard to any relevant legislation, other legal requirements or prevailing Codes of Best Practice.

The committee comprises Mr PM Jenkins (Chairman), Mrs J Edwards, Mr TJW Holden and Mr N Sooka.

During the year under review, the Social and Ethics Committee met twice and:

(a) Drafted its Charter which was approved by the Board; and

(b) Reviewed the company's report and progress on employment equity, B-BBEE, sponsorships, contribution to development of communities and media diversity.

The committee oversaw the company's participation in the hearings of the Print and Digital Media Transformation Task team.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of chairman and chief executive officer are separate.

EXECUTIVE MANAGEMENT

The executive committees of the subsidiary 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 breakdown in the functioning of the abovementioned internal controls and systems has occurred during the year under review.

EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT

Throughout the group, equitable employment policies are in place to ensure individuals from all demographic groupings are given the opportunity to be employed and trained by the group. The group places an increased emphasis on maintaining and training those members of staff who can provide excellent service in a small team environment.

GOING CONCERN

The going concern basis has been adopted in preparing the financial statements. The current strong financial position and the continued tight control on expenditures and cash flows, assure the directors that the business of the group will continue to function as a going concern for the foreseeable future.

COMPANY SECRETARIAL AND PROFESSIONAL ADVICE

A dedicated Company Secretary has been appointed to ensure compliance with the Companies Act and JSE Listings Requirements. He is not a director of the company. All directors have unlimited access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed. All directors are entitled to seek independent professional advice, at the group's expense, concerning the affairs of the group, after obtaining the approval of the chairman.

The annual certificate by the Company Secretary is reflected on page 19.

As required by the JSE, the Board has considered the skills, qualifications and performance of the Company Secretary Mr Navin Sooka. The Board is satisfied with his continuing suitability for the position.

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 required to act honestly at all times and are encouraged 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 employee's 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 of 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. Some of the key risk areas are tabled on page 16.

INFORMATION TECHNOLOGY

Progress has been made in the following critical information technology areas:

- A decision has been made to pilot a new software application development environment to replace the existing one.
- The group's network service provider has been changed to RSAWEB in which the company has a 25% shareholding.
- The network hardware is being upgraded.

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.

	KEY RISKS	Risk mitigation
•	Foreign exchange purchasing and impact on cost of imported raw material	Treasury Committee meets regularly to review foreign exchange exposure The company hedges some of its exposure. No long-term contracts are in place
•	Loss of key staff including succession planning	Senior management remuneration is reviewed on an ongoing basis and adequate staff retention programmes are in place. Succession planning has been implemented via various schemes of employing graduates and training
•	Power outages	Generators have been installed at key sites
•	Information technology failure	Information technology reviews are undertaken regularly and key actions identified to ensure business continuity plans are in place
•	Destruction of key production sites	Adequate insurance is in place to mitigate loss. Key major operational sites undergo a third-party review to ensure adequate steps are in place to prevent loss. Contingency production sites have been identified
•	Disruption of supply of raw materials	Strategic stock is in place. Critical suppliers are insured against disruption of supply. The company has access to import replacement
•	Media regulatory interventions	Continued engagement with Government individually and through various industry organisations
•	Plant breakdowns adversely affecting deliveries to customers	Preventative scheduled maintenance in place which reduces the risk of breakdown. Other production sites are also available

ANNUAL FINANCIAL STATEMENTS

CAXTON AND CTP publishers and printers LIMITED

Contents

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, 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 pre-determined 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 2014 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 Grant Thornton (Jhb) Inc. are responsible for independently auditing 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 20.

The annual financial statements set out on pages 21 to 55, 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, Tim Holden, BCom, CA(SA).

Johannesburg
6 November 2013

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

Johannesburg
6 November 2013

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED

Report on the financial statements

We have audited the consolidated and separate financial statements of Caxton and CTP Publishers and Printers Limited set out on pages 21 to 55, which comprise the statements of financial position as at 30 June 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 auditor considers 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 management, 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Caxton and CTP Publishers and Printers Limited as at 30 June 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2013, we have read the Directors' Report, Audit Committee's Report and Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Grant Thornton (Jhb) Inc.

GRANT THORNTON (JHB) INC.
Chartered Accountants (SA)
Registered Auditors

Paul Badrick
Partner
Chartered Accountant (SA)
Registered Auditor

42 Wierda Road West
Wierda Valley
2196

6 November 2013

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 R415,4 million to R5 984 million (2012: R5 569 million). Profit from operating activities before depreciation and impairment increased by R90,8 million to R837,5 million (2012: R746,6 million). Net finance income received amounted to R103,6 million (2012: R108,3 million) with capital expenditure during the year totalling R356 million (2012: R255 million). Net cash resources amounted to R1 418 million (2012: R1 809 million).

ORDINARY DIVIDEND

An ordinary dividend of 55 cents (gross) (net 47,96730 cents) (2012: 50 cents (gross) (net 43,64482 cents)) per ordinary share was declared on 28 August 2013 payable to shareholders registered on 25 October 2013.

PREFERENCE DIVIDEND

A preference dividend of 450 cents (gross) (net 383,71730 cents) (2012: 410 cents (gross) (net 349,64482 cents)) per preference share was declared on 28 August 2013 payable to shareholders registered on 25 October 2013.

SHARE CAPITAL

Particulars of the authorised and issued share capital of the company are set out in note 12 to the financial statements.

SUBSIDIARY COMPANIES

Particulars of subsidiary companies are set out on page 56. The aggregate attributable interests of the company in the after-tax profits and losses of the subsidiaries were:

	2013 R000	2012 R000
Profits	**452 163**	407 172
Losses	**(18 058)**	(28 078)
	434 105	379 094

DIRECTORATE AND SECRETARY

The names of the directors are set out on page 3 of this report. In terms of the Memorandum of Incorporation of the company, no less than a third of the non-executive directors retire at the forthcoming annual general meeting. Mr ACG Molusi and Mr NA Nemukula retire as directors and, being eligible, offer themselves for re-election.

DIRECTORS' SHAREHOLDING

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

Directors	2013 Direct	2012 Direct	2013 Indirect	2012 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 43,17% of the issued ordinary shares of Caxton and CTP Publishers and Printers Limited. The Moolman & Coburn Partnership and its intermediate companies control an additional 5,19% and its associates acting in concert hold a further 2,93% of the issued ordinary shares of Caxton and CTP Publishers and Printers Limited. It therefore controls a total of 51,30% 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	7	0,34	17 738 481	4,20
Shareholders holding more than 10% of the issued ordinary shares				
– ElementOne Limited	1	0,05	80 065 330	18,94
– Caxton Limited	1	0,05	182 479 476	43,17
	9	0,44	280 283 287	66,31
Public shareholders	2 055	99,47	142 373 801	33,69
Sub-total	2 064	99,91	422 657 088	100,00
Shares held by subsidiaries	2	0,09	44 395 861	–
Total	2 066	100,00	467 052 949	100,00

According to the records of the company, other than as indicated above, no shareholder held 5% or more of the company's shares at 30 June 2013.

SUBSEQUENT EVENTS

On 31 August 2013 the company disposed of its 7 500 ordinary shares (15% of the issued share capital) in Pearson Holdings Southern Africa Proprietary Limited ("PHSA") to Longman Group (Overseas Holdings) Limited, the holding company of PHSA. The consideration received based on a negotiated sale price was R703,3 million.

The company signed an agreement on 13 September 2013 with Nampak Products Limited to acquire the business of Nampak Cartons & Labels. Nampak Cartons & Labels is a producer of lithographic and gravure printed folding cartons and labels. The purchase consideration is R330 million, adjusted on a rand-for-rand basis on the NAV based on the effective date accounts. The acquisition will be funded from existing cash resources. The effective date of the transaction is defined in the agreement as the first business day of the month following the date of fulfilment of the last of the suspensive conditions. At the date of authorisation of these financial statements, these substantive conditions have not been met. The acquisition affords the company the opportunity to achieve economies of scale.

