CAXTON AND CTP publishers and printers LIMITED

Annual Report 2010

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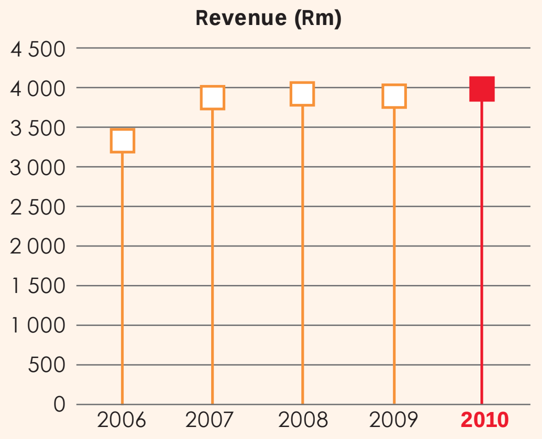
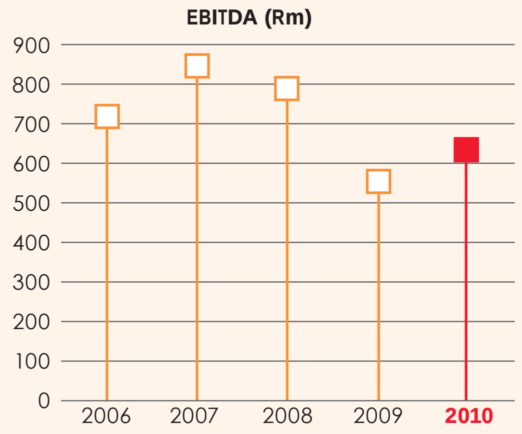
Contents

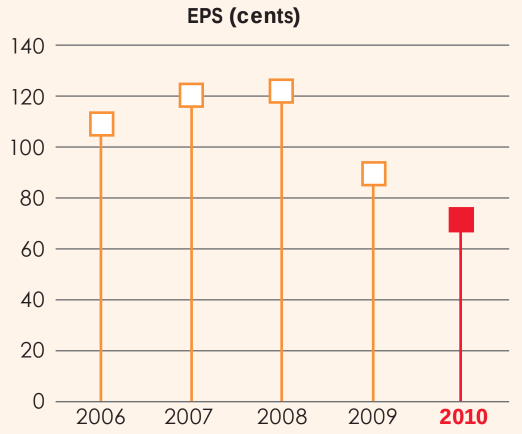
Caxton and CTP Publishers and Printers Limited is a major publisher and printer of books, magazines and newspapers in South Africa.

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

- Turnover ***R4 087 million***
- Profit before tax ***R510 million***
- Cash generated by operations ***R625 million***
- Cash resources ***R1 845 million***







HIGHLIGHTS – FIVE YEARS TO 30 JUNE 2010

	2010 Rm	2009 Rm	2008 Rm	2007 Rm	2006 Rm
Statement of comprehensive income and cash flow					
Revenue	**4 087**	4 028	4 038	4 006	3 468
Operating profit before depreciation and amortisation	**642**	572	811	857	733
Finance income	**154**	114	200	149	109
Earnings attributable to equity holders of parent	**354**	915	655	611	520
Diluted headline earnings per share (cents)	**76**	87	124	122	109
Cash generated by operations	**625**	686	794	851	717
Statement of financial position					
Shareholders' equity	**4 942**	4 796	3 841	3 783	3 296
Total assets	**6 177**	5 733	4 805	4 854	4 347
Cash and cash equivalents	**1 845**	1 532	937	988	859
Other information					
Weighted average number of shares in issue (000's)	**465 987**	465 995	470 990	480 328	464 733
Net asset value per share (cents)	**1 060**	1 029	815	787	683
Number of employees	**5 652**	5 664	5 874	5 959	5 776

DIRECTORATE

EXECUTIVE

TD Moolman (Chief Executive Officer)
GM Utian (Managing Director)
PG Greyling
TJW Holden

NON-EXECUTIVE

PM Jenkins (Chairman)* Appointed 16 Feb 2010
Dr F van Zyl Slabbert (Chairman) Resigned 16 Feb 2010
FT Gatefield
ACG Molusi*
NA Nemukula*
P Vallet
**independent*

SECRETARY

N Sooka

MANAGING DIRECTOR'S REPORT

GROUP PERFORMANCE

Trading conditions continued to be difficult but it appears that the underlying trend is improving which was evident during the last quarter of the financial year. The pressure on advertising revenue however continues unabated and was exacerbated during the run up to the Football World Cup, as additional investments were made by marketers in television advertising which received major exposure over this period, to the detriment of the print industry as a whole. Whilst wholesale and retail sales figures confirm the improving trend, unemployment is growing and remains the number one problem with which the country has to deal.

The strength of the Rand was not anticipated and currency hedges taken out during the year were marked to market at year end, which resulted in a loss of R157,2 million being incurred. Notwithstanding this loss the company traded reasonably, given the circumstances, and operating profits grew. The financial position remains extremely strong and cash and cash equivalents were R1 845 million at the year end having increased from R1 532 million at the close of the previous year with cash from operations generating R711,9 million.

Earnings

As mentioned above total profits are down on the previous year due to the loss incurred on the currency exposure. Turnover was marginally up from R4 028 million to R4 087 million, and profit from operating activities after depreciation, as a percentage of turnover, increased to 11,5% from 10,2%. Depreciation amounting to R171,3 million was R10 million higher than the previous year. An amount of R12,7 million was written off plant as an impairment in line with our policy of annually reviewing the book value and estimated useful life of all items of equipment. This compares with R41,8 million written off last year.

Net profit from operating activities increased by 24% to R458,4 million from R368,3 million.

Net finance income declined from R107,1 million to a loss of R3,5 million. Included in net finance income is the aforementioned loss on currency hedges of R157,2 million. Interest earned has increased mainly as a result of the proceeds received from the sale of shares in Maskew Miller Longman Holdings (Proprietary) Limited (MML). Interest rates have however been in a downward phase for some time and lower returns were earned on cash invested during the year.

R269 million was spent on acquiring new presses and finishing equipment for the Printing and Packaging Divisions.

Income from associated companies has increased substantially from R19,8 million to R55,0 million. This large increase is due to the inclusion, for the first time, of the company's share of the profits earned on the 15% shareholding in Pearson Southern Africa which traded up to expectation during the year. The majority of the investments in other associates performed satisfactorily.

Profit after providing for taxation at a higher rate of 29% compared to 24% last year, due to additional sums provided for secondary tax on companies, amounted to R361,2 million. However, the comparable figure last year of R376,1 million must be adjusted upwards by R70,7 million, being the after tax profit from discontinued operations relating to MML for the year to 30 June 2009, bringing total profit after taxation for the year ended 30 June 2009 to R446,8 million, which is therefore down by 19,2%.

The prior year's figures include the surplus on the disposal of the shares in MML after taxation which had amounted to R477,1 million and total profit for that year was R923,9 million.

Treasury shares remain substantially unchanged at 29 652 397 shares. Earnings per share were 76,0 cents compared with 196,4 cents and headline earnings per share amounted to 76,1 cents – a decline of 25% on the previous year.

Capital expenditure

New presses and finishing equipment were installed during the year for the Commercial Printing and Packaging Divisions. Further expenditure will occur in the newspaper factories where a decision to extend and improve its plants, both in Johannesburg and Cape Town, has been taken, and at CTP Cape Printers where finishing equipment is being upgraded. Capital expenditure during the year amounted to R269,1 million and commitments to complete the various projects which have been embarked upon amount to R250 million.

DIVISIONAL PERFORMANCE

Publishing, printing and distribution

Newspaper Publishing and Printing

Worldwide, certain sections of the newspaper industry are facing difficult times. In South Africa, this trend is being seen mainly in the daily and Sunday newspapers. We have seen falling circulations in the broadsheet dailies and the broadsheet Sunday newspapers but fortunately the paid local weeklies in the Caxton stable have been unaffected and are showing remarkable growth. With regard to the free newspaper market, the company has maintained its strong position.

Efficiencies in newspaper printing have improved and will improve even further when the new plants presently under installation are commissioned, which is anticipated to occur in the first quarter of 2011.

Get It, the free community monthly glossy magazine has attracted new advertisers and is performing in line with budgets.

The Rotomec Rs 4300 gravure label printing press recently installed at Thuthuka Packaging in Elandsfontein, Johannesburg

CTP Printers premises in Parow, Cape Town with the extended newspaper factory in the foreground

MANAGING DIRECTOR'S REPORT

continued

The Citizen, our daily paid for newspaper is making good strides in increasing circulation due to the cover price having been reduced. Advertising revenues are only marginally down.

A number of new initiatives and investments have been made by the regional publishing division and new publishing partnerships have been entered into.

In line with our view that it is necessary to support and complement our various publications with digital platforms, it has been decided to form a partnership with Moneyweb Holdings Limited (Moneyweb), who have the necessary experience and competence to deliver these services. Concomitantly the company has, after the year end, invested some R20 million in acquiring slightly over 30% of the equity of Moneyweb by subscribing for new shares in that company.

Magazine Publishing and Distribution

Caxton magazines have shown remarkable resilience. The latest ABC figures published show that our magazines have continued to gain ground on their major competitors. The overall magazine market is very tight and is expected to remain so for some time to come. The distribution arm, RNA, faced with ever-increasing pressures on costs and having to contend with a number of new store openings which put further pressure on costs, has maintained market share and continues to provide an excellent service to its many customers.

A number of additional products have been added to its range and recently a distribution arm to service the music and home entertainment industry was started. This resulted, in part, from a decision taken to enter the DVD and CD replication business by acquiring the optical disk replication operation of Bertelsmann in South Africa conducted through a company trading as Arvato. This acquisition takes effect from 1 July 2010. As at the date of this report, the initial accounting has not been finalised and therefore financial information cannot be provided.

Commercial Printing

Web, gravure and book printing

The investment in new equipment over the past five years is paying dividends and highlights the importance of having technologically advanced equipment. Having the capacity in all centres of the country to service customers, especially during peak periods, has been advantageous. The strength of the Rand has meant that raw material costs have reduced and this benefit has been passed on to customers, resulting in lower revenues.

