CAXTON

ANNUAL REPORT

2003

Caxton and CTP Publishers and Printers Limited

CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED

(formerly CTP Holdings Limited)

ANNUAL REPORT

FOR THE YEAR

ENDED 30 JUNE 2003

Directorate and administration

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

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

Secretary

K. J. Bownass

Business address

16 Wright Street, Industria West
Johannesburg, 2092

Postal address

PO Box 43587
Industria, 2042

Registered office

1 Blumberg Street
Industria West
Johannesburg 2092

Auditors

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

Attorneys

Fluxmans Attorneys
4th Floor, Baker Square West
33 Baker Street
Rosebank, 2132

Bankers

ABSA Bank Limited

Transfer secretaries

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

Company registration no.

1947/026616/06

CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED AND ITS SUBSIDIARIES

Chairman and Managing Director's Report

Acquisition of the minority shareholders in Caxton Publishers and Printers Limited ("Caxton")

During the year under review, the company proposed a scheme of arrangement in terms of which the company would issue 92 287 586 ordinary shares and acquire the minority shareholders' share in Caxton. This was achieved on December 23, 2002 and Caxton became a wholly-owned subsidiary and was de-listed from the JSE Securities Exchange. The company then sub-divided its ordinary shares in the ratio of 10-for-1 and changed its name to Caxton and CTP Publishers and Printers Limited.

Company performance

It is pleasing to report that excellent results for the year have been achieved which is due in no small measure to the continuing investment in the company's assets, both physical and intangible. During the year an amount of some R207 million was expended on capital assets which compares with R170 million expended during the preceding financial year. Ten years ago the company embarked upon a policy of replacing and updating its plant and presses. This has resulted in all divisions being equipped with "state of the art" machinery which enables the manufacturing divisions to operate at a high level of efficiency. This programme will be completed in the year ahead when additional presses and ancillary equipment will be installed in the newspaper printing and packaging divisions. This should be the last year of major capital expenditure and a similar amount will be spent to that during the year under review.

A large portion of the company's success is attributable to its newspaper interests where it is active in the community and regional sectors and growth in excess of the industry average has been achieved.

One of the significant achievements of the past year has been the increasing involvement and co-operation of the Johnnic Communications shareholders and their executives. Resultant material benefits have accrued to the respective companies and the opportunity is taken to thank those concerned for facilitating the increase in business between the two companies. This bodes well for the future.

Financial analysis

Turnover, which excludes inter company turnover, increased by 17,3% from R2,225 million to R2,611 million.

Profit from operating activities, adjusted for depreciation, amortisation and impairment expenses, amounted to R434,3 million, well up on the corresponding profit in the previous financial year of R358,9 million. After taking into account depreciation, which has risen to an all time high of R99,4 million, net profit from operating activities amounted to R316,4 million, which compares extremely favourably with that of the previous year of R241,0 – an improvement of 31,3%.

The net profit from operating activities, as a margin on turnover has improved from 9,4% to 10,1%. This is indicative of the improved level of efficiency being achieved, coupled with an unrelenting control over expenditure.

The amortisation and impairment of goodwill arose from the purchase of the additional shares in Caxton.

Cash resources increased, notwithstanding the high level of investments during the year. The level of interest rates that prevailed during the year, where the prime overdraft rate reached a peak of 17%, saw net finance income increase to R122,4 million.

Our investment in our associates showed a slight improvement and the company's share of their income rose to R9,7 million from R8,2 million. This is mainly attributable to our investment in Ince (Pty) Ltd, where 26% of the equity is held and a new investment of 40% in the equity of Merpak Envelopes (Pty) Limited.

Taxation amounted to R153,7 million and, after providing for the minority's share of profits of R38,4 million, (the major portion of which relates to the minority's share of profits in Caxton for the six months to 31 December 2002 and which has now fallen away), earnings attributable to ordinary shareholders amounted to R255,7 million.

Diluted earnings per share were therefore 60 cents per share, an improvement of 27,7% on the 47 cents per share last year.

Diluted headline earnings per share, after taking into account the number of shares over which options still exist, increased from 47 cents per share to 64 cents per share – an impressive increase of 36,2%.

Divisional performance

A remarkable feature of this year's results is that all divisions within the company managed to improve both revenues and profits in varying degrees.

What must also be borne in mind is the volatility that existed during the year on currency markets. This impacted directly on raw materials used by the company, namely paper and ink. During the first half of the financial year paper prices increased markedly, particularly newsprint, and which has not decreased, in spite of the substantial improvement in the Rand. The prices of a number of other grades of paper also increased but have since fallen. This has had a major bearing on the pricing of printing to our numerous customers and their patience is appreciated during a turbulent period.

It is notable to report that contrary to the position of a number of companies who appear to have fallen prey to exchange losses, the company did not incur any substantial losses.

The improvement in advertising spend assisted the company in achieving its success but mention needs to be made of the present state of the economy and the parlous state in which the majority of consumers find themselves. It is submitted that, supported by incorrect figures being reported on inflation by the Government's statistical service, the authorities allowed interest rates to rise to an unrealistically high level, where they were maintained for far too long a period.

Whilst at the time of writing, there has been a decrease of 3,5% in prime rate, the present rate of 13,5% remains too high and is negatively affecting the spending power of the population, who are still recovering from the effects of the high interest rate regime. This is evidenced in the lower rate of growth that has prevailed this year and is being forecasted for the coming year and the present difficult trading conditions being experienced in a number of sectors of the economy.

Excellent results were achieved by our newspaper operations, which achieved increased revenues from both the introduction of new products and market share growth. Our magazines are still not operating at an acceptable rate of return, although continued improvements in both operational and financial controls have produced results that are better than those in the prior year. One magazine was closed and the licence on another was not renewed. A number of new investments and title acquisitions are currently in the planning process.

Chairman and Managing Director's Report (continued)

Our 50% investment in Maskew Miller Longman produced excellent profits in a year in which a substantial investment had to be made in both publishing and marketing as the new schools curriculum is due to be introduced in 2004. The Provincial authorities have also made more money available for spending on textbooks. This, together with increased efficiencies from the installation of new equipment, produced record profits from our book printing operations.

Web printing achieved stable profits in a market affected by exchange rate volatility and an extremely competitive environment, where margins were constantly under pressure.

There has been a considerable investment in new equipment and a degree of restructuring in our packaging divisions. Improvements were made in revenue and profits and further consolidation, in both premises and plant, will take place during the first half of the next financial year.

Capital Gains Tax and the Accounting Policy on Depreciation and Revaluation of Fixed Assets

Extensive work has been undertaken over the past few months with a view to meeting the requirements of the Tax Authorities where assets have to be valued as at 1 October 2001 by no later than 30 September 2004.

Needless to say the exercise has been an arduous one considering the vast number of titles and the numerous items of plant and equipment owned by the company.

During this process it has become apparent that the depreciation of the company's presses over a ten-year period requires to be re-assessed.

One of the major tenets that the company subscribes to is that its equipment must at all times be maintained at the highest possible standard and continual investments are made in the maintenance, modernisation, upgrading and refurbishment of all machinery.

Therefore, with effect from the financial year ending 30 June 2004 the estimated residual value and anticipated useful life of our plant will be recognised. All other assets e.g. buildings, computers, fixtures, etc. will not be affected by this decision, where the present rates of depreciation being utilised will continue to be applied.

Furthermore, up until this date it has been the company's policy to revalue its land and buildings and plant and machinery with the next valuation having been due in the 2004 financial year. After careful consideration the decision has been taken to amend the company's policy and its plant and machinery will not be re-valued in future.

Prospects

In spite of the fall in inflation and the lowering of interest rates the present pattern of trading is confusing, as no clear trend has yet emerged.

Theoretically, with overseas markets having stabilised and consumer spend in those countries on the increase, South Africa should follow suit. It is anticipated that there will be a good run up to the Festive season and that consumer spending will improve as the decrease in interest rates and inflation find their way into consumers pockets in the form of additional disposable income.

The fall in interest rates will, however, impact negatively on the company's cash resources, where reduced interest earnings are being forecast.

Notwithstanding this potentially negative feature on the company's results the company is budgeting for continued growth, albeit at a lower level than what was achieved this year.

Dividends: Ordinary shares

Over the last several years the company effected capitalisation issues which resulted in the transfer of distributable reserves to share premium. The distribution out of the share premium account attracts secondary tax on companies ("STC") until the amount of the share premium account resulting from such capitalisation issues has been distributed.

The board has resolved to distribute 30 cents per ordinary shareholder (2002 – 20 cents dividend per share) payable out of the share premium.

In terms of the company's Articles of Association, the distribution is subject to the passing of an ordinary resolution by the company's shareholders. It is accordingly proposed that an appropriate resolution will be put to shareholders at the Annual General Meeting of the company, which will take place on October 31, 2003. The payment to shareholders will take place approximately two weeks thereafter, and a further announcement will be made at the conclusion of the Annual General Meeting of the company.