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 21 to 55, have been approved by the Board and are signed on its behalf by:

GM Utian
Managing Director

TD Moolman
Chief Executive Officer

Johannesburg
6 November 2013

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2013

COMPANY 2012 R000	COMPANY 2013 R000	Notes		GROUP 2013 R000	GROUP 2012 R000
			ASSETS		
			Non-current assets		
–	**–**	2	Property, plant and equipment	**2 485 993**	2 385 337
–	**–**	3	Goodwill	**–**	–
1 934 050	**1 929 258**	4	Interest in subsidiaries	**–**	–
72 241	**178 467**	5	Interest in associates	**267 961**	138 986
425 273	**1 016 280**	6	Investments	**1 033 836**	443 400
2 431 564	**3 124 005**			**3 787 790**	2 967 723
			Current assets		
–	**–**	7	Inventories	**648 777**	529 531
10 621	**9 968**	8	Accounts receivable	**809 696**	738 432
78 171	**78 938**	4	Amounts owed by group companies	**–**	–
1 694	**1 665**		Taxation	**11 692**	24 675
78 736	**67 754**	9	Preference shares – listed	**67 754**	78 736
600 000	**600 000**	10	Preference shares – unlisted	**600 000**	600 000
865 245	**425 266**	11	Bank and cash resources	**750 230**	1 130 471
1 634 467	**1 183 591**			**2 888 149**	3 101 845
4 066 031	**4 307 596**		**Total assets**	**6 675 939**	6 069 568
			EQUITY AND LIABILITIES		
			Capital and reserves		
11 535	**11 676**	12	Ordinary share capital	**10 566**	10 425
638 722	**728 155**		Ordinary share premium	**171 376**	81 943
241 979	**364 530**	13	Non-distributable reserves	**575 208**	454 755
1 542 182	**1 444 574**	14	Distributable reserves	**4 590 180**	4 308 500
–	**–**	15	Non-controlling interest	**49 539**	43 317
100	**100**	12	Preference share capital	**100**	100
2 434 518	**2 549 035**		**Total equity**	**5 396 969**	4 899 040
			Non-current liabilities		
54 272	**82 407**	16	Deferred taxation	**465 378**	439 801
54 272	**82 407**			**465 378**	439 801
			Current liabilities		
7 871	**7 880**	17	Accounts payable	**636 193**	572 907
–	**–**	18	Provisions	**177 399**	157 820
1 485 425	**1 567 036**	19	Amounts owed to group companies	**–**	–
83 945	**101 238**		Bank overdraft	**–**	–
1 577 241	**1 676 154**			**813 592**	730 727
4 066 031	**4 307 596**		**Total equity and liabilities**	**6 675 939**	6 069 568

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2013

Company 2012 R000	Company 2013 R000	Notes		Group 2013 R000	Group 2012 R000
–	**–**	22	Gross turnover	**5 984 170**	5 568 784
–	**–**		*Less:* Inter-group	**827 259**	749 681
–	**–**		Revenue	**5 156 911**	4 819 103
–	**–**		Other operating income	**95 561**	85 075
–	**–**		**Total operating income**	**5 252 472**	4 904 178
–	**–**		Changes in inventories of finished goods and work in progress	**73 448**	35 260
–	**–**		Raw materials and consumables used	**1 881 946**	1 743 398
–	**–**	23	Staff costs	**1 120 841**	1 022 402
775	**1 265**	24	Other net operating expenses	**1 338 780**	1 356 490
775	**1 265**		**Total operating expenses**	**4 415 015**	4 157 550
(775)	**(1 265)**		**Profit/(loss) from operating activities before depreciation**	**837 457**	746 628
–	**–**	25	Depreciation	**241 592**	226 516
(775)	**(1 265)**		**Profit/(loss) from operating activities after depreciation**	**595 865**	520 112
–	**–**	25	Impairment expense	**37 003**	25 072
(775)	**(1 265)**		**Net profit/(loss) from operating activities**	**558 862**	495 040
292 293	**147 572**	27	Finance income	**104 518**	109 150
(15)	**(39)**	28	Finance costs	**(963)**	(882)
–	**–**	29	Fair value movement on currency hedges	**1 024**	3 384
–	**–**		Income from associates	**22 410**	26 073
291 503	**146 268**		**Profit before taxation**	**685 851**	632 765
16 464	**9 667**	30	Taxation	**183 043**	190 640
275 039	**136 601**		**Profit for the year**	**502 808**	442 125
47 953	**122 551**		**Other comprehensive income**	**122 734**	102 247
			Fair value adjustment		
71 367	**150 686**		– Investments and preference share: Gross	**150 869**	72 983
–	**–**		– Property, plant and equipment	**–**	76 407
23 414	**28 135**		Tax thereon	**28 135**	47 138
322 992	**259 152**		**Total comprehensive income for the year**	**625 542**	544 372
			Profit attributable to:		
–	**–**		Non-controlling interests	**11 836**	5 249
275 039	**136 601**		Owners of the company	**490 972**	436 876
275 039	**136 601**			**502 808**	442 125
			Total comprehensive income attributable to:		
–	**–**		Non-controlling interests	**11 836**	5 249
322 992	**259 152**		Owners of the company	**613 706**	539 123
322 992	**259 152**			**625 542**	544 372
		31	Earnings per share (cents)	**116,2**	104,8
		31	Headline earnings per share (cents)	**122,6**	109,8
		32	Ordinary dividend paid per share (cents)	**50,0**	40,0
		33	Preference dividend paid per share (cents)	**410,0**	357,0

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2013

COMPANY 2012 R000	COMPANY 2013 R000	Notes		GROUP 2013 R000	GROUP 2012 R000
7 676	**(92 465)**		**CASH FLOW FROM OPERATING ACTIVITIES**	**448 522**	603 425
(784)	**3 148**	39.1	Cash generated by/(utilised in) operations	**846 762**	787 712
(80 560)	**662**	39.2	Changes in working capital	**(122 636)**	75 541
(81 344)	**3 810**		Cash generated by operating activities	**724 126**	863 253
(18 436)	**(9 638)**	39.3	Taxation paid	**(162 640)**	(194 606)
58 136	**33 229**		Interest received	**45 073**	68 786
(6)	**–**		Interest paid	**(295)**	(873)
234 157	**114 343**		Dividends received	**59 445**	40 364
192 507	**141 744**		**NET CASH INFLOW FROM OPERATING ACTIVITIES**	**665 709**	776 924
(184 831)	**(234 209)**	39.4	Dividends paid	**(217 187)**	(173 499)
(153 046)	**(444 264)**		**CASH FLOW FROM INVESTING ACTIVITIES**	**(826 609)**	(247 386)
			Property, plant, equipment and intangibles		
–	**–**	2	– Additions to expand operations	**(356 572)**	(255 026)
–	**–**		– Proceeds from disposals	**16 769**	8 514
–	**–**			**(339 803)**	(246 512)
(136 901)	**(767)**	39.5, 39.8	Investments – Subsidiary businesses (net of cash acquired)	**(34 599)**	6 593
(16 145)	**(443 497)**	39.6	– Associates, other investments and loans	**(452 207)**	(7 467)
(153 046)	**(444 264)**			**(486 806)**	(874)
255 981	**69 425**		**CASH FLOW FROM FINANCING ACTIVITIES**	**(12 186)**	(146 962)
695 817	**81 611**		Decrease in amount owing to group companies	**–**	–
(439 836)	**(12 186)**		Own shares acquired	**(12 186)**	(146 962)
110 611	**(467 304)**		Net increase/(decrease) in cash and cash equivalents	**(390 273)**	209 077
1 355 474	**1 466 085**		Cash and cash equivalents at beginning of year	**1 815 256**	1 606 179
1 466 085	**998 781**	39.7	Cash and cash equivalents at end of year	**1 424 983**	1 815 256
(6 049)	**(6 999)**		Fair value adjustment of preference shares and other instruments	**(6 999)**	(6 049)
1 460 036	**991 782**	39.7	Fair value of cash and cash equivalents at end of year	**1 417 984**	1 809 207

The principal non-cash flow transaction is the acquisition of an investment which was financed by an issue of ordinary shares amounting to R101,8 million.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2013

R000	Notes	Ordinary share capital	Ordinary share premium	Preference share capital	Non-distributable reserves	Marked to market reserves	Distributable reserves	Non-controlling interest	Total
GROUP									
Balance at 1 July 2011		11 431	627 900	100	164 995	189 564	4 036 652	33 237	5 063 879
Total comprehensive income for the year					54 059	48 188	436 876	5 249	544 372
Ordinary dividends paid	32						(166 901)	(6 420)	(173 321)
Preference dividends paid	33						(178)		(178)
Realisation of land and buildings revaluation reserve					(2 051)		2 051		–
Own shares acquired		(1 006)	(545 957)						(546 963)
Minority interest acquired								11 251	11 251
Balance at 30 June 2012		**10 425**	**81 943**	**100**	**217 003**	**237 752**	**4 308 500**	**43 317**	**4 899 040**
Total comprehensive income for the year						**122 734**	**490 972**	**11 836**	**625 542**
Shares Issued		**159**	**101 601**						**101 760**
Own shares acquired		**(18)**	**(12 168)**						**(12 186)**
Ordinary dividends paid	32						**(211 368)**	**(5 614)**	**(216 982)**
Preference dividends paid	33						**(205)**		**(205)**
Realisation of land and buildings revaluation reserve					**(2 281)**		**2 281**		
Balance at 30 June 2013		**10 566**	**171 376**	**100**	**214 722**	**360 486**	**4 590 180**	**49 539**	**5 396 969**
COMPANY									
Balance at 1 July 2011		12 266	1 077 827	100	4 469	189 557	1 451 974	–	2 736 193
Total comprehensive income for the year						47 953	275 039		322 992
Own shares acquired		(731)	(439 105)						(439 836)
Dividends paid									
– ordinary shareholders	32						(184 653)		(184 653)
– preference shareholders	33						(178)		(178)
Balance at 30 June 2012		**11 535**	**638 722**	**100**	**4 469**	**237 510**	**1 542 182**	**–**	**2 434 518**
Total comprehensive income for the year						**122 551**	**136 601**		**259 152**
Shares Issued		**159**	**101 601**						**101 760**
Own shares acquired		**(18)**	**(12 168)**						**(12 186)**
Dividends paid									
– ordinary shareholders	32						**(234 004)**		**(234 004)**
– preference shareholders	33						**(205)**		**(205)**
Balance at 30 June 2013		**11 676**	**728 155**	**100**	**4 469**	**360 061**	**1 444 574**	**–**	**2 549 035**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2013

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 2013 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"), SAICA financial reporting guidelines 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 Rand (R000) under the historical cost convention, except for Investments classified as available-for-sale, and property, plant and equipment 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.