Combining the book printing and web printing operations in the Cape has provided them with versatile and additional capacity to service their customers. The benefits of additional book production, arising out of the agreement with the Pearson Southern Africa group, have also added to revenues and profits and further investment is now taking place in additional finishing equipment to efficiently handle increased volumes.

Whilst revenue has decreased, expenses have been extremely well controlled and results achieved were in line with budget.

Other

Packaging

This is an area of the company's operations which has become more important in the overall performance of the company. Here too, the investment in new equipment is making a remarkable difference to the operations where equipment has been upgraded. The market remains highly competitive and has not grown.

Profits have improved over the prior year and it is anticipated that this division's profitability will continue to improve.

Stationery

The pressure on margins in this highly competitive area continued throughout the year. Volumes were maintained but increased competition resulted in lower margins.

DIVIDENDS

The Board has declared a dividend of 40 cents (2009: 40 cents) per share payable to ordinary shareholders and a preference dividend of 357 cents (2009: 357 cents) to preference shareholders.

LITIGATION

ElementOne Limited (ElementOne) vs Caxton and CTP Publishers and Printers Limited (Caxton) and others

ElementOne is a direct and indirect shareholder in Caxton. It owns no other assets and its listing on the JSE was terminated in January 2010. ElementOne formally sought disclosure of shareholder and commission agreements by the company and its controlling shareholders. The matter was argued during September 2010. The court refused the order for the requested disclosures. The court has ordered that there are no restrictions on ElementOne disposing of its shares in Caxton, subject to the obligation to first offer such shares as it may wish to dispose of to Mr TD Moolman. No order as to costs was made.

***The Citizen* 1978 (Pty) Limited vs Mr R McBride**

The Citizen appealed to the Constitutional Court against the finding of the Supreme Court of Appeal that it had defamed Mr McBride in 2003 by stating he was unfit for public office and labelling him as a "murderer", without referring to the fact that he had been granted amnesty for his actions. *The Citizen* had raised the defence of fair comment. The SCA held that it was untrue that McBride was a murderer, based on its interpretation of the Promotion of National Unity and Reconciliation Act 1995. The matter was argued before the Constitutional Court in September 2010 and judgment is awaited.

A sample of the many newspapers published by the group

MANAGING DIRECTOR'S REPORT
continued

DIRECTORS

Dr Van Zyl Slabbert stepped down as a director and chairman of the company on 16 February 2010 and subsequently passed away on 14 May 2010. Dr Slabbert played an important and pivotal role in the development of the company during the period that he has been associated with us and we take this opportunity to acknowledge his contribution – his immense knowledge and humour will be missed.

THANKS

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

PROSPECTS

The company continues to be dependent on advertising and discretionary consumer spending. Provided that the upward trend which is currently evident is maintained, a return to growth more or less in line with inflation is predicted.

GM Utian
Managing Director

25 October 2010

CORPORATE GOVERNANCE

Caxton complies with the Listings Requirements of the Johannesburg Stock Exchange and the Code of Corporate Practices and Conduct as contained in the King Report on Corporate Governance.

BOARD CHARTER

The Board has adopted a formal charter which has been implemented to:

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

The charter has been endorsed by all the directors of Caxton.

KING III

King III was released on 1 September 2009 and came into effect on 1 March 2010, with companies having to apply the principles in respect of financial years commencing on or after 1 March 2010. King II distinguishes between statutory provisions, voluntary principles and recommended practices. The King II Report provides best practice recommendations, whereas the King III Code provides the principles that all entities should comply with or explain. Recognition is given to the fact that certain new principles in King III are matters of law, as they are contained in the Companies Act 71 of 2008 (the new Companies Act). As the new Companies Act will not be implemented before April 2011, certain of the principles required by King III have not been adopted or applied in the 2010 financial year.

The Board is committed to high standards of corporate governance and will apply principles in King III as from 1 July 2010 as appropriate for Caxton. To the extent that certain principles of the King III Code, in its current or any amended form, are not complied with, an explanation will be provided where required.

Caxton will review its practices against the principles of the King III Code on a continuous basis.

BOARD OF DIRECTORS

The Board of Directors of Caxton comprises nine directors of whom five, including the chairman, are non-executive directors of which four, including the chairman, are independent. Procedures for the appointment of directors to the Board are formal and transparent.

BOARD MEETINGS

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

Board meeting attendance

	Nov 09	Feb 10	May 10	Aug 10
Dr F van Zyl Slabbert	√	*	–	–
TD Moolman	√	√	√	√
GM Utian	√	√	√	√
PG Greyling	√	√	√	√
TJW Holden	√	√	√	√
PM Jenkins	A	√	√	√
ACG Molusi	√	√	√	A
AN Nemukula	√	√	√	√
P Vallet	√	√	A	√
FT Gatefield	A	A	A	A

A: apology

resigned

The Board of Directors has the following subcommittees:

Audit and risk committee

The chairman is a non-executive director.

The audit committee has discharged all of those functions delegated to it in terms of its Charter and its terms of reference, and as envisaged in terms of the Companies Act 2008 (the new Companies Act).

During the period under review, the Caxton audit committee:

(a) met on three separate occasions to review, *inter alia*, the year end and interim results of the Caxton group, as well as to consider regulatory and accounting standard compliance;

(b) considered and satisfied itself that the external auditors are independent auditors, determined the external auditors' fees for the 2009/10 financial year and nominated the external auditors for appointment for the following financial year;

(c) determined the non-audit-related services that the external auditors are permitted to provide to the group and revised the policy for the use of the external auditors for non-audit-related services. This included pre-approving all non-audit-related service agreements concluded between group and external auditors;

(d) confirmed the internal audit charter and the audit plan for the 2009/10 financial year;

(e) held separate meetings with management and the external auditors to discuss any problems and reservations arising from the year end audit and any related matters which management and the external auditors wished to discuss; and

(f) reviewed the effectiveness of internal control in the group with reference to the findings of the internal and external auditors and reviewed and evaluated the risks facing the group external auditors and reviewed and evaluated the risks facing the group.

The Listings Requirements were amended with effect from 1 September 2008, requiring all listed companies to have a financial director, with which requirement the company has complied. The committee has considered and has satisfied itself of the appropriateness of the expertise and experience of the financial director, Mr TJW Holden.

The audit committee members are: PM Jenkins (Chairman), PG Greyling, GM Utian and P Vallet.

Audit committee meeting attendance

	Oct 09	Feb 10	Aug 10
PM Jenkins	√	√	√
PG Greyling	√	√	√
GM Utian	√	√	√
P Vallet	A	√	√

A: apology

Remuneration committee

The remuneration committee comprises P Vallet (Chairman) and TD Moolman. They meet twice per year to review senior executive management salaries and performance incentives.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

EXECUTIVE MANAGEMENT

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

FINANCIAL STATEMENTS

The company's directors are responsible for preparing the company and group financial statements and other information presented in the annual report in a manner that fairly presents the financial position and results of the operations of the company and the group for the year ended 30 June 2010.

The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with International Standards on Auditing and reporting whether the financial statements are in accordance with International Financial Reporting Standards (IFRS) and the Companies Act in South Africa. The auditors' report is set out on page 17 of these financial statements.

The annual financial statements set out on pages 18 to 48 have been prepared in accordance with International Financial Reporting Standards (IFRS). They are based on appropriate accounting policies, which have been consistently applied, except as noted in the accounting policies note, and are supported by reasonable and prudent judgments and estimates. Adequate accounting records have been maintained throughout the year under review.

INTERNAL CONTROL

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

In addition, the group has established an Internal Audit department whose primary function is to ensure effectiveness of these controls.

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

MANAGEMENT REPORTING

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

GOING CONCERN

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

COMPANY SECRETARY'S REPORT

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

N Sooka
Company Secretary

25 October 2010

SUSTAINABILITY REPORT

TRANSFORMING FOR THE FUTURE

In the last financial year the Caxton group disclosed its sustainability performance for the first time. This year we evaluate our performance against last year; however we have simplified the scope of information. For more detailed information, please refer to our website. This additional information can be accessed under the menu, "Company information".

This report covers our progress with regard to broad-based black economic empowerment (B-BBEE) and our commitment to the environment.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

We have an established transformation committee which functions as a policy-making body to monitor the various elements of the BEE scorecard i.e. ownership, management control, employment equity, preferential procurement, skills training and development, enterprise development and socio-economic development.

This forum, chaired by the managing director, comprises senior management representatives. The focus areas in 2010 included: obtaining full points for enterprise development and socio-economic development; centralising the BEE certificate depository for preferential procurement; and ensuring that accurate records were kept for all forms of skills development.

An accredited external BEE rating agency assessed our status and we have maintained a Level 5 rating which was confirmed in October 2010. We also achieved value-added vendor status giving all our clients 100% BEE Procurement recognition. Further targets will be put in place to ensure that our rating is improved upon where possible.

Employment equity

For us, employment equity is seen as a strategic advantage and a key enabler to improve our transformation in the group. Each business unit has an employment equity plan and strategy with specific aims, especially with regard to increasing the representation of black employees in senior and middle management occupational levels. This is an ongoing process.

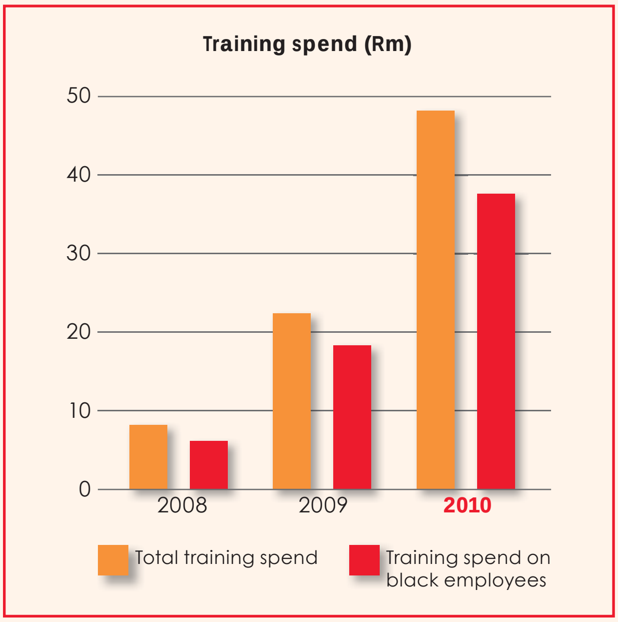
As part of a renewed and concerted effort, we have and will continue to improve our systems to identify, develop and mentor previously disadvantaged staff to ensure that they are able to take up positions in various levels of management in the group.