The attention of shareholders is drawn to the fact that this distribution constitutes a dividend for purposes of the Income Tax Act. Consequently the company will be paying STC on the distribution. Corporate recipients of the distribution will be entitled to claim the STC benefit that attaches to such receipt. There are no Capital Gains Tax consequences for shareholders as a result of the distribution.

Thanks

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

Dr. F. van Zyl Slabbert *(Chairman)*

G. M. Utian *(Managing Director)*

Corporate Governance

Caxton complies with the listing requirements of the JSE Securities Exchange in relation to the Code of Corporate Practices and Conduct as set out in the King (2002) report on Corporate Governance.

Board of Directors

The Board of Directors of Caxton comprises twelve directors of whom eight, including the chairman, are non-executive directors.

The Board of Directors has the following subcommittees:

Audit committee

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

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

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

Remuneration committee

The remuneration committee comprises of P. Vallet (Chairman) and M.D.W. Short. The committee meets at least twice each year to review executive director and senior executive salaries.

Chairman and chief executive officer

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

Board meetings

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

Executive management

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

Financial statements

The company's directors are responsible for preparing the financial statements and other information presented in the annual report in a manner that fairly presents the financial position and results of the operations of the company and the group for the year ended June 30, 2003.

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

The annual financial statements set out on pages 7 to 27 have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. They are based on appropriate accounting policies which have been consistently applied, except as noted in the accounting policies note, and are supported by reasonable and prudent judgments and estimates. Adequate accounting records have been maintained throughout the year under review.

Internal control

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

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

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

Management reporting

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

Employment equity

Employment Equity plans and reports in terms of staff complement or annual turnover have been submitted for each division within Caxton as required by the Act. A gender and race analysis of the staff complement has revealed that 82 percent fall into the category defined as previously disadvantaged.

The company's policy is that no employee would be dismissed or forced to take early retirement to provide an opportunity for the employment of a person defined as previously disadvantaged. Where positions become available, they are filled by applicants who have the most suitable qualification with a bias towards previously disadvantaged employees. A number of employees have been earmarked for advancement in their careers and their progress is continuously monitored. The presence of skills shortage among previously disadvantaged employees in the industries within which the company operates, has been noted and a number of steps to address the problem have been implemented.

The company has embarked on an extensive training programme and on July 1, 2003 launched the Caxton/CTP Training Division with training provided for journalists and in production related trades.

The trainee journalists are located at a number of the companies' community newspapers and are accountable to the Editor of the newspapers at which they are employed. Their training, which is Internet based, is provided by the Pretoria Technikon and they are mentored by senior journalists within the company. The mentors assess the progress each trainee is making and provide assistance both practical and academic whenever required.

The journalism course provided by the Technikon was launched this year and for this reason the intake of trainee journalists was limited to enable all aspects of the training offered to be fully assessed. Initial results have been most satisfactory and the intake of trainees in 2004 will be substantially increased.

Within production departments, working in association with the MAPPP SETA, learners are being trained to full journeyman status.

Commercial staff are encouraged to study for tertiary degrees and diplomas of reference applicable to the industry in which thery work and financial assistance is provided.

The company also sponsors the Caxton Chair of Journalism at the University of Witwatersrand where journalists are able to study for bachelor degrees. The present Caxton Professor of Journalism is Mr. Anton Harber, a former editor of the Mail & Guardian.

Going concern

The directors have recorded that they have reasonable expectation that Caxton has adequate resources and the ability to continue in operation for the foreseeable future. For these reasons, the financial statements have been prepared on a going concern basis.

Company Secretary's report

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

K.J. Bownass
Company Secretary

30 September 2003

Caxton and CTP Publishers and Printers Limited and its subsidiaries

TEN YEAR REVIEW – SALIENT FEATURES

	R millions									
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Gross turnover	**3 123**	2 561	2 380	2 258	2 598	1 245	1 119	966	757	629
Income before taxation	**448**	362	320	265	465	200	145	127	88	72
Earnings attributable to ordinary shareholders	**256**	182	174	158	321	130	96	81	55	46
Weighted average number of shares in issue during the period (000's)	**416 293**	371 150	371 150	383 750	379 020	323 370	314 170	298 880	294 890	294 890
Earnings per ordinary share (cents)	**61**	49	47	43	85	40	31	27	19	16
Diluted headline earnings per share (cents)	**64**	47	48	42	55	–	–	–	–	–
Proposed distribution/dividends per ordinary share (cents)	**30**	20	20	–	10	12	5	4	3	3
Special dividend per ordinary share (cents)	**–**	–	–	–	10	–	–	–	–	–
Dividend cover (times)	**2**	2	2	–	8	3	6	6	6	6
Ordinary shareholders' equity	**2 196**	1 637	1 512	1 337	1 323	538	451	376	305	255
Net current assets	**1 344**	1 271	1 097	925	936	233	171	134	141	101
Net asset value per share (cents)	**528**	548	408	366	371	167	144	126	103	86
Number of employees	**5 258**	5 380	5 235	5 605	5 435	3 496	3 159	3 121	3 020	2 905

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED

We have audited the annual financial statements and the group annual financial statements of Caxton and CTP Publishers and Printers Limited set out on pages 7 to 27 for the year ended 30 June 2003. These financial statements are the responsibility of the company's directors.

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

Scope

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

- examining on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

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

Audit opinion

In our opinion the financial statements fairly present, in all material respects, the financial position of the company and the group at 30 June 2003 and the results of their operations, cash flows and changes in equity for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

Ernst & Young
Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg
30 September 2003

DIRECTORS' REPORT

To the members, Caxton and CTP Publishers and Printers Limited

REVIEW OF BUSINESS AND OPERATIONS

Gross turnover for the year showed an increase over 2002 of R464,8 million (2002: R181,0 million) to reach R3,123 million (2002: R2,561 million). Profit from operations showed an increase of R75,4 million (2002: R24,5 million) to reach R316,4 million (2002: R241,0 million). Net interest received amounted to R122,5 million (2002: R90,9 million) with capital expenditure during the year totalling R207 million (2002: R170 million). Net cash resources amounted to R977,8 million (2002: R951,1 million).

Ordinary dividend

Shareholders' notice is drawn to the ordinary resolution in the notice to the annual general meeting in which a distribution of 30 cents per share is being proposed.

Preference dividend

A 12 cents per share, 6% preference dividend has been proposed by the directors (2002: 12 cents) and a participating preference dividend of R2,38 per preference share will be payable subject to the passing of ordinary resolution 2 and 3 as set out in the notice to members (2002: R1,58).

Share capital

Particulars of the authorised and issued share capital of the company are set out in note 7 of the financial statements.

Share options exercised by members of staff for 32 400 shares (2002: 1 203 850 re-instated shares) were acquired by the company and the resulting value was written off to share premium.

The company's authorised share capital was increased to R15 000 000 by the creation of an additional 20 000 000 ordinary shares of 25 cents each. Both the authorised and issued share capital were thereafter sub-divided on a basis of 10 for 1. Special resolutions relating to the share capital of the company were passed at a general meeting of shareholders held on the 21 November 2002. New ordinary shares of 92 287 586 were issued for the acquisition of the minority interest in the company's listed subsidiary, Caxton Publishers and Printers Limited. This company became a wholly owned subsidiary and was de-listed from the JSE Securities Exchange, South Africa in December 2002. The company acquired 2 870 008 (2002: nil) of its own shares in the open market and cancelled them by utilising the share premium account.

Holding company

The company's holding company is Caxton Limited and its ultimate holding company is Afmed (Pty) Limited.

Subsidiary companies

Particulars of material subsidiary companies are set out on page 26. The aggregate attributable interest of the company in the after tax profits and losses of the subsidiaries was:

	R000	
	2003	2002
Profits	**265 832**	172 262
Losses	**(2 078)**	(927)
	263 754	171 335

Share incentive schemes

There are two share incentive schemes, the Caxton Publishers and Printers Limited Share Purchase Scheme and the Caxton and CTP Publishers and Printers Limited Share Option Scheme. The number of shares which may be acquired by the trustees of the schemes is 10% of the issued share capital.

The relevant particulars of the schemes are set out below: Comparatives have been adjusted for the 10 for 1 share sub-division as mentioned in the share capital note above and the incorporation of the Caxton Publishers and Printers Limited share purchase scheme.

	2003	2002
Number of shares which may be acquired	**46 057 007**	37 115 250
Shares granted in respect of both schemes	**(19 436 578)**	(28 724 121)
Available for utilisation at the end of the financial year	**26 620 429**	8 391 129

Share option scheme

These shares are exercisable over a maximum of 10 years to June 2008 at varying prices, the weighted average of which is 421,4 cents representing 12 925 450 shares.

Share purchase scheme

Shares were allocated to employees on 4 December 1998. Delivery against payment takes place over periods between December 2001 and December 2004 at a price of R1,23 per share, representing 6 511 128 shares.