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 to 20 years
Vehicles	5 years
Furniture and equipment	3 to 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 publication 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.

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 ACCOUNTING POLICIES continued

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 are recognised with similar line items in the consolidated financial statements on a line-by-line basis. The accounting policies of the jointly controlled entities are the same as those of the group in all material respects.

1.11 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 bases:

- 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 amounts for financial reporting purposes and the amount 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 timing or the amount is uncertain.

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 statement of financial position 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 de-recognised 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 cost less a provision for impairment.

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. Listed investments, unlisted investments and preference shares are initially measured at fair value including transaction costs (except for held for trading investments). Listed 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 statement of comprehensive income 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 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 do not have a fixed maturity are subsequently measured at amortised cost using effective interest rates. .

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 the 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.

1 ACCOUNTING POLICIES continued

1.17 Derivative financial instruments

The group has entered into derivative contracts to hedge foreign exchange exposure. 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 internally is provided to the Board of Directors, who are ultimately responsible for the decision making process.

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 Rand. 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 statement of financial position are given in note 35.

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 with appropriate credit history. Transactions are limited to high-credit-quality financial institutions.

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 ACCOUNTING POLICIES continued

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's 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, 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 re-assessing 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 any risk factors.

1 **ACCOUNTING POLICIES** continued

1.24 Standards and Interpretations not yet effective

The following Standards and Interpretations are not yet effective:

Standard		Details of amendment	Annual periods beginning on or after:
IFRS 7	Financial Instruments: Disclosures	• Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations.	1 January 2013
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 2015
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
		• Amendments to the transition guidance of IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, thus limiting the requirements to provide adjusted comparative information.	1 January 2013
		• IFRS 10 exception to the principle that all subsidiaries must be consolidated. Entities meeting the definition of 'Investment Entities' must be accounted for at fair value under IFRS 9 *Financial Instruments*, or IAS 39 *Financial Instruments: Recognition and Measurement.*	1 January 2014
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
		• Amendments to the transition guidance of IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities,* thus limiting the requirements to provide adjusted comparative information.	1 January 2013
IFRS 12	Disclosure of Interests 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
		• Amendments to the transition guidance of IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, thus limiting the requirements to provide adjusted comparative information.	1 January 2013
		• New disclosures required for Investment Entities (as defined in IFRS 10).	1 January 2013

1 ACCOUNTING POLICIES continued

1.24 Standards and Interpretations not yet effective continued

Standard		Details of amendment	Annual periods beginning on or after:
IFRS 13	Fair Value Measurement	• New guidance on fair value measurement and disclosure requirements.	1 January 2013
IAS 1	Presentation of Financial Statements	• *Annual Improvements 2009-2011 Cycle* amendments clarifying the requirements for comparative information including minimum and additional comparative information required.	1 January 2013
IAS 16	Property, Plant and Equipment	• *Annual Improvements 2009-2011 Cycle* amendments to the recognition and classification of servicing equipment.	
IAS 27	Consolidated and Separate Financial Statements	• Consequential amendments resulting from the issue of IFRS 10,11 and 12.	1 January 2013
		• Requirement to account for interests in 'Investment Entities' at fair value under IFRS 9 *Financial Instruments*, or IAS 39 *Financial Instruments: Recognition and Measurement,* in the separate financial statements of a parent company.	1 January 2014
IAS 28	Investments in Associates	• Consequential amendments resulting from the issue of IFRS 10,11 and 12.	1 January 2013
IAS 32	Financial Instruments: Presentation	• Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the net related credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations.	1 January 2013
		• *Annual Improvements 2009-2011 Cycle* amendments to clarify the tax effect of distribution to holders of equity instruments.	1 January 2013
IAS 34	Interim Financial Reporting	• *Annual Improvements 2009-2011 Cycle* amendments to improve the disclosures for interim financial reporting and segment information for total assets and liabilities.	1 January 2013

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.

2 PROPERTY, PLANT AND EQUIPMENT

Cost or valuation GROUP R000	Freehold land and buildings	Leasehold improvements	Plant and machinery	Vehicles	Furniture and equipment	Titles	Total
Year ended 30 June 2013							
Opening net book value	**642 107**	**608**	**1 689 514**	**20 679**	**32 429**	**–**	**2 385 337**
Purchases	**15 752**	**308**	**298 682**	**8 213**	**26 617**	**7 000**	**356 572**
Disposals	**(3 148)**	**–**	**(4 294)**	**(465)**	**(364)**	**–**	**(8 271)**
Impairment	**–**	**–**	**(8 416)**	**–**	**–**	**(7 000)**	**(15 416)**
Acquisition	**–**	**–**	**8 406**	**497**	**460**	**–**	**9 363**
Depreciation	**(5 089)**	**(125)**	**(207 665)**	**(8 744)**	**(19 969)**	**–**	**(241 592)**
Closing net book value	**649 622**	**791**	**1 776 227**	**20 180**	**39 173**	**–**	**2 485 993**
Summary							
Cost	**15 752**	**2 974**	**3 352 516**	**77 837**	**228 422**	**28 393**	**3 705 894**
Valuation	**655 403**	**–**	**–**	**–**	**–**	**–**	**655 403**
	671 155	**2 974**	**3 352 516**	**77 837**	**228 422**	**28 393**	**4 361 297**
Accumulated depreciation and impairment	**(21 533)**	**(2 183)**	**(1 576 289)**	**(57 657)**	**(189 249)**	**(28 393)**	**(1 875 304)**
Net carrying amount	**649 622**	**791**	**1 776 227**	**20 180**	**39 173**	**–**	**2 485 993**
Year ended 30 June 2012							
Opening net book value	554 330	–	1 687 247	18 716	27 429	–	2 287 722
Purchases	16 726	–	204 738	11 392	22 170	–	255 026
Disposals	(306)	–	(3 500)	(362)	(1 057)	–	(5 225)
Impairment	–	–	(6 851)	–	–	–	(6 851)
Acquisition of subsidiaries	–	815	2 704	–	1 260	–	4 779
Revaluation	76 402	–	–	–	–	–	76 402
Depreciation	(5 045)	(207)	(194 824)	(9 067)	(17 373)	–	(226 516)
Closing net book value	642 107	608	1 689 514	20 679	32 429	–	2 385 337
Cost	–	2 666	3 097 956	72 482	226 748	21 393	3 421 245
Valuation	658 603	–	–	–	–	–	658 603
	658 603	2 666	3 097 956	72 482	226 748	21 393	4 079 848
Accumulated depreciation and impairment	(16 496)	(2 058)	(1 408 442)	(51 803)	(194 319)	(21 393)	(1 694 511)
Net carrying amount	642 107	608	1 689 514	20 679	32 429	–	2 385 337

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

2.2 The impairment of assets relates to impairment of plant due to obsolescence and redundancy.

2.3 The fixed properties were revalued by Balme, van Wyk and Tugman (Pty) Ltd, independent valuers, on 30 June 2012. The fair values of the properties were determined on an open market valuation basis.

2.4 The net carrying value of the properties would have been R438 734 864 (2012: R431 219 657) had the assets been measured using the historic cost model.

Company 2012 R000	Company 2013 R000			Group 2013 R000	Group 2012 R000
		3	**GOODWILL**		
			Opening net book value	–	–
			Acquisition of subsidiaries	**21 587**	18 221
			Impairment	**(21 587)**	(18 221)
–	**–**		Closing net book value	**–**	–
			Summary		
			Gross carrying amount	**54 062**	32 474
			Impairment	**(54 062)**	(32 474)
–	**–**		Net carrying amount	**–**	–

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units that are expected to benefit from the business combination. Goodwill is tested annually for impairment by comparing the carrying amount to the value in use.

The cash flows used in the value in use calculation was the forecast for five years and the following key assumptions were applied by management:

- Average growth rate of 6%
- Discount rate of between 16% and 18%

The Board believes that this forecast was justified due to the long-term nature of each business.

The values assigned to key assumptions represent management's assessment of the business and are based on both external and internal sources of historical data.