Currently black staff make up 63% of our total staff complement and we have 41% black representation in the supervisory and management bands which is a small improvement over 2009. The staff complement for disabled is 3%.

Skills development

In 2010, skills development and training was identified as the most important area of improvement, not only from a BEE perspective, but also to improve the overall skills available within the company, as well as providing skills to the industry.

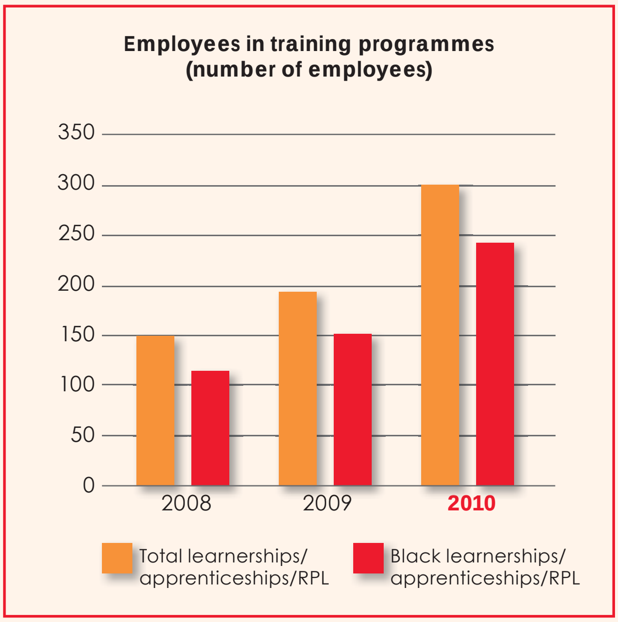
Good progress has been made in 2010 with the company spending R48 million on training, of which R37 million was spent on training black employees.



The substantial increase in 2010 is attributed to more accurate capturing of spend on training across the group. One of the highlights over the prior year is the Recognition for Prior Learning (RPL) programmes that have proved to be highly effective as many of our employees have the necessary experience and skills but no formal qualification. Employees are now being assessed and will receive recognition for their practical experience at the end of the programme.

SUSTAINABILITY REPORT

continued



Currently there are over 300 Category B apprenticeships and RPL programmes of which 243 were apprenticeships for black employees. This is a big improvement over 2009 and is attributable to internal training programmes being formally recognised.

We have extensive training programmes designed to train and develop our staff at all organisational levels including:

- Senior management training is carried out in partnership with both The Wits Graduate School of Business and University of Stellenbosch Business School where a number of our senior executives have completed courses from the senior management development programme to the prestigious MBA degree.

- Our Management Development Programme is directed at middle management and emerging junior management and we have partnered in this programme with the Production Management Institute for their unique modular part time courses in both production and operations management.

- Our Graduate Programme has been highly successful over the past ten years and has produced a number of stars who have progressed to senior management.

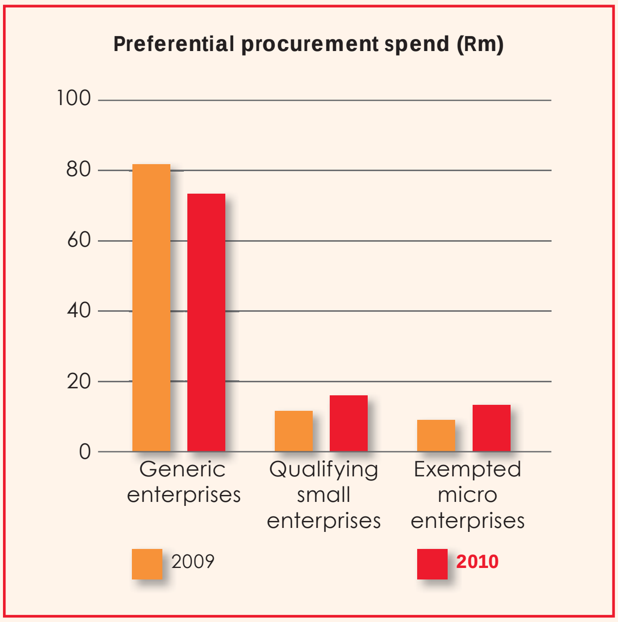
- Apprenticeships – We continue to identify existing employees or unemployed learners who are able to participate in the various apprenticeship programmes applicable to the industry. Our efforts remain focused on ensuring that not only do we provide opportunities for employment in our group, but we also assist with the supply of qualified apprentices to the rest of the industry.

- A challenge remains to attract black females into apprenticeships, and there is a concern regarding the lack of learnerships available from MAPPP Seta.

- Internal training programmes are developed to increase the skills shortage in the industry including; Caxton Newspapers Cadet School, sales and advertising training, creative writing, mentorships and graphic design courses.

Preferential procurement

The past year has seen a tremendous effort to ensure that all companies in our group focus on increasing procurement from small black-owned service providers. This has resulted in an improvement reflected in in the graph below.



Enterprise development

Facilitating entry for emerging black businesses has been identified as an important focus area for the group's B-BBEE strategy going forward.

Over the last year efforts have been made to form joint ventures with black partners. This has led to successful ventures being formed in the Eastern Cape and North West Province to service stationery markets. We have concluded a strategic partnership in newspaper publishing and printing in Natal. We will continually search for areas in which mutually beneficial partnerships can be established.

Where possible, the company has been focusing on developing supply relationships with small black-owned businesses in an attempt to accommodate the government's approach that large corporations should assist smaller enterprises.

We continue to outsource our distribution services to black contractors, enabling them to employ over 300 previously unemployed black people.

An annual contribution is made to the Media Development and Diversity Agency (MDDA) in order to assist in building an environment where a diverse, vibrant and creative media flourishes and reflects the needs of all South Africans in the print media. The beneficiaries of these subsidies have helped to build capacity in historically disadvantaged communities.

We will continue to expand our enterprise development endeavours through our procurement programme.

Socio-economic development

We have a vested interest in the economic health and prosperity of the communities in which we operate, investing financial resources in education, health, development programmes, community training skills development, arts, culture and sport.

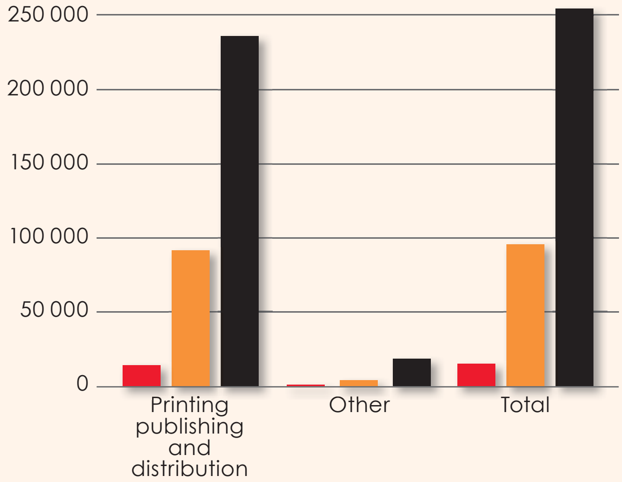
We continue to seek areas where we can positively impact the plight of disadvantaged communities as demonstrated through the provision of free and discounted advertising and editorial space to black organisations and educational institutions in all our publications.

This year we spent R13,2 million to sustain projects initiated in 2008 and 2009. A few of these projects include:

- Sponsorship of the Dowling Primary School;
- Supporting Itshepeng, a non-profit organisation, which runs a feeding scheme for 500 people, five days a week and a maths and science programme helping to educate children each year;
- Sponsorship of Kids Haven; a shelter and children's home;
- Supplying hard and soft covered exercise books to West Rand schools; and
- Sponsoring various arts, culture and sport.

During the next fiscal year, the Socio-Economic Development initiatives and Enterprise Development initiatives will continue. The BEE steering committee, in conjunction with the divisions, will continue to identify new initiatives in this regard.

Greenhouse gas emissions (tonnes)



Explanations

Scope 1 Direct GHG emissions from sources that the company owns or controls

Scope 2 Indirect GHG emissions from the generation of purchased electricity consumed by the company

Scope 3 All other indirect GHG emissions

Scope 1 Scope 2 Scope 3

ENVIRONMENT

We have made excellent progress in assessing the group's carbon emissions and during the next year we are committed to attaining a 2% reduction in emissions. Our greenhouse gas emissions (GHG) for 2009 which have been audited by Global Carbon Exchange (GCX) were as illustrated above.

We are currently collecting the data for 2010.

Pilot Energy Measurement Programme

To reduce our carbon emissions we initiated a pilot Energy Measurement and Management Programme at the Parow printing plant in Cape Town. The programme is in the process of being conducted by GCX. It assesses carbon emissions through a business case energy efficiency audit and this detailed energy grade audit will enable us to implement an energy reduction strategy across the group. The opportunities presented by the programme will make our operations more energy efficient and provide us with renewable and alternative energy technologies that in the long term will provide beneficial cost savings.

Forest Stewardship Council

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

Waste reduction

Waste reduction and recycling is a key objective in all factories. All waste material is disposed of responsibly, and used material is recycled.