	2003	2002
Options exercised and shares taken up during the year	**9 287 543**	1 203 850
Shares granted in respect of both schemes		
Directors	**4 391 602**	7 383 485
Other employees	**15 044 976**	21 340 636
Total	**19 436 578**	28 724 121
Number of participants	**192**	223

Directorate and Secretary

The names of the present directors, the secretary and his addresses are set out on page 1 of this report. Dr. J.M. Buitendag and Mr. F.T. Gatefield were appointed to the board on 12 May 2003. In terms of the Articles of Association Dr. J.M. Buitendag, F.T. Gatefield and M.D.W. Short retire as directors and, being eligible, offer themselves for re-election.

At the date of this report and June 30, 2003 the directors' beneficial shareholding in the company amounted to:

Directors	**2003 Direct beneficial**	2002 Direct beneficial	**2003 Indirect beneficial**	2002 Indirect beneficial
P.G. Greyling	**936 282**	–	**–**	–
T.D. Moolman	**15 629 184**	10 548 435	**–**	–
M.D.W. Short	**5 408 391**	3 836 120	**–**	–
G.M. Utian	**60 000**	79 950	**1 410 255**	–
P. Vallet	**20 250**	–	**–**	–
R.W. Woulidge	**319 017**	–	**–**	–
Total	**22 373 124**	14 464 505	**1 410 255**	–

On 30 June 2003 Caxton Limited held 39,77% of the issued ordinary shares of the company. The Moolman & Coburn Partnership ("the partnership"), through various intermediate companies controlled by the partnership, controls Caxton Limited. The partnership and one of its intermediate companies on 30 June 2003 held an additional 5,6% of the issued ordinary shares of the company. The partnership therefore controls a total of 45,37% of the issued ordinary shares in the company.

Shareholder spread

Ordinary shares

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

Shareholders Type	Number Shareholders in SA Nominal No.	% Held
Public	1 972	30,45
Directors	6	4,86
Other:		
Holding Company	1	39,77
Johnnic Communications	1	17,38
Held by subsidiaries	1	0,07
Caxton Share option scheme	1	4,22
Shareholders other than in SA	70	3,25
Total	2 052	100

According to the records of the company, other than as indicated above, no shareholder holds five per cent or more of the company's shares at 30 June 2003.

Subsequent events

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

Approval of the annual financial statements

The annual financial statements, which appear on pages 7 to 27, have been approved by the board and are signed on its behalf by:

G.M. Utian	**T.D. Moolman**
Managing Director	*Chief Executive Officer*

Johannesburg
30 September 2003

Caxton and CTP Publishers and Printers Limited
Balance sheets at 30 June 2003

COMPANY 2002 R000	COMPANY 2003 R000	Notes		GROUP 2003 R000	GROUP 2002 R000
			ASSETS		
–	–	2	PROPERTY, PLANT AND EQUIPMENT	900 987	809 261
–	–	3	INTANGIBLE ASSETS	2 557	5 082
958 266	1 401 822	4	INTEREST IN SUBSIDIARIES	–	–
–	20 168	5	INVESTMENTS AND LOANS	41 941	42 582
958 266	1 421 990			945 485	856 925
			CURRENT ASSETS		
–	–	6	Inventories	403 369	319 665
4 295	3 122		Accounts receivable	537 417	470 274
431	–		Taxation	15 858	10 954
93 766	196 527		Bank and cash resources	977 839	951 104
98 492	199 649			1 934 483	1 751 997
1 056 758	1 621 639		**TOTAL ASSETS**	2 879 968	2 608 922
			EQUITY AND LIABILITIES		
9 279	11 514	7	SHARE CAPITAL	11 506	9 279
564 645	942 880		SHARE PREMIUM	940 825	564 645
4 469	4 469	8	NON-DISTRIBUTABLE RESERVES	87 443	88 655
471 145	504 900		DISTRIBUTABLE RESERVES	1 155 820	974 123
1 049 538	1 463 763		ORDINARY SHAREHOLDERS' EQUITY	2 195 594	1 636 702
100	100	7	PREFERENCE SHARE CAPITAL	100	100
–	–	9	OUTSIDE SHAREHOLDERS' INTEREST	5 459	396 549
–	–	10	DEFERRED TAXATION	89 202	94 304
1 049 638	1 463 863			2 290 355	2 127 655
			CURRENT LIABILITIES		
4 166	16 406		Accounts payable	363 216	349 881
–	–	11	Provisions	83 543	55 517
2 954	140 282		Amounts owed to group companies	–	–
–	1 088		Taxation	142 854	75 869
7 120	157 776			589 613	481 267
1 056 758	1 621 639		**TOTAL EQUITY AND LIABILITIES**	2 879 968	2 608 922

Caxton and CTP Publishers and Printers Limited
Income statements for the year ended 30 June 2003

COMPANY 2002 R000	COMPANY 2003 R000	Notes		GROUP 2003 R000	GROUP 2002 R000
82 275	135 594	12	**REVENUE**	2 793 032	2 357 807
–	–	12	GROSS TURNOVER	3 123 012	2 561 235
–	–		LESS: INTER-GROUP	(512 319)	(336 363)
–	–		NET TURNOVER	2 610 693	2 224 872
–	–		OTHER OPERATING INCOME	63 220	55 661
–	–		**TOTAL OPERATING INCOME**	2 673 913	2 280 533
–	–		CHANGES IN INVENTORIES OF FINISHED GOODS		
–	–		AND WORK IN PROGRESS	(8 745)	(2 195)
–	–		RAW MATERIALS AND CONSUMABLES USED	1 071 978	899 422
–	–	13	STAFF COSTS	504 378	484 034
		14	DEPRECIATION AMORTISATION AND		
–	–		IMPAIRMENT EXPENSE	117 970	117 959
5 504	2 072	15	OTHER NET OPERATING EXPENSES	671 966	540 338
5 504	2 072		**TOTAL OPERATING EXPENSES**	2 357 547	2 039 558
(5 504)	(2 072)		**PROFIT FROM OPERATIONS**	316 366	240 975
82 275	135 594	17	FINANCE INCOME	124 334	93 667
–	(16)	18	FINANCE COSTS	(1 841)	(2 782)
–	–		ASSOCIATED COMPANIES	9 672	8 216
76 771	133 506		**INCOME BEFORE EXCEPTIONAL ITEMS**	448 531	340 076
(1 403)	(20 091)	19	EXCEPTIONAL ITEMS	(752)	22 067
75 368	113 415		**INCOME BEFORE TAXATION**	447 779	362 143
(3 964)	(5 423)	20	TAXATION	(153 686)	(127 529)
71 404	107 992		INCOME AFTER TAXATION	294 093	234 614
–	–	9	ATTRIBUTABLE TO OUTSIDE SHAREHOLDERS	(38 436)	(53 010)
(85)	(6)	21	PREFERENCE DIVIDENDS	(6)	(85)
			EARNINGS ATTRIBUTABLE TO ORDINARY		
71 319	107 986		**SHAREHOLDERS**	255 651	181 519
		22	EARNINGS PER ORDINARY SHARE (cents)	61,4	48,9
		22	DILUTED EARNINGS PER SHARE (cents)	59,6	47,0
		22.1	HEADLINE EARNINGS PER SHARE (cents)	65,6	48,7
		22	DILUTED HEADLINE EARNINGS PER SHARE (cents)	63,6	46,7
		23	DIVIDENDS PER ORDINARY SHARE (cents)	–	20,0
		21	PREFERENCE DIVIDENDS PER SHARE (cents)	250	170

Caxton and CTP Publishers and Printers Limited
Cash flow statements for the year ended 30 June 2003

COMPANY				GROUP	
2002	**2003**			**2003**	2002
R000	**R000**	Notes		**R000**	R000
(6 377)	**28 597**		**CASH FLOW FROM OPERATING ACTIVITIES**	**256 975**	254 359
(8 310)	**(42 253)**	29.1	Cash generated by/(utilised in) operations	**461 033**	348 439
(2 850)	**13 413**	29.2	Changes in working capital	**(138 400)**	(53 571)
(11 160)	**(28 840)**		Cash generated by/(utilised in) operating activities	**322 633**	294 868
(3 146)	**(3 904)**	29.3	Taxation paid	**(93 021)**	(35 144)
14 070	**13 153**		Interest received net	**122 491**	90 885
68 205	**122 425**		Dividends received	**2**	5
67 969	**102 834**		Net cash inflow from operating activities	**352 948**	350 614
(74 346)	**(74 237)**	29.4	Dividends paid	**(95 130)**	(96 255)
(55 012)	**(64 949)**		**CASH FLOW FROM INVESTMENT ACTIVITIES**	**(209 872)**	(17 592)
–	**–**		Property , plant and equipment – additions to maintain and expand operations	**(206 935)**	(169 869)
–	**–**		– proceeds from disposals	**16 729**	28 655
–	**–**			**(190 206)**	(141 214)
(55 012)	**(44 788)**	29.5	Investments – subsidiary businesses	**(25 065)**	(52 973)
–	**(20 161)**	29.6, 29.7	– associates and other investments	**5 399**	24 203
–	**–**		– proceeds from disposal of investments and loans	**–**	152 392
(55 012)	**(64 949)**			**(19 666)**	123 622
2 611	**139 113**		**CASH FLOW FROM FINANCING ACTIVITIES**	**(20 368)**	(12 175)
–	**–**		Decrease in long-term liabilities	**–**	(11 272)
3 689	**157 418**		Increase/(decrease) in amount owing to/by group companies	**–**	175
–	**(15 601)**		Share buy back and cancellation	**(15 601)**	–
–	**(2 337)**		Cost relating to share buy back and cancellation	**(2 337)**	–
			Own shares acquired	**(2 063)**	–
(1 078)	**(367)**		Share options acquired in cash	**(367)**	(1 078)
(58 778)	**102 761**		Net increase/(decrease) in cash and cash equivalents	**26 735**	224 592
152 544	**93 766**		Cash and cash equivalents at beginning of year	**951 104**	726 512
93 766	**196 527**	29.8	Cash and equivalents at end of year	**977 839**	951 104