Company 2012 R000	Company 2013 R000			Group 2013 R000	Group 2012 R000
		4	**INTEREST IN SUBSIDIARIES**		
1 934 050	**1 929 258**		Shares at cost		
78 171	**78 938**		Amount owing by subsidiaries		
2 012 221	**2 008 196**			**–**	–
1 934 050	**1 929 258**		Shown as non-current assets	**–**	–
78 171	**78 938**		Shown as current assets	**–**	–

The amounts owing by the subsidiaries are unsecured bear interest at rates determined from time to time and are repayable on demand.

COMPANY 2012 R000	COMPANY 2013 R000		GROUP 2013 R000	GROUP 2012 R000
		5 INTEREST IN ASSOCIATES		
		Associated companies		
50 173	**153 236**	Shares at cost	**172 920**	49 767
–	**–**	Share of post-acquisition reserves	**63 834**	59 375
50 173	**153 236**	Total carrying value	**236 754**	109 142
22 068	**25 231**	Loans	**31 207**	29 844
72 241	**178 467**		**267 961**	138 986
		Associated company details are set out on page 57.		
–	**87 764**	Fair value of listed investments – Foneworx Holdings Limited	**87 764**	–

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 amount 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. The loans are unsecured, bear interest at rates agreed upon from time to time and have no fixed terms of repayment.

At 30 June 2013, if interest rates had been 1% higher with all other variables held constant, post-tax profit for the year would have increased by approximately R0,2 million (2012: R0,1 million).

If interest rates had been 1% lower post-tax profit would have decreased by approximately R0,2 million (2012: R0,1 million).

COMPANY 2012 R000	COMPANY 2013 R000		GROUP 2013 R000	GROUP 2012 R000
		6 INVESTMENTS		
		Listed investments – available for sale		
9 117	**280 670**	Times Media Group Limited	**280 670**	9 117
–	**–**	Old Mutual Plc	**20**	20
9 117	**280 670**		**280 690**	9 137
		Unlisted investments – available for sale		
9 312	**9 312**	Long-term preference shares	**9 312**	9 312
114 363	**373 296**	ElementOne Limited	**373 296**	114 362
292 481	**353 002**	Pearson Holdings Southern Africa (Pty) Ltd – ordinary shares	**353 002**	292 481
–	**–**	Stanlib Income Fund	**17 536**	16 533
–	**–**	Mikro Ad (Pty) Ltd – ordinary shares	**–**	1 575
416 156	**735 610**		**753 146**	434 263
425 273	**1 016 280**	**Total investments**	**1 033 836**	443 400
425 273	**1 016 280**	Fair value of investments	**1 033 836**	443 400

COMPANY 2012 R000	COMPANY 2013 R000			GROUP 2013 R000	GROUP 2012 R000
		6	**INVESTMENTS continued**		
			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 2013.		
			The interest in Pearson Holdings Southern Africa was valued based on the put option related to the investment at the spot rate on 30 June 2013. The put option is designated in Pound Sterling.		
			Fair value estimation		
			IFRS 7 requires disclosures of fair value measurements by level of the following fair value measurement hierachy:		
			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:		
			– Times Media and Old Mutual are Level 1		
			– The long-term preference shares, ElementOne and Stanlib are Level 2		
			– Pearson Holdings Southern Africa and Mikro Ad (Pty) Ltd are Level 3		
		7	**INVENTORIES**		
			Raw materials	**452 871**	407 073
			Work in progress	**63 193**	38 916
			Finished goods	**132 713**	83 542
–	**–**			**648 777**	529 531
			Comprising:		
			Inventory at cost	**640 318**	501 218
			Inventory at net realisable value	**8 459**	28 313
				648 777	529 531
–	**–**		Write down of Inventories to fair values as an expense	**1 997**	587

COMPANY 2012 R000	COMPANY 2013 R000			GROUP 2013 R000	GROUP 2012 R000
		8	**ACCOUNTS RECEIVABLE**		
–	**–**		Trade accounts receivable	**781 536**	707 163
–	**–**		Allowance for impairments	**(36 317)**	(39 156)
–	**–**		Prepayment and deferred expenditure	**9 702**	12 399
10 621	**9 968**		Other accounts receivable	**54 775**	58 026
10 621	**9 968**			**809 696**	738 432

Trade accounts receivable

Exposure to credit risk

Gross trade receivables represents the maximum credit exposure.

	GROUP 2013 R000	GROUP 2012 R000
The maximum exposure to credit risk at the reporting date was	**781 536**	707 163

The maximum exposure to credit risk for gross trade receivables at the reporting date by type of customer was:

	Average debtors' terms (days)	GROUP 2013 R000	GROUP 2012 R000
Parastatals/Government	60	**17 806**	12 203
Corporates	30	**618 220**	533 839
SMMEs	30	**135 362**	152 526
Individuals	30	**10 148**	8 595
		781 536	707 163

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)	GROUP 2013 R000	GROUP 2012 R000
South Africa	30	**769 394**	694 983
Rest of Africa	60	**12 142**	12 180
		781 536	707 163

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.

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.

COMPANY 2012 R000	COMPANY 2013 R000			GROUP 2013 R000	GROUP 2012 R000
		8	**ACCOUNTS RECEIVABLE** continued		
			Trade receivables		
			Within terms	**711 269**	660 176
			Current	**318 185**	328 468
			Due 30 days and less	**280 087**	263 373
			Due 30 to 60 days	**112 997**	68 335
			Past due	**70 267**	46 987
			Due 60 to 90 days	**34 710**	19 900
			Due 90 days +	**35 557**	27 087
–	**–**			**781 536**	707 163
			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	**39 156**	27 585
			Impairment loss (reversed)/recognised	**(8 912)**	3 244
			Additional impairment loss	**6 073**	8 327
				36 317	39 156
			The following impairment losses/(reversals) were recognised:		
			Financial difficulties/bankruptcy	**(4 186)**	10 911
			Absconded	**588**	91
			Dispute	**759**	569
				(2 839)	11 571
			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:		
			– Other accounts receivable	**54 775**	58 026
				54 775	58 026
		9	**PREFERENCE SHARES LISTED – AVAILABLE FOR SALE**		
17 827	**8 748**		Preference shares earning a dividend, payable semi-annually, of 72% of prime	**8 748**	17 827
60 909	**59 006**		Preference shares earning, a dividend payable semi-annually, of 68% of prime	**59 006**	60 909
78 736	**67 754**			**67 754**	78 736

COMPANY 2012 R000	COMPANY 2013 R000		GROUP 2013 R000	GROUP 2012 R000
		10 PREFERENCE SHARES UNLISTED – AVAILABLE FOR SALE		
600 000	**600 000**	Preference shares earning a dividend, payable semi-annually, of between 52,19% and 52,65% of prime	**600 000**	600 000
600 000	**600 000**		**600 000**	600 000

The group is exposed to interest rate risk as the dividend yield 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 on the listed preference shares as investments are held and classified on the statement of financial position 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 & Poor's.

At 30 June 2013, if interest rates had been 1% higher with all other variables held constant, post-tax profit for the year would have increased by approximately R6,6 million (2012: R4,0 million).

If interest rates had been 1% lower post-tax profit would have decreased by approximately R6,6 million (2012: R4,0 million).

Refer to note 27 for the amount of dividends and interest received.

COMPANY 2012 R000	COMPANY 2013 R000		GROUP 2013 R000	GROUP 2012 R000
		11 BANK AND CASH RESOURCES		
–	**–**	Cash at bank	**276 710**	218 615
865 245	**425 266**	Cash on call and deposit	**473 520**	911 856
865 245	**425 266**		**750 230**	1 130 471

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 and 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 2013, if interest rates had been 1% higher with all other variables held constant, post-tax profit for the year would have increased by approximately R6,2 million (2012: R8,8 million).

If interest rates had been 1% lower post-tax profit would have decreased by approximately R6,2 million (2012: R8,8 million).