Titles published by the group and its associates

TEN YEAR REVIEW – SALIENT FEATURES

	2010	2009	Restated 2008*	2008	2007	2006	2005	2004	2003	2002	2001
Gross turnover (Rm)	**4 771**	4 747	4 804	5 108	4 752	4 193	3 826	3 439	3 234	2 561	2 380
Income before taxation (Rm)	**510**	495	788	876	830	734	648	497	438	362	320
Earnings attributable to ordinary shareholders (Rm)	**354**	915	655	655	611	520	442	334	256	182	174
Weighted average number of shares in issue during the period (000's)	**465 987**	465 995	470 990	470 990	480 328	464 733	453 450	456 114	416 293	371 150	371 150
Earnings per ordinary share (cents)	**76**	181	128	139	127	112	98	73	61	49	47
Diluted earnings per share (cents)	**76**	181	128	139	127	112	97	72	60	47	45
Diluted headline earnings per share (cents)	**76**	87	124	135	122	109	95	74	64	47	48
Dividends/distribution per ordinary share (cents)	**40**	40	52	52	50	45	40	35	30	20	20
Dividend cover (times)	**1,9**	4,9	2,7	2,7	2,5	2,5	2,5	2,1	2,0	2,5	2,4
Ordinary shareholders' equity (Rm)	**4 917**	4 774	3 821	3 911	3 766	3 296	2 642	2 332	2 196	1 637	1 512
Net current assets (Rm)	**2 268**	2 193	1 582	1 662	1 500	1 120	1 381	1 300	1 355	1 271	1 097
Net asset value per share (cents)	**1 060**	1 029	815	835	787	683	588	513	478	441	408
Number of employees	**5 652**	5 664	5 874	6 033	5 959	5 776	5 255	5 239	5 258	5 380	5 235

IFRS compliant, GAAP compliant prior to 2005

**excluding discontinued operations*

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED

We have audited the annual financial statements and group annual financial statements of Caxton and CTP Publishers and Printers Limited, which comprise the directors' report, the statements of financial position as at 30 June 2010, the statements of comprehensive income, the statements of changes in equity, the statements of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 18 to 48.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the annual financial statements and group annual financial statements present fairly, in all material respects, the financial position of the company and of the group as at 30 June 2010, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

PKF(JHB) Inc.

PKF (JHB) Inc.
Director: RJ Lawson
Registration No: 1994/001166/21
Chartered Accountants (SA)
Registered Auditors

Sandton
25 October 2010

DIRECTORS' REPORT

NATURE OF BUSINESS

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

REVIEW OF BUSINESS OPERATIONS

Gross turnover for the year increased by R23,9 million to R4 771 million (2009: R4 747 million). Profit from operating activities before depreciation and impairment increased by R70,8 million to R642,3 million (2009: R571,5 million). Net finance income received – before providing for loss on currency hedges – amounted to R153,7 million (2009: R107,1 million) with capital expenditure during the year totalling R269 million (2009: R348 million). Net cash resources amounted to R1 845 million (2009: R1 532 million).

ORDINARY DIVIDEND

A dividend of 40 cents (2009: 40 cents) per share was declared on 24 August 2010, payable on 29 November 2010 to shareholders registered on 22 November 2010.

PREFERENCE DIVIDEND

A preference dividend of 357 cents (2009: 357 cents) per share was declared on 24 August 2010, payable on 29 November 2010 to shareholders registered on 22 November 2010.

SHARE CAPITAL

Particulars of the authorised and issued share capital of the company are set out in note 10 of the financial statements.

HOLDING COMPANY

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

SUBSIDIARY COMPANIES

Particulars of subsidiary companies are set out on page 47. The aggregate attributable interest of the company in the after tax profits and losses of the subsidiaries were:

	2010 R000	2009 R000
Profits	**255 736**	296 823
Losses	**(742)**	(1 111)
	254 994	295 712

SHARE INCENTIVE SCHEMES

There are two employee share incentive schemes that have been closed and no further allocations of shares will be made from these schemes:

- The Caxton and CTP Publishers and Printers Limited Share Option Scheme (formerly CTP Holdings Limited) which was established in 1996.
- The Caxton and CTP Publishers and Printers Limited Purchase Scheme (formerly Caxton Publishers and Printers Limited) which was established in 1998.

SHARE OPTION SCHEME

The scheme is closed and there have been no movements during the year.

SHARE PURCHASE SCHEME

The scheme is closed and there have been no movements during the year.

DIRECTORATE AND SECRETARY

The names of the present directors and the secretary are set out on page 3 of this report. In terms of the Articles of Association Mr TD Moolman, Mr GM Utian and Mr FT Gatefield retire as directors. Mr TD Moolman and Mr GM Utian being eligible, offer themselves for re-election and Mr FT Gatefield will not stand for re-election.

DIRECTORS' SHAREHOLDING

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

Directors	2010 Direct	2009 Direct	2010 Indirect	2009 Indirect
PG Greyling	**1 325 000**	1 325 000	**–**	–
TJW Holden	**–**	–	**170 225**	188 000
TD Moolman	**–**	–	**13 093 804**	13 093 804
GM Utian	**200 000**	200 000	**1 350 000**	1 350 000
Total	**1 525 000**	1 525 000	**14 614 029**	14 631 804

The Moolman & Coburn Partnership, through various intermediate companies controlled by it, controls Caxton Limited, which holds 39,16% of the issued ordinary shares of Caxton and CTP Publishers and Printers Limited. Caxton Limited controls a further 8,58% of Caxton and CTP Publishers and Printers Limited through its control of Caxton Share Investments (Pty) Limited. The Moolman & Coburn Partnership and its intermediate companies control an additional 4,84% and its associates acting in concert hold a further 1,49% of the issued ordinary shares of Caxton and CTP Publishers and Printers Limited. It therefore controls a total of 54,05% of the issued ordinary shares of the company.

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

SHAREHOLDER SPREAD

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

	Number of shareholders	Percentage of shareholders	Number of shares held	Percentage of shares held
Non-public shareholders				
Directors of the holding and subsidiary companies	9	0,40	19 776 066	4,24
Caxton Share Investments (Pty) Limited	1	0,04	40 000 000	8,58
Shareholders holding more than 10% of the issued ordinary shares				
– ElementOne Limited	1	0,04	80 065 330	17,18
– Caxton Limited	1	0,04	182 479 476	39,16
	12	0,52	322 320 872	69,17
Public shareholders	2 249	99,44	143 666 359	30,83
Subtotal	2 261	99,96	465 987 231	100,00
Shares held by a subsidiary	1	0,04	29 652 397	–
Total	2 262	100,00	495 639 628	100,00

According to the records of the company, other than as indicated above, no shareholder held five per cent or more of the company's shares at 30 June 2010.

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 significantly affect the operations of the group or the results of those operations.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements, which appear on pages 18 to 48, have been approved by the Board and are signed on its behalf by:

GM Utian
Managing Director

TD Moolman
Chief Executive Officer

Johannesburg
25 October 2010

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as at 30 June 2010

COMPANY 2009 R000	COMPANY 2010 R000	Notes		GROUP 2010 R000	GROUP 2009 R000
			ASSETS		
			NON-CURRENT ASSETS		
–	**–**	2	Property, plant and equipment	**2 147 242**	2 064 458
2 062 451	**1 423 889**	3	Interest in subsidiaries	**–**	–
58 132	**325 506**	4	Investments in associates	**402 180**	108 555
755 821	**483 590**	5	Investments	**483 589**	755 821
2 876 404	**2 232 985**			**3 033 011**	2 928 834
			CURRENT ASSETS		
–	**–**	6	Inventories	**511 293**	543 509
66 777	**43 371**	7	Accounts receivable	**770 497**	709 066
–	**2 032**		Taxation	**17 207**	19 234
94 684	**87 947**	8	Preference shares – listed	**87 947**	94 684
1 258 906	**1 634 795**	9	Bank and cash resources	**1 757 265**	1 437 765
1 420 367	**1 768 145**			**3 144 209**	2 804 258
4 296 771	**4 001 130**		**TOTAL ASSETS**	**6 177 220**	5 733 092
			EQUITY AND LIABILITIES		
			CAPITAL AND RESERVES		
12 391	**12 391**	10	Ordinary share capital	**11 648**	11 648
1 152 846	**1 152 846**		Ordinary share premium	**759 074**	759 194
244 108	**225 998**	11	Non-distributable reserves	**388 588**	414 386
1 537 194	**1 493 932**	12	Distributable reserves	**3 758 074**	3 588 430
–	**–**	13	Minority interest	**24 052**	22 083
100	**100**	10	Preference share capital	**100**	100
2 946 639	**2 885 267**		**TOTAL EQUITY**	**4 941 536**	4 795 841
			NON-CURRENT LIABILITIES		
39 011	**36 063**	14	Deferred taxation	**359 946**	326 080
39 011	**36 063**			**359 946**	326 080
			CURRENT LIABILITIES		
7 786	**7 838**	15	Accounts payable	**762 316**	492 877
–	**–**	16	Provisions	**113 422**	118 294
1 206 272	**971 928**		Amounts owed to group companies	**–**	–
7 728	**–**		Taxation	**–**	–
89 335	**100 034**		Bank overdraft	**–**	–
1 311 121	**1 079 800**			**875 738**	611 171
4 296 771	**4 001 130**		**TOTAL EQUITY AND LIABILITIES**	**6 177 220**	5 733 092

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2010

COMPANY 2009 R000	COMPANY 2010 R000	Notes		GROUP 2010 R000	GROUP 2009 R000
–	–	17	Gross turnover	4 771 295	4 747 431
–	–		Less: Inter-group	684 018	719 297
–	–		Revenue	4 087 277	4 028 134
–	–		Other operating income	84 760	44 076
–	–		**Total operating income**	4 172 037	4 072 210
–	–		Changes in inventories of finished goods and work in progress	(9 405)	(17 739)
–	–		Raw materials and consumables used	1 539 151	1 543 208
–	–	18	Staff costs	809 358	804 996
(118)	(5 019)	19	Other net operating expenses/(income)	1 190 587	1 170 223
(118)	(5 019)		**Total operating expenses**	3 529 691	3 500 688
118	5 019		**Profit from operating activities**	642 346	571 522
–	–	20	Depreciation	171 268	161 439
118	5 019		**Profit from operating activities after depreciation**	471 078	410 083
–	–	20	Impairment expense	12 702	41 772
118	5 019		**Net profit from operating activities**	458 376	368 311
227 272	194 884	22	Finance income	154 230	114 103
(6 223)	(52)	23	Finance costs	(478)	(6 986)
–	–	24	Loss on currency hedge	(157 218)	–
–	–		Income from associates	55 045	19 799
221 167	199 851		**Profit before taxation**	509 955	495 227
9 108	44 678	25	Taxation	148 775	119 142
212 059	155 173		**Profit for the year from continuing operations**	361 180	376 085
–	–	26	Profit for the year from discontinued operations (Maskew Miller Longman)	–	70 730
212 059	155 173		**Profit for the year before disposal of investment**	361 180	446 815
552 185	–		Surplus on disposal of Maskew Miller Longman	–	477 081
597 575	–		Gross surplus on disposal	–	522 471
(45 390)	–	25	Taxation thereon	–	(45 390)
764 244	155 173		**Profit for the year**	361 180	923 896
255 906	(18 110)		**Other comprehensive income**	(23 665)	259 323
–	–		Foreign currency translation reserve	–	3 414
255 906	(18 110)		Fair value adjustment – listed investments and preference shares	(23 665)	255 909
1 020 150	137 063		**Total comprehensive income for the year**	337 515	1 183 219
			Profit attributable to:		
–	–		Non-controlling interests	7 085	8 671
764 244	155 173		Owners of the company	354 095	915 225
764 244	155 173			361 180	923 896
			Total comprehensive income attributable to:		
–	–		Non-controlling interests	7 085	8 671
1 020 150	137 063		Owners of the company	330 430	1 174 548
1 020 150	137 063			337 515	1 183 219
		27	Earnings per ordinary share (cents)	76,0	196,4
		27	Headline earnings per share (cents)	76,1	102,6
		28	Ordinary dividend paid per share (cents)	40,0	52,0
		29	Preference dividend paid per share (cents)	357,0	476,0
			– Fixed	12,0	12,0
			– Participating	345,0	464,0