Caxton and CTP Publishers and Printers Limited
Statements of changes in equity for the year ended 30 June 2003

Group **R000**	Share capital	Share premium	Non-distributable reserves	Distributable reserves	Total
Balance at July 1, 2001	9 279	565 723	70 033	867 112	1 512 147
Attributable earnings to ordinary shareholders for the year	–	–	–	181 519	181 519
Ordinary dividends paid	–	–	–	(74 230)	(74 230)
Revaluation of land and buildings	–	–	30 093	–	30 093
– deferred tax thereon	–	–	(9 028)	–	(9 028)
– minority interest therein			(4 340)		(4 340)
Foreign currency translation reserve adjustment	–	–	344	–	344
Net transfers between reserves	–	–	278	(278)	–
Loans acquired at a discount	–	–	1 275	–	1 275
Share options exercised by staff and acquired by group	–	(1 078)	–	–	(1 078)
Balance at June 30, 2002	9 279	564 645	88 655	974 123	1 636 702
Balance at July 1, 2002	9 279	564 645	88 655	974 123	1 636 702
Attributable earnings to ordinary shareholders for the year	–	–	–	255 651	255 651
Ordinary dividends paid	–	–	–	(74 221)	(74 221)
Foreign currency translation reserve adjustment	–	–	–	(954)	(954)
Net transfers between reserves	–	–	(1 221)	1 221	–
Minority share of non-distributable reserves	–	–	9	–	9
Share options exercised by staff and acquired by group	–	(367)	–	–	(367)
Shares issued for the acquisition of the minorities of Caxton Publishers and Printers Limited	2 307	396 468	–	–	398 775
Share buy back and cancellation	(72)	(15 529)	–	–	(15 601)
Cost relating to share buy back and cancellation	–	(2 337)	–	–	(2 337)
Own shares acquired	(8)	(2 055)	–	–	(2 063)
Balance at June 30, 2003	11 506	940 825	87 443	1 155 820	2 195 594

Company **R000**	Share capital	Share premium	Non-distributable reserves	Distributable reserves	Total
Balance at July 1, 2001	9 279	565 723	4 469	474 056	1 053 527
Attributable earnings for the year	–	–	–	71 319	71 319
Dividends paid	–	–	–	(74 230)	(74 230)
Share options exercised by staff and acquired by company	–	(1 078)	–	–	(1 078)
Balance at June 30, 2002	9 279	564 645	4 469	471 145	1 049 538
Balance at July 1, 2002	9 279	564 645	4 469	471 145	1 049 538
Attributable earnings for the year	–	–	–	107 986	107 986
Dividends paid	–	–	–	(74 231)	(74 231)
Shares issued for the acquisition of the minorities of Caxton Publishers and Printers Limited	2 307	396 468	–	–	398 775
Share buy back and cancellation	(72)	(15 529)	–	–	(15 601)
Cost relating to share buy back and cancellation	–	(2 337)	–	–	(2 337)
Share options exercised by staff and acquired by company	–	(367)	–	–	(367)
Balance at June 30, 2003	11 514	942 880	4 469	504 900	1 463 763

1. ACCOUNTING POLICIES

The financial statements are compiled in accordance with the historic cost convention except for plant and properties which have been revalued. The principal accounting policies of the group, which conform with the South African Statements of Generally Accepted Accounting Practice, are set out below and have been consistently applied in all material respects with those of the previous year, except for the adoption of AC 133 Financial Instruments: Recognition and Measurements, which did not have a material impact on the financial statements.

1.1 Consolidation

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

1.2 Jointly controlled entities

Investments in jointly controlled entities are accounted for at cost in the holding company and on a proportionate consolidation basis in the consolidated financial statements. The accounting policies of the jointly controlled entities are the same as those of the group in all material respects.

1.3 Property, plant and equipment

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

Plant and machinery is stated at acquisition cost and revalued on a depreciated replacement cost basis at intervals not exceeding five years. Plant is depreciated on the straight line basis to their anticipated residual value over their estimated useful life, less any accumulated impairment losses. Other equipment is stated at acquisition cost and depreciation on a straight line basis at rates appropriate to reduce book values to estimated residual values over the anticipated useful lives of the assets.

The rates of depreciation used are:

Buildings	2%
Plant and machinery	10%
Vehicles	20%
Furniture and fittings	15 – 33%

1.4 Intangible assets

1.4.1 Goodwill

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

1.4.2 Publication titles

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

1.5 Associated companies

The equity method is used to account for investments in associated companies. These are long-term investments where the interests of the group are sufficiently material to enable it to exercise significant influence over the financial and operating policies of the investee company concerned. Goodwill arising on the acquisition of the associated companies is treated in the same manner as subsidiaries, as detailed above. Under the equity method of accounting the group’s share of the associate’s profit or loss for the year is recognised in the income statement. The group’s interest in the associate is carried in the balance sheet at an amount that reflects its share of the associate. The accounting policies of the associated companies are the same as those of the group in all material respects. Provision is made for any impairment in the carrying value of the investment in associates.

1. ACCOUNTING POLICIES (continued)

1.6 Inventories

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

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

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

1.7 Impairment of assets

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

1.8 Deferred taxation

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

1.9 Provisions

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

1.10 Financial instruments

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

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

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

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

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

1.11 Foreign currency transactions

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

1. ACCOUNTING POLICIES (continued)

1.12 Revenue

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

1.13 Employee benefits

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

2. PROPERTY, PLANT AND EQUIPMENT (GROUP)

Cost or valuation R000	Freehold land and buildings	Plant and machinery	Vehicles	Furniture and fittings	Total
Year ended 30 June 2003					
Opening net book value	**211 449**	**561 310**	**12 594**	**23 908**	**809 261**
Purchases	**8 944**	**183 981**	**3 897**	**9 879**	**206 701**
Disposal and adjustments	**(2 886)**	**(9 545)**	**(587)**	**(331)**	**(13 349)**
Impairment	**2 831**	**(5 053)**	**–**	**(7)**	**(2 229)**
Depreciation	**(1 691)**	**(78 994)**	**(4 642)**	**(14 070)**	**(99 397)**
Closing net book value	**218 647**	**651 699**	**11 262**	**19 379**	**900 987**
30 June 2003					
Cost	**31 049**	**865 457**	**28 910**	**78 509**	**1 003 925**
Valuation	**190 575**	**95 245**	**–**	**–**	**285 820**
	221 624	**960 702**	**28 910**	**78 509**	**1 289 745**
Accumulated depreciation	**(2 977)**	**(309 003)**	**(17 648)**	**(59 130)**	**(388 758)**
Net book value	**218 647**	**651 699**	**11 262**	**19 379**	**900 987**
Year ended 30 June 2002					
Opening net book value	168 678	500 576	13 886	22 349	705 489
New business operations	12 018	10 989	237	887	24 131
Purchases	10 087	138 315	4 318	14 139	166 859
Disposal and adjustments	(2 834)	(17 793)	(1 018)	(527)	(22 172)
Impairment	(5 159)	–	–	–	(5 159)
Depreciation	(1 434)	(70 777)	(4 829)	(12 940)	(89 980)
Revaluation	30 093	–	–	–	30 093
Closing net book value	211 449	561 310	12 594	23 908	809 261
30 June 2002					
Cost	22 105	704 850	28 289	70 772	826 016
Valuation	190 778	95 245	–	–	286 023
	212 883	800 095	28 289	70 772	1 112 039
Accumulated depreciation	(1 434)	(238 785)	(15 695)	(46 864)	(302 778)
Net book value	211 449	561 310	12 594	23 908	809 261

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

2.2 Directors' internal valuation of plant and machinery was performed on 1 July 1998.

Refer to the chairman's and managing director’s report on page 3.