COMPANY 2012 R000	COMPANY 2013 R000		GROUP 2013 R000	GROUP 2012 R000
		12 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		
11 541	**11 676**	467 052 949 (2012: 461 648 254) ordinary shares of 2,5 cents each	**11 676**	11 541
(6)	**–**	*Less:* nil (2012: 253 641) treasury shares	**–**	(6)
–	**–**	44 395 861 (2012: 44 395 861) shares held by subsidiary	**(1 110)**	(1 110)
11 535	**11 676**	422 657 088 ordinary shares of 2,5 cents each	**10 566**	10 425
		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.		
		13 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 (net of tax)	**165 232**	167 748
237 510	**360 061**	Fair value adjustments – investments (net of tax)	**360 486**	237 517
241 979	**364 530**		**575 208**	454 755
		14 DISTRIBUTABLE RESERVES		
1 542 182	**1 444 574**	Accumulated profits	**4 590 180**	4 308 500
		15 NON-CONTROLLING INTEREST		
		Balance at the beginning of the year	**43 317**	33 237
		Share of earnings	**11 836**	5 249
		Dividends	**(5 614)**	(6 420)
		Acquired	**–**	11 251
–	**–**	Balance at the end of the year	**49 539**	43 317

COMPANY 2012 R000	COMPANY 2013 R000			GROUP 2013 R000	GROUP 2012 R000
		16	**DEFERRED TAXATION**		
30 858	**54 272**		Balance at the beginning of the year	**439 801**	390 145
–	**–**		Income statement transfer	**(1 609)**	4 035
23 414	**28 135**		Non-distributable reserves transfer – revaluations	**28 135**	45 757
–	**–**		Disposal	**(949)**	(136)
54 272	**82 407**		Balance at the end of the year	**465 378**	439 801
			Deferred taxation comprises temporary differences arising on:		
–	**–**		– property, plant and equipment	**453 588**	442 440
54 272	**82 407**		– investments	**82 407**	54 272
–	**–**		– accounts receivable	**(4 691)**	(4 878)
–	**–**		– accounts payable	**(51 888)**	(44 855)
–	**–**		– assessed losses	**(9 220)**	(3 958)
–	**–**		– other	**(4 818)**	(3 220)
54 272	**82 407**			**465 378**	439 801
		17	**ACCOUNTS PAYABLE**		
–	**–**		Trade accounts payable	**331 241**	277 743
7 871	**7 880**		Sundry accounts payable and accruals	**304 952**	295 164
7 871	**7 880**			**636 193**	572 907

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2013 continued

COMPANY 2012 R000	COMPANY 2013 R000		GROUP 2013 R000	GROUP 2012 R000
		18 PROVISIONS		
		Bonus		
		Opening balance	**62 557**	59 040
		Additional provisions	**60 660**	56 800
		Utilised	**(64 713)**	(53 283)
		Closing balance	**58 504**	62 557
		Leave pay		
		Opening balance	**18 861**	16 946
		Additional provisions	**17 867**	12 650
		Utilised	**(16 292)**	(10 735)
		Closing balance	**20 436**	18 861
		Volume discount allowed		
		Opening balance	**17 371**	11 674
		Additional provisions	**38 914**	34 593
		Utilised	**(36 720)**	(28 896)
		Closing balance	**19 565**	17 371
		Retrenchments		
		Opening balance	**21 199**	17 256
		Additional provisions	**24 385**	9 748
		Utilised	**(5 966)**	(5 805)
		Closing balance	**39 618**	21 199
		Other		
		Opening balance	**37 832**	20 967
		Additional provisions	**43 062**	44 451
		Utilised	**(41 618)**	(27 586)
		Closing balance	**39 276**	37 832
		Total provisions		
		Opening balance	**157 820**	125 883
		Additional provisions	**184 888**	158 242
		Utilised	**(165 309)**	(126 305)
–	**–**	Closing balance	**177 399**	157 820
		19 AMOUNTS OWED TO GROUP COMPANIES		
1 485 425	**1 567 036**	The amounts owed are unsecured, interest-free and repayable on demand	**–**	–

20 FINANCIAL ASSETS BY CATEGORY

	Loans and receivables R000	Fair value through profit or loss or held for trading R000	Non-financial instruments R000	Available for sale R000	Total R000
GROUP					
2013					
Property, plant and equipment	**–**	**–**	**2 485 993**	**–**	**2 485 993**
Interest in associates	**31 207**	**–**	**236 754**	**–**	**267 961**
Investments	**–**	**–**	**–**	**1 033 836**	**1 033 836**
Inventories	**–**	**–**	**648 777**	**–**	**648 777**
Accounts receivables	**799 994**	**–**	**9 702**	**–**	**809 696**
Taxation	**–**	**–**	**11 692**	**–**	**11 692**
Preference shares – listed	**–**	**–**	**–**	**67 754**	**67 754**
Preference shares – unlisted	**–**	**–**	**–**	**600 000**	**600 000**
Bank and cash resources	**750 230**	**–**	**–**	**–**	**750 230**
	1 581 431	**–**	**3 392 918**	**1 701 590**	**6 675 939**
2012					
Property, plant and equipment	–	–	2 385 337	–	2 385 337
Interest in associates	29 844	–	109 142	–	138 986
Investments	–	–	–	443 400	443 400
Inventories	–	–	529 531	–	529 531
Accounts receivables	726 033	–	12 399	–	738 432
Taxation	–	–	24 675	–	24 675
Preference shares – listed	–	–	–	78 736	78 736
Preference shares – unlisted	–	–	–	600 000	600 000
Bank and cash resources	1 130 471	–	–	–	1 130 471
	1 886 348	–	3 061 084	1 122 136	6 069 568
COMPANY					
2013					
Interest in subsidiaries	**–**	**–**	**1 929 258**	**–**	**1 929 258**
Interest in associates	**25 231**	**–**	**153 236**	**–**	**178 467**
Investments	**–**	**–**	**–**	**1 016 280**	**1 016 280**
Accounts receivables	**9 968**	**–**	**–**	**–**	**9 968**
Amounts owed by group companies	**78 938**	**–**	**–**	**–**	**78 938**
Taxation	**–**	**–**	**1 665**	**–**	**1 665**
Preference shares – listed	**–**	**–**	**–**	**67 754**	**67 754**
Preference shares – unlisted	**–**	**–**	**–**	**600 000**	**600 000**
Bank and cash resources	**425 266**	**–**	**–**	**–**	**425 266**
	539 403	**–**	**2 084 159**	**1 684 034**	**4 307 596**
2012					
Interest in subsidiaries	–	–	1 934 050	–	1 934 050
Interest in associates	22 068	–	50 173	–	72 241
Investments	–	–	–	425 273	425 273
Accounts receivables	10 621	–	–	–	10 621
Amounts owed by group companies	78 171	–	–	–	78 171
Taxation	–	–	1 694	–	1 694
Preference shares – listed	–	–	–	78 736	78 736
Preference shares – unlisted	–	–	–	600 000	600 000
Bank and cash resources	865 245	–	–	–	865 245
	976 105	–	1 985 917	1 104 009	4 066 031

21 FINANCIAL LIABILITIES BY CATEGORY

	Non-financial instruments R000	Amortised cost R000	Total R000
GROUP			
2013			
Deferred taxation	**465 378**	**–**	**465 378**
Accounts payable	**–**	**636 193**	**636 193**
Provisions	**177 399**	**–**	**177 399**
	642 777	**636 193**	**1 278 970**
2012			
Deferred taxation	439 801	–	439 801
Accounts payable	–	572 907	572 907
Provisions	157 820	–	157 820
	597 621	572 907	1 170 528
COMPANY			
2013			
Deferred taxation	**82 407**	**–**	**82 407**
Accounts payable	**–**	**7 880**	**7 880**
Amounts owed to group companies	**–**	**1 567 036**	**1 567 036**
Bank overdraft	**–**	**101 235**	**101 238**
	82 407	**1 676 154**	**1 758 561**
2012			
Deferred taxation	54 272	–	54 272
Accounts payable	–	7 871	7 871
Amounts owed to group companies	–	1 485 425	1 485 425
Bank overdraft	–	83 945	83 945
	54 272	1 577 241	1 631 513

COMPANY 2012 R000	COMPANY 2013 R000		GROUP 2013 R000	GROUP 2012 R000
		22 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.		
		23 STAFF COSTS		
		– Salaries, wages and bonuses	**1 074 924**	979 875
		– Retirement benefit costs	**45 917**	42 527
–	**–**		**1 120 841**	1 022 402

COMPANY 2012 R000	COMPANY 2013 R000		GROUP 2013 R000	GROUP 2012 R000
		24 OTHER NET OPERATING EXPENSES		
		Income		
		Profit on sale of property, plant and equipment	**8 520**	3 289
		Foreign currency profits	**1 308**	605
–	**–**		**9 828**	3 894
		Expenditure		
		Auditors' remuneration:		
342	**320**	– audit fees	**6 433**	5 998
–	**–**	– over provision previous year	**(8)**	(3 092)
171	**1**	– fees for other services	**48**	296
–	**–**	– expenses	**84**	237
–	**4 452**	– impairment of interest in subsidiary	**–**	–
513	**4 773**		**6 557**	3 439
		Fees for:		
		– administrative, managerial and secretarial services	**12 897**	17 714
		– royalties	**3 078**	3 608
–	**–**		**15 975**	21 322
		Loss on sale of property, plant and equipment	**22**	–
		Foreign currency losses realised	**969**	614
		Operating leases		
		– buildings	**15 244**	13 744
		25 DEPRECIATION AND IMPAIRMENT		
		Depreciation		
		– buildings and leasehold improvements	**5 214**	5 252
		– plant and machinery	**207 665**	194 824
		– motor vehicles	**8 744**	9 067
		– furniture and equipment	**19 969**	17 373
–	**–**		**241 592**	226 516
		Impairment		
		– plant and machinery	**8 416**	6 851
		– titles	**7 000**	–
		– goodwill	**21 587**	18 221
–	**–**		**37 003**	25 072
–	**–**		**278 595**	251 588