CONSOLIDATED STATEMENTS OF CASH FLOW

for the year ended 30 June 2010

COMPANY 2009 R000	COMPANY 2010 R000	Notes		GROUP 2010 R000	GROUP 2009 R000
(97 541)	**(37 070)**		**CASH FLOW FROM OPERATING ACTIVITIES**	**572 888**	369 952
(6 017)	**5 019**	35.1	Cash generated by/(utilised in) operations	**625 168**	685 645
(5 538)	**23 458**	35.2	Changes in working capital	**86 811**	20 358
(11 555)	**28 477**		Cash generated by/(utilised in) operating activities	**711 979**	706 003
(55 293)	**(54 438)**	35.3	Taxation paid	**(93 637)**	(199 543)
32 856	**104 590**		Interest received	**112 923**	51 287
–	**(52)**		Interest paid	**(478)**	(763)
194 416	**82 788**		Dividends received	**33 801**	62 816
160 424	**161 365**		Net cash inflow from operating activities	**764 588**	619 800
(257 965)	**(198 435)**	35.4	Dividends paid	**(191 700)**	(249 848)
588 976	**626 598**		**CASH FLOW FROM INVESTING ACTIVITIES**	**(263 274)**	274 165
			Property, plant, equipment and intangibles		
–	**–**		– additions to expand operations	**(269 061)**	(347 835)
–	**–**		– proceeds from disposals	**5 298**	24 022
–	**–**			**(263 763)**	(323 813)
		35.5	Investments		
(4 607)	**638 562**		– subsidiary businesses	**–**	–
(14 553)	**(11 964)**	35.6	– associates, other investments and loans	**489**	(10 158)
608 136	**–**		Proceeds on disposal of discontinued operations	**–**	608 136
588 976	**626 598**			**489**	597 978
41 257	**(234 344)**		**CASH FLOW FROM FINANCING ACTIVITIES**	**(120)**	(66 526)
41 257	**(234 344)**		(Decrease)/increase in amount owing to group companies	**–**	–
–	**–**		Own shares acquired	**(120)**	(66 526)
532 692	**355 184**		Net increase in cash and cash equivalents	**309 494**	577 591
(75 444)	**355 184**		– continuing operations	**309 494**	(30 545)
608 136	**–**		– proceeds on disposal of discontinued operations	**–**	608 136
740 816	**1 273 508**		Cash and cash equivalents at beginning of year	**1 541 702**	964 111
740 816	**1 273 508**		– continuing operations	**1 541 702**	1 062 508
–	**–**		– proceeds on disposal of discontinued operations	**–**	(98 397)
1 273 508	**1 628 692**	35.7	Cash and cash equivalents at end of year	**1 851 196**	1 541 702
(9 253)	**(5 984)**		Fair value adjustment of preference shares and other instruments	**(5 984)**	(9 253)
1 264 255	**1 622 708**		Fair value of cash and cash equivalents at end of year	**1 845 212**	1 532 449

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2010

R000	Note	Ordinary share capital	Share premium	Preference share capital	Non-distributable reserves	Marked to market reserves	Accumulated profits	Minority interest	Total
GROUP									
Balance at 1 July 2008		11 786	825 582	100	173 224	(16 267)	2 916 715	19 526	3 930 666
Total comprehensive income for the year					3 414	255 909	915 225	8 671	1 183 219
Ordinary dividends paid	28						(245 349)	(4 267)	(249 616)
Preference dividends paid	29						(232)		(232)
Realisation of land and buildings revaluation reserve					(2 071)		2 071		–
Own shares acquired by subsidiary		(138)	(66 388)						(66 526)
Minority interest acquired								(1 847)	(1 847)
Loans acquired at a discount					177				177
Balance at 30 June 2009		11 648	759 194	100	174 744	239 642	3 588 430	22 083	4 795 841
Total comprehensive income for the year					(5 559)	(18 106)	354 095	7 085	337 515
Ordinary dividends paid	28						(186 399)	(5 116)	(191 515)
Preference dividends paid	29						(185)		(185)
Realisation of land and buildings revaluation reserve					(2 133)		2 133		–
Own shares acquired by subsidiary			(120)						(120)
Balance at 30 June 2010		**11 648**	**759 074**	**100**	**167 052**	**221 536**	**3 758 074**	**24 052**	**4 941 536**
COMPANY									
Balance at 1 July 2008		12 391	1 152 846	100	4 469	(16 267)	1 030 915	–	2 184 454
Total comprehensive income for the year						255 906	764 244		1 020 150
Dividends paid – ordinary shareholders	28						(257 733)		(257 733)
Preference dividends paid	29						(232)		(232)
Balance at 30 June 2009		12 391	1 152 846	100	4 469	239 639	1 537 194	–	2 946 639
Total comprehensive income for the year						(18 110)	155 173		137 063
Dividends paid – ordinary shareholders	28						(198 250)		(198 250)
Preference dividends paid	29						(185)		(185)
Balance at 30 June 2010		**12 391**	**1 152 846**	**100**	**4 469**	**221 529**	**1 493 932**	**–**	**2 885 267**

1. ACCOUNTING POLICIES

Caxton and CTP Publishers and Printers Limited (the company) is a South African registered company. The consolidated financial statements of the company for the year ended 30 June 2010 comprise the company and its subsidiaries (together referred to as the group) and the group's interest in associates and jointly controlled entities.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board (IASB), the regulations of the JSE and the requirements of the South African Companies Act.

Basis of preparation

The annual financial statements are prepared in thousands of South African Rands (R000) on the historical-cost basis, except for the following assets and liabilities which are stated at fair value:

Investments classified as available-for-sale

Non-current assets, liabilities and disposal groups held for sale are stated at the lower of carrying amount and fair value less cost-to-sell.

The accounting policies applied are consistent with those of the prior year, except for the adoption of the following amendments:

IAS 1: Presentation of Financial Statements (revised)

Adoption of the standard has resulted in the reformatting of the income statement into a statement of comprehensive income.

IFRS 8: Operating Segments

New statement on segment reporting which replaces IAS 14.

These changes have had no effect on the group's financial results.

The group's accounting policies have been applied consistently by all group entities.

1.1 Consolidation

The consolidated annual financial statements combine the financial position and the results of the operations of the company and entities controlled by the group drawn up to 30 June each year. Subsidiaries are those entities over which the group has the power to, directly or indirectly, exercise control over the financial and operating policies, so as to obtain benefits from their activities. The results of the controlled entities are incorporated over the period in which the group exercises control over them. Intragroup balances and transactions, and any unrealised gains or losses arising from these, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the group's interest in the investment in these enterprises. Unrealised losses on transactions with associates and joint ventures are eliminated in the same way except that they are only eliminated to the extent that there is no evidence of impairment.

Where necessary, accounting policies for controlled entities are changed to ensure consistency with the policies adopted by the group. The financial statements of controlled entities are prepared for the same reporting period as the parent company. The company carries its investment in controlled entities at cost less accumulated impairment losses.

1.2 Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed, and cash paid in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities which meet the conditions for recognition under IFRS 3: *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) which are classified as held for sale in accordance with IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of non-controlling shareholders in the acquiree is measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

1. ACCOUNTING POLICIES (continued)

1.3 Jointly controlled entities

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

1.4 Associated companies

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

1.5 Property, plant and equipment

The group's properties are all owner-occupied. Land and buildings are stated at acquisition cost and revalued on an open market value in use basis 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. Land is not depreciated.

Plant and machinery are stated at acquisition cost and depreciated on the straight line basis to their anticipated residual values over their estimated useful lives, less any accumulated impairment losses. Furniture, equipment and vehicles are stated at acquisition cost and depreciated on a straight line basis to their anticipated residual values over their estimated useful lives.

The rates of depreciation used are:

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

The useful lives and residual values are re-assessed annually based on machine usage and industry standards.

1.6 Intangible assets

Publication titles

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

1.7 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.

1.8 Impairment of assets

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

If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use. An impairment loss is recognised in profit and loss whenever the carrying amount exceeds the recoverable amount and the assets are written down to their recoverable amount.

1.9 Share capital

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

1. ACCOUNTING POLICIES (continued)

1.10 Deferred taxation

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

1.11 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.

Where the effect of the time value of money is material, provisions are discounted to the present value using appropriate discount rates.

1.12 Financial instruments

Financial instruments recognised on the statement of financial position include investments, accounts receivables, cash and cash equivalents and accounts payable. All financial instruments are recognised at the time the group becomes party to the contractual provisions of the instruments. All financial instruments are initially measured at fair value which includes directly attributable transaction costs, being the fair value of the consideration given.

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

Subsequently the financial instruments are measured as follows:

Investments

The company's investments in unlisted associates and subsidiaries are carried at fair value less a provision for impairment and the basis of valuation used is the discounted cash flow method.