Company 2002 R000	Company 2003 R000			Group 2003 R000	Group 2002 R000
		3.	**INTANGIBLE ASSETS**		
			Goodwill		
			Goodwill acquired	15 638	21 376
			Accumulated amortisation	(7 819)	(10 688)
				7 819	10 688
			Impairment	(7 819)	(10 688)
				–	–
			Publication titles		
			Cost	8 168	10 394
			Accumulated amortisation	(5 611)	(5 312)
				2 557	5 082
			Net book value	2 557	5 082
		4.	**INTEREST IN SUBSIDIARIES**		
927 917	1 370 548		Shares at cost		
30 349	31 274		Amount owing by subsidiaries		
958 266	1 401 822				
		5.	**INVESTMENTS AND LOANS**		
			Associated companies – Unlisted		
–	20 161		Shares at cost	19 756	4 660
–	–		Share of post acquisition reserves	10 377	4 808
–	20 161		Total carrying value	30 133	9 468
–	–		Loans	11 765	17 650
–	20 161		**Total associated companies**	41 898	27 118
			Unlisted investments		
–	7		Other	43	45
			Loans		
–	–		Executive Share Purchase Trust	6 174	15 419
–	–		Less: short-term portion included in accounts receivable	(6 174)	–
–	20 168			41 941	42 582
			(i) Associated company details are set out on page 27.		
			(ii) Directors' valuation of – associated companies and unlisted investments	41 941	27 163
		6.	**INVENTORIES**		
			Raw materials	278 987	204 028
			Work in progress	41 302	37 847
			Finished goods	83 080	77 790
				403 369	319 665
			Comprising:		
			Inventory at cost	348 440	318 242
			Inventory at net realisable value	54 929	1 423
				403 369	319 665

Company 2002 R000	Company 2003 R000		Group 2003 R000	Group 2002 R000
		7. SHARE CAPITAL		
		ORDINARY SHARE CAPITAL		
		Authorised		
10 000	15 000	600 000 000 ordinary shares of 0,25 cents each	15 000	10 000
		(2002: 40 000 000 ordinary shares of 25 cents each)		
		PREFERENCE SHARE CAPITAL		
		Authorised		
		100 000 6% cumulative participating preference shares		
200	200	of R2 each	200	200
		ORDINARY SHARE CAPITAL		
		Issued		
9 279	11 514	460 570 068 ordinary shares of 0,25 cents each	11 514	9 279
		(2002: 37 115 249 ordinary shares of 25 cents each)		
–	–	Less 321 134 shares held by subsidiary	(8)	–
9 279	11 514		11 506	9 279
		PREFERENCE SHARE CAPITAL		
		Issued		
100	100	50 000 6% cumulative participating preference shares of R2 each	100	100
		The unissued shares are under the control of the directors until the next annual general meeting.		
		8. NON-DISTRIBUTABLE RESERVES		
		Comprising:		
4 469	4 469	Surplus on realisation of investments and land and buildings	32 700	32 700
–	–	Foreign currency translation reserve adjustment	–	344
–	–	Loans acquired at a discount	21 457	21 457
–	–	Surplus on revaluation of land and buildings	33 286	34 154
4 469	4 469		87 443	88 655
		9. OUTSIDE SHAREHOLDERS' INTEREST		
		Balance at beginning of the year	396 549	389 411
		Share of – group profits	38 436	53 010
		– non-distributable reserves	(9)	4 759
		Dividends	(20 909)	(22 024)
		Minority interest change in holding	(408 608)	(28 607)
		Balance at end of the year	5 459	396 549
		10. DEFERRED TAXATION		
		Deferred taxation comprises:		
		Balance at beginning of the year	94 304	63 965
		Income statement transfer	(5 102)	22 879
		Deferred tax of businesses acquired	–	(1 568)
		Non-distributable reserves transfer	–	9 028
		Balance at end of the year	89 202	94 304
		Deferred taxation comprises:		
		– property, plant and equipment	128 707	121 669
		– accounts receivable	6 763	6 723
		– accounts payable	(40 850)	(31 521)
		– assessed losses	(5 418)	(2 567)
			89 202	94 304

Company 2002 R000	Company 2003 R000		Group 2003 R000	Group 2002 R000
		11. PROVISIONS		
		Bonus		
		Opening balance	36 624	15 605
		Additional provisions	35 694	37 292
		Utilised	(24 920)	(16 273)
		Closing balance	47 398	36 624
		Leave pay		
		Opening balance	10 293	10 498
		Additional provisions	10 701	5 959
		Utilised	(9 639)	(6 164)
		Closing balance	11 355	10 293
		Volume discount allowed		
		Opening balance	4 270	3 477
		Additional provisions	14 655	9 894
		Utilised	(13 015)	(9 101)
		Closing balance	5 910	4 270
		Rental premises		
		Opening balance	2 295	3 064
		Additional provisions	–	–
		Utilised	(709)	(769)
		Reversed	(1 586)	–
		Closing balance	–	2 295
		Retrenchments		
		Opening balance	579	3 837
		Additional provisions	1 484	–
		Utilised	(921)	(3 258)
		Closing balance	1 142	579
		Research and incentive provisions		
		Opening balance	1 456	3 560
		Additional provisions	23 353	15 059
		Utilised	(7 071)	(17 163)
		Closing balance	17 738	1 456
		Total provisions		
		Opening balance	55 517	40 041
		Additional provisions	85 887	68 204
		Utilised	(56 275)	(52 728)
		Reversed	(1 586)	–
		Closing balance	83 543	55 517
		12. REVENUE		
–	–	Gross turnover	3 123 012	2 561 235
–	–	Less: Inter group turnover	(512 319)	(336 363)
–	–	Net turnover	2 610 693	2 224 872
–	–	Other income	58 005	39 268
14 070	13 169	Interest	124 332	93 662
68 205	122 425	Dividends	2	5
82 275	135 594		2 793 032	2 357 807

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

The turnover, for value, between business divisions within the group has been eliminated to agree with Generally Accepted Accounting Practice.

Company 2001 R000	Company 2002 R000		Group 2002 R000	Group 2001 R000
		13. STAFF COSTS		
		– salaries and wages	**479 489**	460 773
		– retirement benefit costs	**24 889**	23 261
			504 378	484 034
		14. DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE		
		Depreciation		
		– buildings	**1 691**	1 434
		– plant and machinery	**78 994**	70 777
		– motor vehicles	**4 642**	4 829
		– furniture and equipment	**14 070**	12 940
		Amortisation		
		– goodwill	**7 819**	10 688
		– publication titles	**706**	1 445
		Impairment		
		– buildings (impairment losses reversed on disposal of property)	**(2 831)**	5 159
		– plant and machinery	**5 053**	–
		– furniture and equipment	**7**	–
		– goodwill	**7 819**	10 687
			117 970	117 959
		15. OTHER NET OPERATING EXPENSES		
		Income		
		Profit on sale of property, plant and equipment	**4 122**	6 722
		Foreign currency profits	**1 093**	9 671
			5 215	16 393
		Expenditure		
		Auditors' remuneration		
125	**114**	– audit fees	**2 781**	2 523
100	**–**	– (over)/under provision previous year	**(52)**	114
–	**–**	– fees for other services	**636**	572
225	**114**		**3 365**	3 209
		Fees for:		
		– administrative, managerial and secretarial services	**10 019**	15 904
		– royalties	**2 309**	4 025
		– technical services	**2 755**	103
			15 083	20 032
		Foreign currency losses	**11 443**	762
		Operating leases		
		– buildings	**9 524**	11 399
		– other	**1 150**	487
			10 674	11 886
		Loss on sale of property, plant and equipment	**2 794**	755

16. DIRECTORS' EMOLUMENTS

R000	Executive Directors					Non-executive Directors				
	T.D. Moolman	G.M Utian	P.G. Greyling	N.M Coburn	M.D.W Short	Dr. J.M. Buitendag	F.T. Gatefield	P. Vallet	Dr. F van Zyl Slabbert	**2003**
Directors' fees						10		150		**160**
Fees for services	1 080	1 080			1 080					**3 240**
Consulting fees							218		300	**518**
Basic salary			740							**740**
Bonuses			400							**400**
Retirement funding			61							**61**
Share incentive	2 516	2 516	1 830		2 516				289	**9 667**
Total 2003	**3 596**	**3 596**	**3 031**	**–**	**3 596**	**10**	**218**	**150**	**589**	**14 786**
Total 2002	3 356	3 254	2 735	3 088	3 344	27	119	–	473	16 396