26 DIRECTORS' EMOLUMENTS

	Executive directors				Non-executive directors					
R000	TD Moolman	GM Utian	PG Greyling	TJW Holden	PM Jenkins	ACG Molusi	NA Nemukula	T Slabbert	P Vallet	Total
Directors' fees					974	145	145	210	180	1 654
Fees for services	3 150	2 814								5 964
Consulting fees										–
Salary			2 216	1 717						3 933
Bonuses		1 800	5 000	850						7 650
Medical funding			12	16						28
Retirement funding			231	115						346
Total 2013	***3 150***	***4 614***	***7 459***	***2 698***	***974***	***145***	***145***	***210***	***180***	***19 575***
Total 2012	3 000	4 480	4 187	2 470	960	120	120	150	170	15 657

	2013 R000	2012 R000
Paid by subsidiaries	**19 575**	15 657

COMPANY 2012 R000	COMPANY 2013 R000		GROUP 2013 R000	GROUP 2012 R000
		27 FINANCE INCOME		
58 136	**33 229**	– interest	**45 073**	68 786
5 594	**4 498**	– dividends: listed companies	**4 498**	5 594
34 769	**61 821**	– dividends: unlisted companies	**54 947**	34 770
193 794	**48 024**	– dividends: subsidiary companies	**–**	–
292 293	**147 572**		**104 518**	109 150
		28 FINANCE COSTS		
–	**–**	– interest on bank overdraft	**7**	5
6	**–**	– other interest	**288**	868
9	**39**	– net loss on realisation of preference shares	**39**	9
–	**–**	– net loss on realisation of investments: available for sale	**629**	–
15	**39**		**963**	882
		29 FAIR VALUE MOVEMENTS ON CURRENCY HEDGES		
–	**–**	Resulting from the fair value of foreign exchange option contracts outstanding at year-end	**1 024**	3 384

COMPANY 2012 R000	COMPANY 2013 R000		GROUP 2013 R000	GROUP 2012 R000
		30 TAXATION		
		South African normal tax		
16 464	**9 579**	– current	**178 662**	166 964
–	**88**	– prior year	**(2 859)**	(3 454)
–	**–**	– associates	**8 603**	8 442
–	**–**	– foreign	**109**	36
		Deferred tax		
–	**–**	– current	**(1 389)**	136
–	**–**	– prior year	**(220)**	3 899
–	**–**	– associates	**–**	21
–	**–**	Secondary tax on companies	**–**	14 371
–	**–**	Secondary tax on companies: Associates	**–**	225
–	**–**	Capital gains tax	**137**	–
16 464	**9 667**	Total tax	**183 043**	190 640
81 621	**40 955**	Tax at the standard rate of 28% on income before tax (2012: 28%)	**192 038**	177 174
65 157	**31 288**	Difference	**8 995**	(13 466)
		Reconciled as follows:		
65 560	**32 015**	– dividend and other non-taxable income	**18 234**	11 912
(403)	**(639)**	– disallowable expenses	**(12 586)**	(9 869)
–	**(88)**	– effect of prior year	**3 079**	(445)
–	**–**	– secondary tax on companies	**–**	(14 596)
–	**–**	– capital gains tax	**(137)**	–
–	**–**	– other	**405**	(468)
65 157	**31 288**		**8 995**	(13 466)
		Estimated tax losses included in deferred tax:		
		– at the beginning of the year	**3 958**	1 433
		– incurred and acquired during the year	**5 330**	3 051
		– utilised during the year	**(68)**	(526)
–	**–**	– at the end of the year	**9 220**	3 958

The group has estimated tax losses of R36,1 million available for set off against future taxable income.

31 EARNINGS PER SHARE

Reconciliation between earnings, adjusted earnings and headline earnings

		2013 Gross R000	2013 Net of tax R000	2012 Gross R000	2012 Net of tax R000
Earnings attributable to owners of the company			**490 972**		436 876
Adjustments for:					
impairment of goodwill		**21 587**	**21 587**	18 221	18 221
impairment of property, plant and equipment		**15 416**	**11 100**	6 852	4 933
Profit on disposal of property, plant and equipment		**(8 498)**	**(6 119)**	(3 288)	(2 367)
Net loss on disposal of investments		**666**	**543**	9	9
Headline earnings			**518 083**		457 672
Earnings per share	(cents)		**116,2**		104,8
Headline earnings per share	(cents)		**122,6**		109,8

Reconciliation of weighted average number of shares	2013 Number of shares	2012 Number of shares
Shares in issue	**467 052 949**	461 648 254
Treasury shares	**(44 395 861)**	(44 649 502)
Weighted average number of shares	**422 657 088**	416 998 752

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 2012 R000	COMPANY 2013 R000		GROUP 2013 R000	GROUP 2012 R000
		32 ORDINARY DIVIDENDS		
184 659	**234 004**	Paid	**211 368**	166 901
		33 PREFERENCE DIVIDENDS		
178	**205**	Paid	**205**	178

The preference dividend consists of a fixed cumulative dividend of 6% per annum and an additional dividend of ½% of the nominal value of the preference shares of R2 per share for every completed 5% ordinary dividend of the nominal value of the ordinary shares of 2,5% per share in excess of 10% of the nominal value of the ordinary shares of 2,5 cents per share declared on the ordinary shares in respect of any one financial year.

COMPANY 2012 R000	COMPANY 2013 R000			GROUP 2013 R000	GROUP 2012 R000
		34	**COMMITMENTS**		
			Capital expenditure on plant and machinery – approved but not contracted	**170 000**	320 000
			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	**7 474**	8 967
			After one year, but not more than five years	**2 536**	9 635
				10 010	18 602
			The lease commitments relates substantially to land and buildings with escalations clauses that are generally inflation linked. Options to renew the leases are on similar conditions to the current leases.		

35 CONTINGENT LIABILITIES AND FOREIGN EXCHANGE EXPOSURE

35.1 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 Pound Sterling, US Dollar, Euro and Australian Dollar.

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. No uncovered foreign exchange commitments exist at the statement of financial position date. Speculative use of financial instruments or derivatives is not permitted and none has occurred during any of the periods presented.

35.2 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	GROUP 2013 R000	GROUP 2012 R000
Euro	12,197	**33 784**	34 515
Pound Sterling	14,208	**8 098**	752
Australian Dollar	9,371	**197**	–
US Dollar	9,234	**5 149**	655
Swiss Franc	8,460	**–**	3 537
		47 228	39 459

36 BORROWING POWERS

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

37 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 26 and the Directors' report, respectively.

Controlling shareholders

Messrs TD Moolman and GM Utian are members of The Moolman & 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 2013 amounted to R45,9 million (2012: R46,1 million).

The balance owing to the Partnership at the year-end amounted to R4,1 million (2012: R3,8 million).

Subsidiaries

Details of investments in subsidiaries and joint ventures are disclosed in the annexure commencing on page 56.

Associates

Details of income from associates are disclosed in the statement of comprehensive income, note 5 and in the annexure on page 57.

Shareholders

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

38 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: 5 237 (2012: 5 209) of the group's employees are covered by the plans.

Company 2012 R000	Company 2013 R000		Group 2013 R000	Group 2012 R000
		39 NOTES TO THE CASH FLOW STATEMENT		
		39.1 Cash generated by/(utilised in) operations		
291 503	**146 268**	Profit before taxation	**685 851**	632 765
–	**–**	Associate income	**(22 410)**	(26 073)
(58 130)	**(33 229)**	Interest received (net)	**(44 778)**	(67 913)
(234 157)	**(114 343)**	Dividends received	**(59 445)**	(40 364)
		Adjustment for non-cash items:		
–	**–**	– depreciation of property, plant and equipment	**241 592**	226 516
–	**4 452**	– impairment	**37 003**	25 072
–	**–**	– loss on disposal of investments	**–**	9
–	**–**	– surplus on disposal of property, plant and equipment	**(8 498)**	(3 289)
–	**–**	– foreign currency difference on revaluation of inventory	**(339)**	12 436
–	**–**	– profit on currency hedge	**(1 024)**	(3 384)
–	**–**	– movement in provisions	**19 579**	31 937
–	**–**	– provisions acquired	**(769)**	–
(784)	**3 148**		**846 762**	787 712
		39.2 Changes in working capital		
–	**–**	Decrease/(increase) in inventories	**(119 246)**	104 332
(5 267)	**653**	(Increase)/decrease in accounts receivable	**(71 264)**	(30 478)
(75 293)	**9**	Increase/(decrease) in accounts payable	**64 649**	1 953
–	**–**	Working capital acquired	**3 225**	(266)
(80 560)	**662**		**(122 636)**	75 541
		39.3 Taxation paid		
(278)	**1 694**	Opening tax overpaid/(payable)	**24 675**	7 965
(16 464)	**(9 667)**	Charged in income statement	**(184 652)**	(186 563)
–	**–**	*Less:* Associates	**8 603**	8 667
–	**–**	Taxation acquired	**426**	–
(1 694)	**(1 665)**	Closing tax overpaid	**(11 692)**	(24 675)
(18 436)	**(9 638)**		**(162 640)**	(194 606)
		39.4 Dividends paid		
(184 831)	**(234 209)**	Charged to reserves	**(211 572)**	(167 079)
–	**–**	Dividends of minority shareholders	**(5 615)**	(6 420)
(184 831)	**(234 209)**		**(217 187)**	(173 499)
		39.5 Investments – subsidiary businesses		
(138 858)	**–**	Acquisitions (net of cash acquired)	**(34 599)**	6 593
1 957	**(767)**	Advances to group companies	**–**	–
(136 901)	**(767)**		**(34 599)**	6 593
		39.6 Investments – associates and other investments		
(9 447)	**(440 334)**	Acquisitions	**(450 844)**	(11 042)
(6 698)	**(3 163)**	(Increase)/decrease in loans	**(1 363)**	3 575
(16 145)	**(443 497)**		**(452 207)**	(7 467)