Purchases and sales of investments are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Listed and unlisted investments, other than investments in associates, subsidiaries and joint ventures are classified as available for sale or held for trading. Listed investments, unlisted investments and preference shares are initially measured at fair value including transaction costs. Investments are subsequently measured at fair value with fair value adjustments recognised as a separate component of equity in respect of available for sale investments, and through the income statement in respect of held for trading investments. Fair value is determined by reference to the market value of listed and unlisted investments.

Accounts receivable

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

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

Cash and cash equivalents

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

Accounts payable

Accounts payable are recognised at fair value and are subsequently measured on the amortised cost basis using the effective rate of interest.

1. ACCOUNTING POLICIES (continued)

1.13 Foreign currency transactions

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

1.14 Derivative financial instruments

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

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

1.15 Revenue

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

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

1.16 Employee benefits

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

1.17 Leases

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

1.18 Determination and presentation of operating segments

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. An operating segment's operating results are reviewed regularly by the senior management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the senior management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the group's headquarters and the sub-group's headquarters). Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill. As of 1 July 2009 the group determines and presents operating segments based on the information that internally is provided to the Board of Directors. This change in accounting policy is due to the adoption of IFRS 8: Operating Segments. Previously operating segments were determined and presented in accordance with IAS 14: Segment Reporting. Comparative segment information has been re-presented in conformity with the transitional requirements of that standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

1. ACCOUNTING POLICIES (continued)

1.19 Financial risk management

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

Currency risk

Exposure to currency risk arises in the normal course of the group's business. The group incurs currency risk as a result of transactions that are denominated in a currency other than SA Rands. These transactions, mainly for the import of capital equipment and inventory, are substantially hedged by utilising forward exchange contracts and option contracts. Details of forward exchange contracts that do not relate to amounts on the statement of financial position are given in note 31.

Credit risk

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

Liquidity risk

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

Cash flow and interest rate risk

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

1.20 Key management assumptions

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

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

- **Key assumption:**
  Allowance for impairment of debtors
  Basis for determining value assigned to key assumption:
  The recoverability of debtors is reviewed by management on an ongoing basis and all amounts considered to be irrecoverable, based on management past experience, are provided for.

- **Key assumption:**
  Impairment of assets
  Basis for determining value assigned to key assumption:
  Property, plant and equipment as well as intangible assets are considered for impairment when conditions indicate that impairment may be necessary. These conditions include economic conditions of the operating unit as well as the viability of the asset itself.

- **Key assumption:**
  Revaluation of property
  Basis for determining value assigned to key assumption:
  The group revalues its properties every five years, using an independent professional valuer. The basis applied by the valuer is determined with reference to an open market value.

1. ACCOUNTING POLICIES (continued)

1.20 Key management assumptions (continued)

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

- **Key assumption:**
  Valuation of unlisted investments.
  Basis for determining value assigned to key assumption:
  The basis used for the valuation of unlisted investments is the present value of future cash flows discounted at an appropriate rate taking into account the risk factor.

1.21 Statements and interpretations not yet effective

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

		Annual periods beginning or after:
IFRS 1:	First-time Adoption of International Financial Reporting Standards	1 July 2010
IFRS 2:	Share-based Payment	1 July 2010
IFRS 3:	Business Combinations	1 January 2011
IFRS 5:	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
IFRS 7:	Financial Instruments: Disclosures	1 January 2011
IFRS 9:	Financial Instruments	1 January 2013
IAS 1:	Presentation of Financial Statements	1 January 2011
IAS 7:	Statement of Cash Flows	1 January 2010
IAS 24:	Related Party Transactions	1 January 2011
IAS 27:	Consolidated and Separate Financial Statements	1 January 2011
IAS 34:	Interim Financial Reporting	1 January 2011
IAS 36:	Impairment of Assets	1 January 2010

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

1.22 Statements and interpretations effective in 2010 but not relevant

The following amendments were mandatory for accounting periods beginning on or after 1 July 2009 but are not relevant to the operations of the company:

IAS 17:	Classification of Leases of Land and Buildings	1 January 2010

2. PROPERTY, PLANT AND EQUIPMENT (GROUP)

Cost or valuation R000	Freehold land and buildings	Leasehold improve-ments	Plant and machinery	Vehicles	Furniture and equipment	Total
Year ended 30 June 2010						
Opening net book value	**539 268**	**–**	**1 477 672**	**18 368**	**29 150**	**2 064 458**
Purchases	**14 963**		**230 920**	**8 004**	**12 180**	**266 067**
Disposal			**(1 653)**	**(399)**	**(255)**	**(2 307)**
Impairment			**(12 702)**			**(12 702)**
Acquisition of subsidiaries			**2 515**	**439**	**40**	**2 994**
Depreciation	**(4 833)**		**(142 413)**	**(7 903)**	**(16 119)**	**(171 268)**
Closing net book value	**549 398**	**–**	**1 554 339**	**18 509**	**24 996**	**2 147 242**
Summary						
Gross carrying amount	**75 020**	**1 507**	**2 635 305**	**57 616**	**169 368**	**2 938 816**
Valuation	**499 022**					**499 022**
	574 042	**1 507**	**2 635 305**	**57 616**	**169 368**	**3 437 838**
Accumulated depreciation and impairment	**(24 644)**	**(1 507)**	**(1 080 966)**	**(39 107)**	**(144 372)**	**(1 290 596)**
Net carrying amount	**549 398**	**–**	**1 554 339**	**18 509**	**24 996**	**2 147 242**
Year ended 30 June 2009						
Opening net book value	502 354	3	1 398 638	19 955	34 792	1 955 742
Purchases	43 274		281 360	7 697	15 504	347 835
Disposals	(2 036)		(27 950)	(367)	(111)	(30 464)
Reversal/(impairment)	35		(41 807)			(41 772)
Depreciation	(4 359)		(131 041)	(7 045)	(18 994)	(161 439)
Disposal of joint venture	–	(3)	(1 529)	(1 871)	(2 041)	(5 444)
Closing net book value	539 268	–	1 477 671	18 369	29 150	2 064 458
Summary						
Gross carrying amount	60 057	1 831	2 413 790	52 617	158 544	2 686 839
Valuation	499 022					499 022
	559 079	1 831	2 413 790	52 617	158 544	3 185 861
Accumulated depreciation and impairment	(19 811)	(1 831)	(936 119)	(34 248)	(129 394)	(1 121 403)
Net carrying amount	539 268	–	1 477 671	18 369	29 150	2 064 458

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

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

2.3 The net carrying value of the properties would have been R423 636 000 had the asset been measured using the historic cost model.

COMPANY 2009 R000	COMPANY 2010 R000			GROUP 2010 R000	GROUP 2009 R000
		3.	**INTEREST IN SUBSIDIARIES**		
1 363 694	**1 363 802**		Shares at cost		
698 757	**60 087**		Amount owing by subsidiaries		
2 062 451	**1 423 889**			**–**	–
			The amounts owing by the subsidiaries are interest free and repayable on demand.		
		4.	**INVESTMENTS IN ASSOCIATES**		
			Associated companies – unlisted		
50 166	**311 302**		Shares at cost	**310 896**	49 760
–	**–**		Share of post acquisition reserves	**71 512**	45 455
50 166	**311 302**		Total carrying value	**382 408**	95 215
7 966	**14 204**		Loans	**19 772**	13 340
58 132	**325 506**			**402 180**	108 555
			Associated company details are set out on page 48.		
58 132	**325 506**		Fair value of investments and loans	**402 180**	108 555

Loans to associated companies

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group's exposure to credit risk with regard to loans are the maximum amounts reflected in the gross carrying value of the loan.

Interest rate risk refers to the risk that the fair value of future cash flows of the loans will fluctuate because of changes in market interest rates which are charged on the loan accounts.

Management assesses the recoverability of the loans on an ongoing basis.

At 30 June 2010, if interest rates had been 1% higher with all other variables held constant, post-tax profit for the year would have increased by approximately R85 867 (2009: R12 290).

If interest rates had been 1% lower post-tax profit would have decreased by approximately R85 867 (2009: R12 290).

COMPANY 2009 R000	COMPANY 2010 R000			GROUP 2010 R000	GROUP 2009 R000
		5.	**INVESTMENTS**		
			Listed investments – available for sale		
15 620	**–**		African Media Entertainment Limited	**–**	15,620
21 603	**–**		ElementOne Limited	**–**	21 603
17 589	**5 000**		Avusa Limited	**5 000**	17 589
–	**2 871**		Moneyweb Holdings Limited	**2 870**	–
54 812	**7 871**			**7 870**	54 812
			Unlisted investments – available for sale		
10 912	**10 912**		Long-term preference shares	**10 912**	10 912
400 000	**400 000**		Caxton Share Investments (Pty) Limited – preference shares	**400 000**	400 000
–	**64 807**		ElementOne Limited	**64 807**	–
290 097	**–**		Maskew Miller Longman (Pty) Limited – ordinary shares	**–**	290 097
701 009	**475 719**			**475 719**	701 009
755 821	**483 590**		**Total investments**	**483 589**	755 821
755 821	**483 590**		Fair value of investments	**483 589**	755 821

Investments listed – available for sale

Equity price risk refers to the risk that the fair value of the future cash flows of the listed investments will fluctuate because of changes in the market prices.

The group's available-for-sale financial assets are valued using the fair market value at 30 June 2010.

COMPANY 2009 R000	COMPANY 2010 R000		GROUP 2010 R000	GROUP 2009 R000
		6. INVENTORIES		
		Raw materials	**367 667**	409 288
		Work in progress	**46 813**	44 015
		Finished goods	**96 813**	90 206
			511 293	543 509
		Comprising:		
		Inventory at cost	**493 004**	356 816
		Inventory at net realisable value	**18 289**	186 693
			511 293	543 509
		7. ACCOUNTS RECEIVABLE		
–	**–**	Trade accounts receivable	**634 377**	579 496
–	**–**	Allowance for impairments	**(22 508)**	(28 507)
–	**–**	Prepayment and deferred expenditure	**12 461**	15 745
66 777	**43 371**	Other accounts receivable	**146 167**	142 332
66 777	**43 371**		**770 497**	709 066

Trade accounts receivable

Exposure to credit risk

Gross trade receivables represents the maximum credit exposure.