	2003 R000	2002 R000
Paid by:		
– Subsidiaries	**14 786**	16 396

Company 2002 R000	Company **2003 R000**		Group **2003 R000**	Group 2002 R000
		17. FINANCE INCOME		
14 070	**13 169**	– interest on bank deposits	**124 332**	93 662
–	**–**	– dividends – listed companies	**2**	5
–	**418**	– dividends – associated companies	**–**	–
68 205	**122 007**	– dividends – subsidiary companies	**–**	–
82 275	**135 594**		**124 334**	93 667
		18. FINANCE COSTS		
–	**16**	– interest on bank overdraft	**1 841**	2 782
		19. EXCEPTIONAL ITEMS		
–	**–**	Surplus/(loss) of disposal of investments	**(752)**	54 256
–	**–**	Equity compensation benefit	**–**	(20 000)
(1 403)	**(20 091)**	Investments and loan accounts written off	**–**	(12 189)
(1 403)	**(20 091)**		**(752)**	22 067
		20. TAXATION		
		South African normal tax		
2 836	**3 484**	– current	**131 319**	86 841
352	**(49)**	– prior year	**3 006**	(3 073)
		Deferred tax		
–	**–**	– current	**(97)**	33 448
–	**–**	– prior year	**(5 006)**	(10 569)
776	**1 988**	Secondary tax on companies	**12 788**	13 907
–	**–**	Associated companies' taxation	**3 684**	2 145
–	**–**	Foreign tax	**7 992**	4 830
3 964	**5 423**		**153 686**	127 529
22 610	**34 025**	Tax at the standard rate of 30%	**134 334**	108 643
18 646	**28 602**	Difference	**(19 352)**	(18 886)

Company 2002 R000	Company 2003 R000		Group 2003 R000	Group 2002 R000
		20. TAXATION (continued)		
		Explained as follows:		
68 204	122 425	– dividend and other non – taxable income	7 217	8 188
(2 291)	(20 623)	– disallowable expenses	(22 340)	(54 162)
(1 172)	163	– effect of prior year	6 665	45 473
(2 587)	(6 627)	– secondary tax on companies	(42 628)	(46 356)
–	–	– foreign tax	(13 422)	(16 100)
62 154	95 338		(64 508)	(62 957)
18 646	28 602	Tax effect	(19 352)	(18 886)
		Estimated tax losses:		
		– at beginning of year	7 657	41 242
		– incurred and acquired during year	11 418	55 491
		– utilised during year	(1 018)	(89 076)
		– at end of year	18 057	7 657
		– applied to reduce deferred tax liability	(18 057)	(7 657)
		– available to reduce future taxable income	–	–
		21. PREFERENCE DIVIDENDS		
		6% preference dividend		
3	3	– proposed	3	3
3	3	– proposed	3	3
79	–	Participating preference dividend – paid	–	79
85	6		6	85

The participating preference portion of the preference dividend is at the rate of 0,5% for every completed 5% dividend in excess of 10% paid on the ordinary shares. This dividend will be declared subject to the passing of the ordinary resolution in which a distribution of 30 cents per share is being proposed to ordinary shareholders.

Company 2002 R000	Company 2003 R000		Group 2003 R000	Group 2002 R000
		22. EARNINGS PER SHARE		
		The calculation of earnings per share is based on earnings of and on the weighted number of shares 416 293 505 (2002: 371 152 490 subdivided shares) Diluted earnings is based on additional shares of 12 925 450 in respect of share options (2002: on additional shares of 15 445 150 of subdivided share options).	255 651	181 519
		22.1 Headline earnings per share		
		Earnings attributable to ordinary shareholders	255 651	181 519
		Loss/(surplus) on sale less impairment in value, of property, plant and equipment	902	(808)
		Loss/(surplus) on disposal of investments	752	(54 256)
		Investments and loan accounts written down	–	12 189
		Goodwill impairment	7 819	10 688
		Goodwill amortisation	7 819	10 687
		Taxation	–	16 519
		Outside shareholders	–	4 142
		Headline earnings	272 943	180 680
		23. DIVIDENDS		
74 230	–	Proposed ordinary	–	74 230
74 230	74 230	Paid	74 230	74 230

Company			Group	
2002	**2003**		**2003**	2002
R000	**R000**		**R000**	R000

24. COMMITMENTS

		Capital expenditure on plant and machinery		
		– approved but not contracted	**68 000**	20 000
		The capital expenditure will be financed from existing resources.		
		Operating lease commitments		
		Future minimum rentals under non-cancellable leases are as follows:		
		Within one year	**1 162**	9 994
		After one year, but not more than five years	**3 513**	6 507
			4 675	16 501

25. CONTINGENT LIABILITIES AND FOREIGN EXCHANGE EXPOSURE

		Forward exchange contracts not relating to specific items on the balance sheet but entered into to cover foreign commitments not yet due, in Rand equivalents:		
		European Euro	**62 368**	6 910
		US Dollars	**9 580**	2 537
			71 948	9 447

26. BORROWING POWERS

In terms of its Articles of Association the company's and group's borrowings powers are unrestricted

27. RELATED PARTIES

Certain directors are members of a partnership that benefits from a revenue arrangement with the group. The directors’ share of the partnership benefit amounts to 2,3% (2002: 2,3%) of the group's advertising turnover.

Subsidiaries

Details of the investment in subsidiaries are disclosed in note 4 and in the annexure on page 26.

Directors

The directors’ names are disclosed on page 1 of this report, whilst their emoluments are disclosed in note 16. The directors' shareholding in the company is disclosed in the directors' report.

Associates

Details of income from associates and investments are disclosed in the income statement, note 5 and in the annexure on page 27.

28. RETIREMENT BENEFIT PLANS

The group's main retirement benefit plans, the Hortors Group Pension and Provident Funds, are governed by the Pension Funds Act. The plans are structured as defined contribution plans as opposed to defined benefit plans. 4 376 (2002: 4 004) of the group's employees are covered by the plans.

Company 2002 R000	Company 2003 R000		Group 2003 R000	Group 2002 R000
		29. NOTES TO THE CASH FLOW STATEMENT		
		29.1 Cash generated by operations		
75 368	113 415	Income before taxation	447 779	362 143
–	–	Associated companies profits	(9 672)	(8 216)
(14 070)	(13 153)	Interest received (net)	(122 491)	(90 885)
(68 205)	(122 425)	Dividends received	(2)	(5)
		Adjustment for non-cash items:		
–	–	– depreciation of property, plant and equipment	99 397	89 980
–	–	– amortisation and impairment of intangibles	16 344	22 821
–	–	– loss/(surplus) on disposal of investments	751	(54 256)
(1 403)	(20 090)	– write off of loans	–	12 189
–	–	– loss/(surplus) on disposal and impairment in value of property, plant and equipment	901	(808)
–	–	– movement in provisions	28 026	15 476
(8 310)	(42 253)		461 033	348 439
		29.2 Changes in working capital		
–	–	Increase in inventories	(83 704)	(64 527)
(4 295)	1 173	(Increase)/decrease in accounts receivable	(68 096)	61 990
1 445	12 240	Increase/(decrease) in accounts payable	13 400	(51 034)
(2 850)	13 413		(138 400)	(53 571)
		29.3 Taxation paid		
1 249	431	Opening tax receivable/(payable)	(64 914)	2 559
–		Acquisitions	–	(112)
(3 964)	(5 423)	Charged in income statement	(155 103)	(104 650)
–	–	Associated companies tax	–	2 145
(431)	1 088	Closing tax (receivable)/payable	126 996	64 914
(3 146)	(3 904)		(93 021)	(35 144)
		29.4 Dividends paid		
(74 346)	(74 231)	Charged to reserves	(74 220)	(74 230)
–	(6)	Dividends of minority shareholders	(20 909)	(22 025)
(74 346)	(74 237)		(95 130)	(96 255)
		29.5 Investments – subsidiary businesses		
		Net assets acquired:		
		Property, plant and equipment	–	(24 131)
		Deferred taxation	–	(1 568)
		Long-term liabilities	–	10 734
		Net current assets	–	11 695
		Premium on acquisition	(15 231)	(21 376)
		Outside shareholders	(408 608)	(28 607)
			(423 839)	(53 253)
–	(442 631)	Cash acquired	–	280
(55 012)	(925)	Advanced (to)/from group companies	–	–
–	(7)	Proceeds from disposal of investments	–	–
–	398 775	Issue of shares	398 774	–
(55 012)	(44 788)		(25 065)	(52 973)

Company 2002 R000	Company 2003 R000		Group 2003 R000	Group 2002 R000
		29. NOTES TO THE CASH FLOW STATEMENT (continued)		
		29.6 Investments – associates and other investments		
–	–	Increase in investments and premium on acquisition	(15 907)	–
–	(20 161)	Decrease in loans	5 885	5 660
–	(20 161)		(10 022)	5 660
		29.7 Other loans		
–	–	Decrease in other loans	15 421	18 543
		29,8 Cash and cash equivalents		
93 766	196 527	Bank balances and cash	977 839	951 104

30. COMPARATIVE FIGURES

Certain comparatives have been restated to facilitate a more appropriate comparison. This restatement has not affected either the net asset value per ordinary share or the earnings per share for the year ended June 30, 2002

31. FINANCIAL INSTRUMENTS

Exposure to currency, interest rate and credit risk arises in the normal course of the group's business. The group incurs currency risk as a result of transactions that are denominated in a currency other than S.A. Rands. These transactions, mainly for the import of capital equipment and inventory are substantially hedged by utilising forward exchange contracts. Details of forward exchange contracts that do not relate to amounts on the balance sheet are given in note 25.