COMPANY 2012 R000	COMPANY 2013 R000			GROUP 2013 R000	GROUP 2012 R000
		39	**NOTES TO THE CASH FLOW STATEMENT** continued		
		39.7	**Cash and cash equivalents**		
781 300	**324 028**		Cash	**750 230**	1 130 471
684 785	**674 753**		Preference shares at cost	**674 753**	684 785
(6 049)	**(6 999)**		Fair value adjustment	**(6 999)**	(6 049)
1 460 036	**991 782**		Fair value of cash and cash equivalents	**1 417 984**	1 809 207
		39.8	**Business combination**		
			Property, plant and equipment	**9 363**	4 779
			Other financial assets	**–**	11 704
			Inventories	**7 529**	–
			Accounts receivable	**6 163**	8 005
			Bank and cash resources	**901**	9 127
			Accounts payable	**(10 468)**	(8 271)
			Taxation	**(333)**	–
			Non-controlling interest	**–**	(11 251)
			Deferred taxation	**757**	136
				13 912	14 229
			Goodwill	**21 588**	18 221
			Consideration	**35 500**	32 450
			Less: Acquired in the previous year	**–**	(32 450)
			Cash and cash equivalents in subsidiary acquired	**(901)**	(9 127)
			Net cash flow on acquisition	**34 599**	(9 127)

The company acquired 100% of Magscene (Pty) Ltd in October 2012 for R13,0 million and the business of Cape Printing (Pty) Ltd in October 2012 for R22,5 million.

The acquired business contributed revenues of R31,2 million and net profit after tax of R3,5 million to the group for the year ended 30 June 2013. These amounts have been calculated using the group's accounting policies.

Goodwill that arose on the business combination is as a result of the expected synergies that will occur. These benefits cannot be recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

40 SEGMENTAL ANALYSIS

	GROUP			
	2013 R000	%	2012 R000	%
Revenue				
Publishing, printing and distribution	**4 952 963**	**96**	4 587 597	95
Other	**1 031 207**	**20**	981 187	20
Inter-group sales – Publishing, printing and distribution	**(692 473)**	**(13)**	(694 717)	(14)
Inter-group sales – Other	**(134 786)**	**(3)**	(54 964)	(1)
	5 156 911	**100**	4 819 103	100
Net profit from operating activities and finance income				
Publishing, printing and distribution	**480 657**	**72**	425 301	70
Other	**182 723**	**28**	178 889	30
	663 380	**100**	604 190	100
Other information				
Total assets				
Publishing, printing and distribution	**3 036 159**	**45**	2 872 284	47
Other	**3 639 780**	**55**	3 197 284	53
	6 675 939	**100**	6 069 568	100
Total liabilities				
Publishing, printing and distribution	**883 182**	**69**	785 405	67
Other	**395 788**	**31**	385 123	33
	1 278 970	**100**	1 170 528	100
Capital expenditure				
Publishing, printing and distribution	**245 945**	**69**	223 464	88
Other	**110 627**	**31**	31 562	12
	356 572	**100**	255 026	100
Depreciation and impairment				
Publishing, printing and distribution	**199 628**	**72**	206 072	82
Other	**78 967**	**28**	45 516	18
	278 595	**100**	251 588	100

The group operates in South Africa.

41 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 2013 and 30 June 2012. The company had no debt during the years under review.

INFORMATION RELATING TO INTERESTS IN SUBSIDIARIES AND JOINT VENTURES

Subsidiaries	Activities	Issued capital R	Holding 2013 %	Holding 2012 %	Cost 2013 R000	Cost 2012 R000	Owing* 2013 R000	Owing* 2012 R000
Directly held								
Caxton Publishers and Printers	Holding company	29 083	**100**	100	**1 352 228**	1 352 228	**78 938**	74 863
Caxton Share Investments	Investments	41 000	**100**	100	**536 001**	536 341		
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				
Moneyweb Holdings	Integrated media	107 000	**50**	50	**37 055**	37 055		
Noordwes Koerante	Publishing	250	**90**	90				
Northwest Web Printers	Printing	100	**90**	90				
Raylene Designs	Repro designs	180	**–**	100	**–**	4 452		
Ridge Times	Publishing	4 000	**67**	67	**512**	512		
Saxton Investments	Investments	100	**100**	100				
Zululand Observer	Publishing	47	**60**	60	**2 497**	2 497		
Indirectly held								
CTP Limited	Publishing and printing	2 500 718	**100**	100				
CTP Digital Services	CD and DVD replication	100	**100**	100				
CTP Newspapers – Cape	Printing	100	**100**	100				
Direct Stationery U.K.	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				
Magscene	Magazine distributors	1 000	**100**	–				
Pecanview Properties	Property owning	1	**100**	100				
Project Northwards	Property owning	166	**100**	100				
The Citizen Limited	Holding company	3 195 161	**100**	100				
The Citizen (1978)	Publishing	3	**100**	100				
Thornbird Trade & Invest 100	Printing	564	**67**	67				
Tight Lines	Publishing	180	**100**	100				
					1 929 258	1 934 050	**78 938**	74 863

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

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

	Activities	Issued capital R	Holding 2013 %	Holding 2012 %	Cost 2013 R000	Cost 2012 R000	Owing* 2013 R000	Owing* 2012 R000
Jointly controlled entities								
MCS Caxton International Press	Distribution	20 000	**50**	50			**–**	283
Mahareng Publishing	Publishing	1 000	**50**	50			**–**	2 525
Remade Publishing	Recycling	100	**50**	50			**–**	–
Safeway Publishing	Publishing	100	**50**	50			**–**	500
Umlingo	Stationery distributors	100	**50**	50			**–**	–
					–	–	**–**	3 308
					1 929 258	1 934 050	**78 938**	78 171

INFORMATION RELATING TO ASSOCIATES

Associate	Activities	Issued capital R	Holding 2013 %	Holding 2012 %	Cost/Valuation 2013 R000	Cost/Valuation 2012 R000	Owing 2013 R000	Owing 2012 R000
Directly held								
Capital Media (February)	Newspaper publisher	4	**50**	50	**–**	–	**1 525**	1 526
Carpe Diem	Magazine publisher	120	**30**	30	**4 728**	4 728		
FBC Properties	Property owning	15 700	**50**	50	**1 352**	1 352		
Ezweni Magazine Distribution	Magazine distributor	1 000	**46**	–	**–**	–		
FoneWorx Holdings	Digital and telecommunication solutions	136 002	**33**	–	**102 466**	–		
Fordsburg Mayfair Media	Newspaper publisher	1 000	**50**	50	**–**	–	**504**	–
Green Willow Properties 177	Property owning	120	**50**	50	**–**	–		
Heraut Publiseerders	Newspaper publisher	100	**50**	50	**189**	189	**(53)**	10
Hutton Trading	Advert delivery	120	**50**	50	**250**	250	**2 650**	2 650
Ince Holdings	Printer	13 000	**26**	16	**1 384**	787	**4 742**	4 016
Leo Kantoor Meubels	Property owning	100	**50**	50	**–**	–		
Lincroft Books (March)	Newspaper publisher	100	**40**	40	**85**	85		
Lonehill Trading (March)	Magazine publisher	120	**50**	50	**1 170**	1 170	**1 886**	1 882
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	**3 930**	2 220
Ramsay Media (February)	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	**8 754**	9 744
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	**3 269**	3 796
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		
Indirectly held								
Capital Newspapers	Newspaper publisher	1 000	**45**	45	**–**	–	**4 000**	4 000
RSAWEB (February)	Internet service provider	1 000	**25**	–	**20 090**	–		
					172 920	49 767	**31 207**	29 844

All are private companies except FoneWorx Holdings, and all are incorporated in South Africa.

The financial year-ends are June unless otherwise stated.