	GROUP 2010 R000	GROUP 2009 R000
The maximum exposure to credit risk at the reporting date was:	**634 377**	579 496

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

	Average debtors terms (days)	GROUP 2010 R000	GROUP 2009 R000
Parastatals/government	60	**21 772**	23 144
Corporates	30	**527 765**	396 989
SMMEs	30	**72 868**	143 684
Individuals	30	**11 972**	15 679
		634 377	579 496

The group has a relatively large diversity of customers and thus has a limited exposure to any one customer.

The maximum exposure to credit risk for gross trade receivables at the reporting date by geographical region was:

	Average debtors terms (days)	GROUP 2010 R000	GROUP 2009 R000
South Africa	30	**618 121**	569 864
Rest of Africa	60	**16 256**	9 632
		634 377	579 496

Management views the debtors days per geographic region as within expectations compared with the group's standard payment terms for that region.

Debtors days differ in Africa due to local economic and market conditions and risks involved in trading in that geographic region.

COMPANY 2009 R000	COMPANY 2010 R000		GROUP 2010 R000	GROUP 2009 R000
		7. ACCOUNTS RECEIVABLE (continued)		
		The decrease in debtors days is due to improved credit management that has been achieved during the financial year in order to maximise cash flow and minimise associated credit risk.		
		Credit risk is minimised through an initial new client acceptance procedure whereby potential customers are individually assessed before an appropriate credit limit is allocated to the new client. The group uses credit vetting agencies who maintain current credit data on most companies in South Africa.		
		Trade receivables		
		Within terms	**602 894**	548 074
		Current	**306 003**	281 923
		Due 30 days and less	**234 274**	195 326
		Due 30 to 60 days	**62 617**	70 825
		Past due	**31 483**	31 422
		Due 60 to 90 days	**17 834**	15 948
		Due 90 days +	**13 649**	15 474
			634 377	579 496
		Listings of overdue customer balances are reviewed monthly and reviewed against their credit terms/limits. Customers exceeding their credit terms/limits must settle their overdue balances before any further credit is extended.		
		Appropriate action is taken to recover long overdue debts.		
		Allowance for impairment of debtors:		
		Opening balance	**28 507**	36 254
		Disposal	**–**	(6 599)
		Impairment loss recognised	**(4 894)**	(3 702)
		(Reversal of)/additional impairment loss	**(1 105)**	2 554
			22 508	28 507
		The following impairment losses were recognised:		
		Financial difficulties/bankruptcy	**(4 632)**	227
		Absconded	**(55)**	(490)
		Dispute	**(1 312)**	(885)
			(5 999)	(1 148)
		Prepayments and other receivables		
		The carrying amount of the following financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:		
–	**–**	Prepayment and deferred expenditure	**12 461**	15 745
66 777	**–**	Other accounts receivable	**146 167**	142 332
66 777	**–**		**158 628**	158 077

COMPANY 2009 R000	COMPANY 2010 R000			GROUP 2010 R000	GROUP 2009 R000
		8.	**PREFERENCE SHARES LISTED – available for sale**		
18 577	**21 072**		Preference shares earning a dividend, payable semi-annually, of 72% of prime	**21 072**	18 577
9 325	**–**		Preference shares earning a dividend payable semi-annually, of 73% of prime	**–**	9 325
66 782	**66 875**		Preference shares earning a dividend payable semi-annually, of 68% of prime	**66 875**	66 782
94 684	**87 947**			**87 947**	94 684

The group is exposed to interest rate risk as the dividend yield on the preference shares is linked to fixed percentages of the prime rate of interest, which is subject to fluctuations in the fair value of future cash flows.

The group is exposed to equity securities price risk as investments are held and classified on the statement of financial position as available for sale.

Management does not consider there to be any liquidity risk associated with these investments in preference shares as the instruments are those of reputable counterparties that have a credit rating of at least A1 by Standard and Poor's.

COMPANY 2009 R000	COMPANY 2010 R000			GROUP 2010 R000	GROUP 2009 R000
		9.	**BANK AND CASH RESOURCES**		
282	**381**		Cash on hand	**77 086**	139 758
1 258 624	**1 634 414**		Cash on call and deposit	**1 680 179**	1 298 007
1 258 906	**1 634 795**			**1 757 265**	1 437 765

The group's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions. As a result the group has no credit risk with respect to cash and cash equivalents on the statement of financial position at year end. Surplus funds are invested in such a manner as to achieve maximum returns and whilst minimising risk. The group's cash deposits are for short periods ranging from daily to monthly at fluctuating market related rates and exposure to interest rate risk therefore exists.

At 30 June 2010, if interest rates had been 1% higher with all other variables held constant, post-tax profit for the year would have increased by approximately R803 608 (2009: R626 322).

If interest rates had been 1% lower post-tax profit would have decreased by approximately R803 608 (2009: R626 322).

Refer to note 22 for the carrying amount of dividends and interest received.

COMPANY 2009 R000	COMPANY 2010 R000		GROUP 2010 R000	GROUP 2009 R000
		10. SHARE CAPITAL		
		Authorised		
		Ordinary shares		
30 000	**30 000**	1 200 000 000 ordinary shares of 2,5 cents each	**30 000**	30 000
		Preference shares		
200	**200**	100 000 6% cumulative participating preference shares of R2 each	**200**	200
		Issued		
		Ordinary shares		
12 391	**12 391**	495 639 628 (2009: 495 639 628) ordinary shares of 2,5 cents each	**12 391**	12 391
–	**–**	Less: 29 652 397 (2009: 29 644 397) shares held by subsidiary	**(743)**	(743)
12 391	**12 391**	465 987 231 ordinary shares of 2,5 cents each	**11 648**	11 648
		Preference shares		
100	**100**	50 000 6% cumulative participating preference shares of R2 each	**100**	100
		The unissued shares are under the control of the directors until the next annual general meeting.		
		11. NON-DISTRIBUTABLE RESERVES		
		Comprises:		
4 469	**4 469**	Realisation reserve	**32 975**	38 534
–	**–**	Loans acquired at a discount	**16 515**	16 515
–	**–**	Surplus on revaluation of land and buildings	**117 562**	119 695
239 639	**221 529**	Fair value adjustments – investments	**221 536**	239 642
244 108	**225 998**		**388 588**	414 386
		12. DISTRIBUTABLE RESERVES		
1 537 194	**1 493 932**	Accumulated profits	**3 758 074**	3 588 430
		The accumulated distributable reserves, if declared as a dividend, would be subject to secondary tax on companies of R375,8 million at 10% (2009: R358,8 million at 10%).		
		13. MINORITY INTEREST		
		Balance at beginning of the year	**22 083**	19 526
		Share of earnings	**7 085**	8 671
		Dividends	**(5 116)**	(4 267)
		Acquired	**–**	(1 847)
		Balance at end of year	**24 052**	22 083

COMPANY 2009 R000	COMPANY 2010 R000		GROUP 2010 R000	GROUP 2009 R000
		14. DEFERRED TAXATION		
(2 649)	**39 011**	Balance at beginning of year	**326 080**	246 931
–	**–**	Income statement transfer	**35 729**	34 503
41 660	**(2 948)**	Non-distributable reserves transfer – fair valuations	**(2 950)**	41 660
–	**–**	Prior year adjustment	**1 041**	(1 020)
–	**–**	(Acquisition)/disposal	**46**	4 006
39 011	**36 063**	Balance at end of year	**359 946**	326 080
		Deferred taxation comprises temporary differences arising on:		
–	**–**	– property, plant and equipment	**362 904**	328 376
39 011	**36 063**	– investments	**36 063**	39 011
–	**–**	– accounts receivable	**1 766**	2 082
–	**–**	– accounts payable	**(39 512)**	(42 651)
–	**–**	– assessed losses	**(1 275)**	(738)
39 011	**36 063**		**359 946**	326 080
		The benefits of the tax losses in the group have been included in deferred tax.		
		15. ACCOUNTS PAYABLE		
–	**–**	Trade accounts payable	**298 304**	211 765
7 786	**7 838**	Sundry accounts payable and accruals	**464 012**	281 112
7 786	**7 838**		**762 316**	492 877

Trade payables

Management of liquidity risk

The group has negotiated favourable credit terms with suppliers, which enables the group to utilise its operating cash flow to full effect. The suppliers' age-analysis is reviewed by management on a regular basis to ensure that credit terms are adhered to and suppliers are paid when due.

Currency risk

All amounts owed in foreign currency are covered by foreign exchange contracts or currency option contracts (refer to note 31).

There are no further foreign currency risks.

Interest rate risk

The group has no material exposure to interest risk as there are no suppliers that charge interest.

COMPANY 2009 R000	COMPANY 2010 R000		GROUP 2010 R000	GROUP 2009 R000
		16. PROVISIONS		
		Bonus		
		Opening balance	**54 327**	54 320
		Disposal	**–**	(1 602)
		Additional provisions	**45 387**	52 451
		Utilised	**(41 565)**	(50 842)
		Closing balance	**58 149**	54 327
		Leave pay		
		Opening balance	**16 507**	18 395
		Disposal	**–**	(1 620)
		Additional provisions	**11 012**	10 315
		Utilised	**(10 635)**	(10 583)
		Closing balance	**16 884**	16 507
		Volume discount allowed		
		Opening balance	**18 833**	19 283
		Additional provisions	**9 677**	22 123
		Utilised	**(14 635)**	(22 573)
		Closing balance	**13 875**	18 833
		Retrenchments		
		Opening balance	**1 628**	496
		Additional provisions	**10 638**	2 494
		Utilised	**(3 308)**	(1 362)
		Closing balance	**8 958**	1 628
		Other		
		Opening balance	**26 999**	30 063
		Disposal	**–**	(18 718)
		Additional provisions	**34 555**	16 834
		Utilised	**(45 998)**	(1 180)
		Closing balance	**15 556**	26 999
		Total provisions		
		Opening balance	**118 294**	122 557
		Disposal	**–**	(21 940)
		Additional provisions	**111 269**	104 217
		Utilised	**(116 141)**	(86 540)
		Closing balance	**113 422**	118 294
		17. TURNOVER		
		The group's gross turnover has been reflected in order to provide a measure for the return generated by the group's assets and personnel.		
		The group's turnover comprises invoiced sales and circulation revenue.		
		18. STAFF COSTS		
		– salaries, wages and bonuses	**774 954**	768 561
		– retirement benefit costs	**34 404**	36 435
			809 358	804 996