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

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

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

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

32. SEGMENTAL REPORTING

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

CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED INFORMATION RELATING TO INTEREST IN MATERIAL SUBSIDIARIES

SUBSIDIARY		ISSUED	HOLDING %		INVESTMENT		OWING	
DIRECTLY HELD	ACTIVITIES	CAPITAL	**2003**	2002	**2003**	2002	**2003**	2002
		R			**R000**	R000	**R000**	R000
CAXTON PUBLISHERS & PRINTERS	HOLDING COMPANY	28 234	**100**	79	**1 370 548**	927 917	**31 274**	30 349
INDIRECTLY HELD								
CTP GRAVURE AND WEB PRINTERS (COASTAL)	PRINTING	200	**100**	79				
CTP LIMITED	PRINTING & PUBLISHING	2 500 718	**100**	79				
DARWAIN INVESTMENTS	PRINTING	300	**60**	47				
DIRECT STATIONERY U.K.	STATIONERY	1 711	**100**	79				
ERFRAD 13	PROPERTY OWNING	100	**100**	79				
HIGHWAY MAIL	PUBLISHING	100 000	**100**	79				
HIGHWAY PRINTERS	PRINTING	100	**67**	53				
IMPALA STATIONERY MANUFACTURERS	MANUFACTURERS	90 000	**100**	79				
KAGISO PUBLISHERS	PRINTING	700	**100**	79				
LUMEDIA	PUBLISHING	100	**75**	63				
NORTHWEST NEWSPAPERS	PUBLISHING	250	**90**	71				
NORTHWEST WEB PRINTERS	PRINTING	100	**90**	71				
PECANVIEW PROPERTIES	PROPERTY OWNING	-	**100**	79				
PROJECT NORTHWARDS	PROPERTY OWNING	166	**100**	79				
RACING NETWORK	PUBLISHING	1 000	**100**	79				
RIDGE TIMES	PUBLISHING	4 000	**67**	52				
RORKE OUTSOURCING	COMPUTER CONSULTANCY	100	**100**	79				
THE CITIZEN LIMITED	HOLDING COMPANY	3 195 161	**100**	79				
THE CITIZEN (1978)	PUBLISHING	3	**100**	79				
THUTHUKA PACKAGING	PRINTING	14 815	**100**	79				
TIGHT LINES	PUBLISHING	180	**100**	79				
ZULULAND OBSERVER	PUBLISHING	47	**60**	47				
					1 370 548	927 917	**31 274**	30 349

ALL PRIVATE COMPANIES (PTY) LIMITED UNLESS OTHERWISE STATED AND ARE ALL INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA

JOINTLY CONTROLLED ENTITIES				
MASKEW MILLER LONGMAN HOLDINGS (PTY) LIMITED	PUBLISHING	50 000	**50**	50

INFORMATION RELATING TO ASSOCIATED COMPANIES

	ACTIVITIES	ISSUED CAPITAL R	HOLDING % 2003 R'000	HOLDING % 2002 R'000	INVESTMENT 2003 R'000	INVESTMENT 2002 R'000	OWING 2003	OWING 2002
Capital Media	Newspaper publisher	4	50	50				
FBC Properties	Property owning	100	50	50	1 350	1 350	732	997
Heraut Publiseerders	Newspaper publisher	100	49	49	189	189	225	281
Ince Holdings	Printer	1 000	26	26	1 279	1 279	8 222	12 396
Leo Kantoor Meubels	Property owning	100	50	50	(7)	(7)	–	(178)
Lincroft Book	Newspaper publisher	100	40	40	85	85	–	68
Merpak	Envelope manufacturer		40	–	15 096	–	–	–
Mooivaal Media (March)	Newspaper publisher	25 000	50	50	1 565	1 565	2 428	3 928
Nachas Reproduction	Type setting	500	50	50	–	–	–	–
Rorke Outsourcing	Computer support	100	–	50	–	–	–	–
Sentrale Makelaars	Dormant	25 000	50	50	56	56	–	–
Tambuti Brits	Property owning	100	50	50	–	–	–	–
Tambuti Enterprise	Property owning	100	50	50	143	143	158	158
Tambuti Upington	Property owning	100	50	50	–	–	–	–
Tambuti Vryburg	Property owning	100	50	50	–	–	–	–
					19 756	4 660	11 765	17 650

ALL PRIVATE COMPANIES (PTY LIMITED) UNLESS OTHERWISE STATED AND ARE ALL INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA.

THE FINANCIAL YEAR ENDS ARE JUNE UNLESS OTHERWISE STATED.

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

	ASSOCIATED COMPANIES R000		JOINTLY CONTROLLED R000	
BALANCE SHEET ASSETS AND LIABILITIES	2003	2002	2003	2002
Fixed assets	34 208	28 577	4 512	7 106
Investments and long-term receivables	9 326	10 399	1 405	2 067
Current assets	42 356	35 533	120 170	94 281
Total assets	85 890	74 509	126 087	103 454
Long-term liabilities	18 776	30 797	–	–
Deferred taxation	1 958	1 481	106	366
Current liabilities	39 522	34 121	62 554	46 006
Total liabilities	60 256	66 399	62 660	46 372
Attributable net asset value	25 634	8 110	63 427	57 082
INCOME STATEMENT				
Turnover	210 551	163 559	180 146	139 376
Income/(loss) before taxation	9 672	8 216	37 725	25 629
Taxation	(3 685)	(2 145)	(16 380)	(10 152)
Income/(loss) after taxation	5 987	6 071	21 345	15 477
Dividends	(418)	(450)	(15 000)	(9 915)
Net income for the year	5 569	5 621	6 345	5 562

Notice to members of Caxton and CTP Publishers and Printers Limited ("Caxton")

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members will be held in the board room, Caxton House, 368 Jan Smuts Ave, Craighall Park, Johannesburg on 31 October 2003 commencing at 10:30 for the following purposes.

1. To receive and consider the annual financial statements for the year ended 30 June 2003.

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

2. **"RESOLVED THAT** the resolution of the directors passed on September 9, 2003 to make a distribution of 30 cents per share to ordinary shareholders recorded in the register at the close of business on Friday, 28 November 2003, be and is hereby ratified and confirmed".

Explanatory notes to resolution 2:
Over the past several years the company declared capitalisation issues which resulted in the transfer of distributable reserves to share premium. Distributions out of the share premium account attract secondary tax on companies ("STC") until the amount of the share premium account that has resulted from such capitalisation issues has been distributed. R134 841 506 (equating to 29,28 cents per share) of the distribution will attract STC and R3 329 515 (equating to 0,72 cents per share) will be exempt from STC.

As per section 11.28 and 11.29 of the Listings Requirements of the JSE Securities Exchange South Africa, shareholders are referred to the following sections in the annual report to which this notice of annual general meeting is attached:

- Details of directors on pages 1;
- Directors' interest in securities on page 8 (which beneficial interests have not changed since 30 June 2003. There are no non-beneficial interests);
- The directors' responsibility statement on page 4;
- Major shareholders on page 8;
- Material changes in the nature of the company's trading or financial position post 30 June 2003 on page 9; and
- The Share Capital note on page 18.

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

The distribution of 30 cents per share in lieu of the 2003 dividend, when paid, will be the same as would have been the case had a 30 cents per share been dividend paid. Shareholders recorded in the register at the close of business on 28 November 2003 will be entitled to the distribution. The distribution will be paid on 1 December 2003. The last day to trade cum the distribution is 21 November 2003 and the share will trade ex the distribution from 24 November 2003.

The directors have considered the effects of this distribution and are of the opinion that, for a period of 12 months from the date of this notice of annual general meeting:

- Caxton will be able to pay its debts as they become due, in the ordinary course of business;
- the assets of Caxton, fairly valued in accordance with South African Statements of Generally Accepted Accounting Practice used in the latest audited report, will be in excess of the company's consolidated liabilities;
- the issued share capital and reserves of Caxton will be adequate for the purposes of the business of the company; and
- the working capital available to Caxton will be sufficient for its requirements.

The directors have considered the terms and conditions of the distribution and are of the opinion that Caxton shareholders should vote in favour of the resolutions necessary to implement the distribution. The directors, who directly and indirectly hold Caxton's shares intend to vote or to procure the voting of such shares in favour of the resolutions proposed to implement the distribution.

The table below illustrates the effect of the distribution on the earnings and net asset value per Caxton ordinary share and is based on the published preliminary reviewed results for the year 30 June 2003. These financial effects which have been reported on by the company's external auditors (page 32 of the annual report), have been prepared for illustrative purposes only, and because of their nature, may not give a true picture of the company's financial position and results of operations.