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

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

	Associated companies 2013 R000	Associated companies 2012 R000	Jointly controlled entities 2013 R000	Jointly controlled entities 2012 R000
STATEMENT OF FINANCIAL POSITION				
Fixed assets	**103 150**	77 448	**1 294**	1 509
Investments and long-term receivables	**65**	3 948	**–**	1 575
Current assets	**118 618**	60 804	**16 507**	14 338
Total assets	**221 833**	142 200	**17 801**	17 422
Long-term liabilities	**36 855**	28 505	**4 075**	3 308
Deferred taxation	**(2 903)**	2 900	**(1 140)**	(518)
Current liabilities	**59 120**	34 072	**11 785**	10 022
Total liabilities	**93 072**	65 477	**14 720**	12 812
Attributable net asset value	**128 761**	76 723	**3 081**	4 610
STATEMENT OF COMPREHENSIVE INCOME				
Turnover	**297 315**	258 578	**36 717**	24 110
Income before taxation	**22 410**	26 073	**(824)**	3 120
Taxation	**(8 603)**	(8 688)	**187**	(1 022)
Net income for the year	**13 807**	17 385	**(637)**	2 098

NOTICE OF ANNUAL GENERAL MEETING

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")

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 Avenue, Craighall Park, Johannesburg, on Friday, 6 December 2013 at 10:00.

RECORD DATE, ATTENDANCE AND VOTING

The record date for determining which shareholders are entitled to notice of the meeting is Monday, 11 November 2013 and the record date for determining which shareholders are entitled to participate in and vote at the meeting is Friday, 29 November 2013. The last day to trade in order to be eligible to vote at the meeting is accordingly Friday, 22 November 2013.

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 enclosed 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 gazetted South African 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 enclosed form of proxy.

A shareholder who is entitled to attend and vote at the meeting is entitled, by completing the enclosed form of proxy and delivering it to the company in accordance with the instructions on that form of proxy, 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) may be required to provide satisfactory identification to the chairman of the meeting. Forms of identification include valid identity documents, passports and driver's licences.

PURPOSE OF MEETING

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

Ordinary resolutions

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

Voting requirement: 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 the meeting. The quorum for the meeting is 25% of the issued share capital of the company.

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 2013 be and are hereby adopted."

   Explanation: The reason for and effect of 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 2013.

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 in terms of article 6 of the Memorandum of Incorporation of the company 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 under the Act, the authority given at the annual general meeting needs to be renewed.

3. ***Ordinary resolution number 3: re-election of directors***

"Resolved that:

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

3.2 Mr NA Nemukula, who retires by rotation in terms of the memorandum of incorporation of the company and who is eligible and available for re-election, be and is hereby re-elected as a director of the company."

Explanation: The reason for ordinary resolution number 3 is that the Memorandum of Incorporation requires 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.

Brief biographies of these directors appear on page 3 of the integrated annual report.

The ordinary resolutions number 3.1 and 3.2 will be considered separately.

4. ***Ordinary resolution number 4: re-appointment of independent auditors***

"Resolved that:

Grant Thornton (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 ordinary resolution number 4 is that the company, being a listed public company, must appoint an independent auditor and have its annual financial statements audited.

5. ***Ordinary resolution number 5: re-election of the Audit and Risk Committee members and chairman***

"Resolved that:

5.1 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.

5.2 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.

5.3 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 ordinary resolution number 5 is that at each annual general meeting, a public company must elect an Audit and Risk Committee comprising at least three members.

Brief biographies of these directors appear on page 3.

The ordinary resolutions number 5.1, 5.2 and 5.3 will be considered separately.

6. ***Ordinary resolution number 6: 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 resolutions

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

Voting requirements: In order to be adopted, all special resolutions require the support of 75% or more of the votes cast by shareholders present or represented by proxy at the meeting. The quorum for the meeting is 25% of the issued capital of the company.

7. ***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 repurchase 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 Listings Requirements of the JSE

As per Section 11.26(b) of the Listings Requirements of the JSE, shareholders are referred to the following sections in the integrated annual report to which this notice of annual general meeting is attached:

- Details of directors on page 3;
- Directors' interests in securities on page 21 (which beneficial interests have not changed since 30 June 2013, there are no non-beneficial interests);
- Major shareholders on page 22;
- Material changes in the nature of the company's trading or financial position post-30 June 2013 on page 22; and
- The share capital note 12 on page 42.

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.

Directors' responsibility statement

The directors, whose names appear on page 3 of the integrated 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.

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

"Resolved that:

The remuneration of the non-executive directors for the year 1 January 2014 to 31 December 2014 be as follows:

PM Jenkins	R1 058 000
T Slabbert	R 220 000
P Vallet	R 187 500
ACG Molusi	R 154 500
NA Nemukula	R 154 500

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.

9. ***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 special resolution number 3 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 number 3 does not authorise the provision of financial assistance to a director or prescribed officer of the company.

10. *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 special resolution number 4 is to grant the directors of the company the authority to cause the company to provide financial assistance the subscription for or purchase of securities to any entity which is related or inter-related to the company. This special resolution number 4 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

6 November 2013

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

SUMMARY OF RIGHTS ESTABLISHED BY SECTION 58 OF THE COMPANIES ACT, 71 OF 2008 ("COMPANIES ACT"), AS REQUIRED IN TERMS OF SUBSECTION 58(8)(b)(i)

1. A shareholder may at any time appoint any individual, including a non-shareholder of the company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).

2. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 below (section 58(2)).

3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).

4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3)(b)).

5. A copy of the proxy instrument must be delivered to the company, or to any other person acting on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3)(c)) and in terms of the Memorandum of Incorporation ("MOI") of the company at least 48 hours before the meeting commences.

6. Irrespective of the form of instrument used to appoint a proxy:

   6.1 the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58)4)(a));

   6.2 the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and

   6.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company (section 58(4)(c)).

7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5)).

8. If the proxy instrument has been delivered to a company, as long as that appointment remains in effect, any notice required by the Companies Act or the company's MOI to be delivered by the company to the shareholder must be delivered by the company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the company to do so in writing and paid any reasonable fee charged by the company for doing so (section 58(6)(b)).

9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).

10. If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of proxy instrument:

10.1 the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a));

10.2 the invitation or form of proxy instrument supplied by the company must:

10.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b)(i));

10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b) (ii)); and

10.2.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii));

10.3 the company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and

10.4 the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8)(d)).

FORM OF PROXY

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")

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 Avenue, Craighall Park, Johannesburg at 10:00 on Friday, 6 December 2013.

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 ordinary and special resolutions to be proposed thereat,and at each adjournment thereof, and to vote for or against such 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 2013			
2	To place unissued ordinary shares of the company under the control of the directors			
3.1	To re-elect Mr ACG Molusi as director of the company			
3.2	To re-elect Mr NA Nemukula as director of the company			
4.	To re-appoint Grant Thornton (Jhb) Inc. as the independent auditors			
5.1	To re-elect Ms T Slabbert as member and chairman of the Audit and Risk Committee			
5.2	To re-elect Mr ACG Molusi as member of the Audit and Risk Committee			
5.3	To re-elect Mr NA Nemukula as member of the Audit and Risk Committee			
6.	To authorise any director or Company Secretary to sign documentation to effect ordinary and special resolutions passed			
	Special resolutions			
1.	To approve the general authority for the company and/or subsidiary to acquire the company's own shares			
2.	To approve the remuneration of the non-executive directors			
3.	To approve financial assistance to related or inter-related companies			
4.	To approve financial assistance for subscription for or purchase of securities			

Signed at _______________________ on _______________________ 2013

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.

Please read the notes on the reverse hereof.

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 this 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 the chairman is the authorised proxy, to vote in favour of any resolution 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 (Pty) Ltd (70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107), to be received by no later than 10:00 on Wednesday, 4 December 2013.

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 Company Secretary by no later than 10:00 on Wednesday, 4 December 2013. 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 form of proxy 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 form of proxy which is completed and/or received, other than in compliance with the Memorandum of Incorporation of the company or these notes.

ADMINISTRATION

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

Registered address
28 Wright Street
Industria West
Johannesburg, 2093

Postal address
PO Box 43587
Industria, 2042

Company Secretary
N Sooka

Auditors
Grant Thornton (Jhb) Inc.
42 Wierda Road West
Wierda Valley
Sandton
Johannesburg, 2196

Attorneys
Fluxmans Inc.
11 Biermann Avenue
Rosebank
Johannesburg, 2196

Bankers
First National Bank
BankCity, Johannesburg, 2001

Sponsor
Arcay Moela Sponsors (Pty) Ltd
Registration number 2006/033725/07
Ground Floor, One Building
Woodmead North Office Park
54 Maxwell Drive
Woodmead, 2191
PO Box 62397, Marshalltown, 2107

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

Telephone: +27 11 370 5000
Telefax: +27 11 688 5238

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CAXTON AND CTP publishers and printers LIMITED