	Before (cents)	After (cents)	Change (%)
Earnings per share	61,4	55,0	(10,4)
Headline earnings per share	65,6	59,2	(9,7)
Net asset value per share	527,4	487,9	(7,5)
Net tangible asset value per share	527,4	487,8	(7,5)

Notes to the financial effects:

- It is assumed that the distribution had been paid to shareholders on 1 July 2002;
- Based on a reduction of R138 171 020 and an after tax interest rate earned on cash resources of 7,7%.
- Of the distribution of R138 171 020, R134 841 506 (equating to 29,28 cents per share) will be subject to STC and R3 329 515 (equating to 0,72 cents per share) will be exempt from STC.

  The distribution is subject to the South African Exchange Control Regulations of the South African Reserve Bank. The following is a summary of some of the South African Exchange Control Regulations in so far as they are applicable to shareholders in relation to this document. Shareholders should consult their professional advisors in this regard:

  Emigrants from the common monetary area

  Certificated shares: The distribution due to shareholders who have not dematerialised their shares, who are emigrants from the common monetary area and whose documents of title have been restrictively endorsed under the South African Exchange Control Regulations, will be deposited in a blocked Rand account with the authorised dealer in foreign exchange in South Africa controlling the shareholders' blocked assets in accordance with his instructions, or failing such nomination, with the company to be held in trust as an interim measure until such time as an authorised dealer is appointed and shall not bear interest.

  Dematerialised shares: The distribution due to shareholders who are emigrants from the common monetary area and have dematerialised their shares will be credited directly to the blocked Rand bank account of the duly appointed CSDP of the shareholders and will be held to the order of the authorised dealers in foreign exchange in South Africa controlling such shareholders' blocked accounts.

  Other non-residents of the common monetary area

  The distribution due to shareholders whose registered addresses are outside the common monetary area will be dealt with as follows:

  Certificated shares: In the case of shareholders who have not dematerialised their Caxtons shares the distribution will be forwarded to the authorised dealers in foreign exchange in South Africa nominated by the shareholders. It will be incumbent on the shareholders concerned to instruct the nominated authorised dealers as to the disposal of the amount concerned.

  Dematerialised shares: In the case of shareholders who have dematerialised their Caxtons shares the distribution will be credited directly to the bank account nominated by the shareholders, by their duly appointed CSDP. If the information regarding authorised dealers is not supplied, the cash consideration will be held in trust by the company for the shareholders concerned pending receipt of the necessary information and instruction. No interest will accrue or be paid on any distributions so held in trust.

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

4. **"RESOLVED THAT** the directors have the powers to allot and issue any shares of any class already in issue in the capital of the company for cash when the directors consider it appropriate in the circumstances, subject to the following:

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

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

5. To approve the 6% preference dividend of 12 cents per share and subject to the passing of ordinary resolutions 2 and 3; a participating preference dividend of R2.38 per preference share.

6. To approve the payments of emoluments to directors as detailed on page 21 of the annual report.

7. To re-elect as directors, Dr. J.M. Buitendag (7.1), Messrs. M.D.W. Short (7.2) and F.T. Gatefield (7.3) who are offering themselves for re-election.

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

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

- the repurchase of securities being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- at any point in time the company may only appoint one agent to effect any repurchases on the company's behalf;
- the company only undertake a repurchase of securities if after such repurchase it still complies with the shareholder spread requirements of the JSE;
- the company or any of its subsidiaries may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements;
- this general authority shall only be valid until the company's next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this Special Resolution;
- a paid press announcement will be published as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue, at the time of passing of this Special Resolution, and any 3% increment 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% of the company's issued shared capital at any one time;
- in determining the price at which ordinary shares issued by the company are acquired in terms of this general authority, the maximum price at which such ordinary shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market price at which such ordinary shares traded on the JSE over the 5 (five) business days immediately preceding the date on which the transaction is effected.

Although no such repurchases are currently being considered, 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 twelve months after the date of this notice:

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

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

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

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

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

- Details of directors on pages 1;
- Directors' interest in securities on page 8 (which beneficial interests have not changed since 30 June 2003. There are no non-beneficial interests);
- The directors' responsibility statement on page 4;
- Major shareholders on page 8;
- Material changes in the nature of the company's trading or financial position post 30 June 2003 on page 9; and
- The Share Capital note on page 18.

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

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

Shareholders who hold their shares in certificated form or who are own name registered dematerialised shareholders who are unable to attend the annual general meeting but who wish to be represented thereat, are required to complete and return the attached form of proxy so as to be received by the transfer secretaries or company at its registered address (1 Blumberg Street, Industria West, Johannesburg, 2092 or PO Box 43587, Industria, 2042) by not later than 10:30 on 29 October 2003. Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration who wish to attend the annual general meeting should instruct their CSDP or broker to issue them with the necessary authority to attend the meeting, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration who wish to vote by way of proxy, should provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to their CSDP or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature.

By order of the Board,

K.J. Bownass
Secretary.

Johannesburg
3 October 2003

The Directors
Caxton and CTP Publishers and Printers Limited
P O Box 43587
Industria
2042

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE PRO FORMA FINANCIAL EFFECTS OF THE CAPITAL DISTRIBUTION OUT OF SHARE PREMIUM IN RESPECT OF CAXTON AND CTP PUBLISHERS & PRINTERS LIMITED (CAXTON)

Introduction

We report on the unaudited pro forma financial effects in respect of the capital distribution out of share premium of 30 cents per share to ordinary shareholders recorded in the register at the close of business on Friday, 28 November 2003, as set out in the Notice of the Annual General Meeting ("notice"). The unaudited pro forma financial effects have been prepared for illustrative purposes only and to provide information on the impact the capital distribution might have on Caxton's earnings per share, headline earnings per share, net asset value per share and net tangible asset value per share.

At your request and for the purposes of compliance with the Listing Requirements of the JSE Securities Exchange South Africa ("JSE"), relating to the declaration, we present our report accordingly.

Responsibilities

The compilation, contents and presentation of the notice are the responsibility of Caxton's directors. Our responsibility is to form an opinion on the unaudited financial effects included in the notice to members.

We do not accept responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial effects included in the said notice, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Scope

Our work, which did not involve any independent examination of any of the underlying financial information, consisted primarily of agreeing the financial information presented with the reviewed preliminary report of Caxton for the year ended 30 June 2003, considering evidence supporting the adjustments to that information and discussing the unaudited financial effects with the directors' of Caxton.

Because the above procedures do not constitute either an audit or a review made in accordance with South African Auditing Standards, we do not express any assurance on the fair presentation of the unaudited pro forma financial effects.

Had we performed additional procedures, or had we performed an audit or review of the financial effects in accordance with Statements of South African Auditing Standards, other matters might have come to our attention that would have been reported to you.

Opinion

In our opinion: -

- The unaudited proforma financial effects have been properly compiled on the basis stated in the notice;
- Such basis is consistent with the accounting policies of Caxton; and
- The adjustments are appropriate for the purpose of the unaudited pro forma financial effects as disclosed and in terms of the declaration and payment out of share premium of 30 cents per ordinary share to ordinary shareholders.

Ernst and Young
Chartered Accountants (SA)
Registered Accountants and Auditors

Johannesburg
29 September 2003

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Caxton and CTP Publishers and Printers Limited **Proxy Form**

ISIN CODE: ZAE 000001871

For use ONLY by certificated shareholders and own name dematerialised shareholders at the annual general meeting of Caxtons shareholders to be held at 10:30 on 31 October 2003, or such later time that may be applicable ("the annual general meeting").

I/We

of appoint (see note 1)

1. or failing him,

2. or failing him,

3. the chairman of the meeting,

as my/our proxy to act for me/us at the aforementioned annual general meeting of members, which will be held at Caxton House, 368 Jan Smuts Avenue, Craighall Park, Johannesburg on 31 October 2003, commencing at 10:30 and at any adjournment thereof, for the purpose of considering and, if deemed fit, passing, with and/or without modification, the resolutions to be proposed thereat and to vote for and/or against the resolutions with and/or without modification and/or to abstain from voting thereon (see note 2).

	Number of votes		
Resolution number	For	Against	Abstain
1. To approve annual financial statements for the year ended 30 June 2003.			
2. To approve the distribution of 30 cents per share.			
3. Extend the authority of the directors to allot and issue the unissued shares of the company.			
4. To empower the directors to issue shares for cash.			
5. To approve 6% preference dividend of 12 cents per share and the participating preference dividend of R2.38 per preference share.			
6. To approve the payments of emoluments to directors.			
7.1 To re-elect Dr. JM Buitendag as director of the company			
7.2 To re-elect MDW Short as director of the company			
7.3 To re-elect FT Gatefield as director of the company			
Special resolution			
8. To approve the general authority to acquire shares.			

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

Signed at on 2003

Signature

Assisted by me

(where applicable – see note 7)

Notes

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

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

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

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

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

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

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

8. Forms of proxy must be received by the company at its registered office or the transfer secretaries, Computershare Limited at 70 Marshall Street, Johannesburg, 2001 (P O Box 61051, Marshalltown, 2107) by not later than 10:30 on 29 October 2003.

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

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

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