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2010 continued

COMPANY 2009 R000	COMPANY 2010 R000		GROUP 2010 R000	GROUP 2009 R000
		19. OTHER NET OPERATING EXPENSES		
		Income		
–	**–**	Profit on sale of property, plant and equipment	**2 990**	–
–	**2 362**	Foreign currency profits	**4 326**	–
–	**2 362**		**7 316**	–
		Expenditure		
		Auditors' remuneration:		
205	**228**	– audit fees	**5 523**	4 635
–	**–**	– under provision previous year	**10**	22
–	**–**	– fees for other services	**300**	595
–	**–**	– expenses	**35**	126
205	**228**		**5 868**	5 378
		Fees for:		
947	**547**	– administrative, managerial and secretarial services	**13 702**	17 556
–	**–**	– royalties	**2 743**	2 406
947	**547**		**16 445**	19 962
		Loss on sale of property, plant and equipment	**–**	6 442
		Foreign currency losses	**521**	21 993
		Operating leases		
		– buildings	**7 702**	7 538
		20. DEPRECIATION AND IMPAIRMENT		
		Depreciation		
		– buildings and leasehold improvements	**4 833**	4 359
		– plant and machinery	**142 413**	131 041
		– motor vehicles	**7 903**	7 045
		– furniture and equipment	**16 119**	18 994
			171 268	161 439
		Impairment		
		– buildings	**–**	(35)
		– plant and machinery	**12 702**	41 807
			12 702	41 772
			183 970	203 211

21. DIRECTORS' EMOLUMENTS

R000	TD Moolman	GM Utian	PG Greyling	TJW Holden	PM Jenkins	ACG Molusi	NA Nemukula	Dr F van Zyl Slabbert	P Vallet	Total
Directors' fees					80	80	80		80	320
Fees for services	2 750	2 440								5 190
Consulting fees					230			455	80	765
Basic salary			1 848	1 272						3 120
Bonuses		1 000	1 200	500						2 700
Travel allowance				129						129
Medical funding			12	16						28
Retirement funding			161	92						253
Total 2010	**2 750**	**3 440**	**3 221**	**2 009**	**310**	**80**	**80**	**455**	**160**	**12 505**
Total 2009	2 500	4 450	4 082	2 583	180	80	80	480	150	14 585

	2010 R000	2009 R000
Paid by subsidiaries	**12 505**	14 585

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

COMPANY 2009 R000	COMPANY 2010 R000		GROUP 2010 R000	GROUP 2009 R000
		22. FINANCE INCOME		
32 856	**104 590**	– interest	**112 923**	51 287
28 693	**10 821**	– dividends: listed companies	**10 821**	28 693
34 067	**22 980**	– dividends: unlisted companies	**22 980**	34 123
131 656	**48 987**	–dividends: subsidiary companies	**–**	–
–	**7 506**	– net surplus on realisation of investments: available for sale	**7 506**	–
227 272	**194 884**		**154 230**	114 103
		23. FINANCE COSTS		
–	**–**	– interest on bank overdraft	**3**	168
–	**52**	– other interest	**475**	595
6 135	**–**	– net loss on realisation of preference shares	**–**	6 135
88	**–**	– net loss on realisation of investments: available for sale	**–**	88
6 223	**52**		**478**	6 986
		24. LOSS ON CURRENCY HEDGES		
–	**–**	The loss on currency hedges resulted from the fair value of foreign exchange option contracts outstanding at year end	**157 218**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2010 continued

COMPANY 2009 R000	COMPANY 2010 R000		GROUP 2010 R000	GROUP 2009 R000
		25. TAXATION		
		South African normal tax		
9 602	**30 742**	– current	**81 258**	84 373
(5)	**–**	– prior year	**(894)**	(6 035)
		Deferred tax		
–	**–**	– current	**35 729**	34 503
–	**–**	– prior year	**1 040**	(1 020)
–	**–**	– associates	**(3)**	–
175	**12 918**	Secondary tax on companies	**14 278**	940
(664)	**1 018**	Capital gains tax	**1 022**	(598)
–	**–**	Associate companies	**16 345**	6 979
9 108	**44 678**		**148 775**	119 142
45 390	**–**	Capital gains tax on disposal of Maskew Miller Longman	**–**	45 390
54 498	**44 678**	**Total tax**	**148 775**	164 532
61 927	**55 958**	Tax at the standard rate of 28% on operating profit (2009: 28%)	**142 787**	138 664
52 819	**11 280**	Difference	**(5 988)**	19 522
		Reconciled as follows:		
52 694	**26 635**	– dividend and other non-taxable income	**13 327**	18 468
(201)	**(1 419)**	– disallowable expenses	**(3 065)**	(3 521)
5	**–**	– effect of prior year	**(146)**	7 055
(175)	**(12 918)**	– secondary tax on companies	**(14 278)**	(940)
664	**(1 018)**	– capital gains tax	**(1 023)**	598
(168)		– other	**(804)**	(2 138)
52 819	**11 280**		**(5 988)**	19 522
		Estimated tax losses included in deferred tax:		
		– at beginning of year	**2 767**	1 998
		– incurred and acquired during year	**3 010**	1 072
		– utilised during year	**(823)**	(303)
		– at end of year	**4 954**	2 767
		The estimated secondary tax on companies payable on dividends declared but not raised at year end amounts to	**18 639**	18 640

COMPANY 2009 R000	COMPANY 2010 R000		GROUP 2010 R000	GROUP 2009 R000
		26. DISCONTINUED OPERATIONS		
		The discontinued operations comprises an interest in Maskew Miller Longman which was sold at the end of June 2009.		
		Gross turnover		335 789
		Other operating income		1 625
		Total operating income	–	337 414
		Changes in inventories of finished goods and work in progress		(28 216)
		Raw materials and consumables used		132 230
		Staff costs		40 378
		Other net operating expenses		85 144
		Total operating expenses	–	229 536
		Profit from operating activities	–	107 878
		Depreciation		2 341
		Net profit from operating activities	–	105 537
		Finance income		2 198
		Profit before taxation	–	107 735
		Taxation		37 005
		Profit for the year	–	70 730
		Assets disposed		
		Property, plant and equipment	–	6 949
		Inventory	–	81 032
		Accounts receivable	–	56 123
		Bank balances	–	62 583
		Deferred tax	–	5 422
		Accounts payable	–	(98 605)
		Provisions	–	(17 730)
		Taxation	–	(15 954)
			–	79 820

27. EARNINGS PER SHARE

Reconciliation between earnings and headline earnings	2010 Gross R000	2010 Net of tax R000	2009 Gross R000	2009 Net of tax R000
Earnings attributable to equity holders		**354 095**		915 225
Adjustments for:				
Net gain on disposal of business (Maskew Miller Longman)	**–**	**–**	(522 471)	(477 081)
Impairment of property, plant and equipment	**12 702**	**9 145**	41 772	30 076
Net (profit)/loss on disposal of property, plant and equipment	**(2 990)**	**(2 153)**	6 442	4 638
Net (profit)/loss on disposal of investments	**(7 506)**	**(6 455)**	6 223	5 352
Headline earnings		**354 632**		478 210
Headline earnings per share (cents)		**76,1**		102,6

Reconciliation of weighted average number of shares	2010 Number of shares	2009 Number of shares
Issued shares at the beginning of the year	**495 639 628**	495 639 628
Treasury shares	**(29 652 397)**	(29 644 397)
Weighted average number of shares	**465 987 231**	465 995 231

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

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

COMPANY 2009 R000	COMPANY 2010 R000		GROUP 2010 R000	GROUP 2009 R000
		28. ORDINARY DIVIDENDS		
257 733	**198 250**	Paid	**186 399**	245 349
		29. PREFERENCE DIVIDENDS		
6	**6**	– 6% fixed portion	**6**	6
232	**185**	– participating preference dividend	**185**	232
238	**191**	**Paid**	**191**	238
6	**6**	– fixed portion	**6**	6
172	**172**	– participating portion declared, paid post year end	**172**	172
178	**178**	**Used in calculation of dividend per share**	**178**	178
		The participating preference portion of the preference dividend is at the rate of 0,5% for every completed 5% dividend in excess of 10% paid on the ordinary shares.		
		30. COMMITMENTS		
		Capital expenditure on plant and machinery – approved but not contracted	**250 000**	40 000
		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	**352**	374
		After one year, but not more than five years	**629**	498
			981	872

COMPANY 2009 R000	COMPANY 2010 R000		GROUP 2010 R000	GROUP 2009 R000

31. CONTINGENT LIABILITIES AND FOREIGN EXCHANGE EXPOSURE

31.1 Currency risk

The group incurs currency risk as a result of transactions which are denominated in a currency other than the group entity's functional currency on purchases and sales.

The currencies giving rise to currency risk, in which the group primarily deals are UK sterling, US dollars, Euros and Australian dollars.

The group entities hedge all foreign denominated trade creditors and trade debtors. The settlement of these transactions takes place within a normal business cycle.

The group has clearly defined policies for the management of foreign currency risks. Transactions which create foreign currency cash flows are hedged with forward exchange and currency hedge contracts. No uncovered foreign exchange commitments exist at the statement of financial position date. Speculative use of financial instruments or derivatives is not permitted and none has occurred during any of the periods presented.

31.2 Foreign currency contracts

The principal or contract amounts of foreign exchange and currency hedge contracts outstanding at the statement of financial position date were:

	Average rate of exchange	Group 2010 R000	Group 2009 R000
Euro	11,427	**642 265**	65 296
Pound sterling	12,673	**27 096**	33 275
US dollars	7,729	**50 630**	15 500
Australian dollars	6,852	**634**	946
Total		**720 625**	115 017

31.3 Foreign currency commitments

Forward exchange and currency hedge contracts which do not relate to specific items appearing on the statement of financial position, but which were entered into to cover foreign commitments not yet due. The contracts will be utilised for purposes of purchasing inventory and plant during 2010/2011.

Foreign currency in respect of imports

	Average rate of exchange	Group 2010 R000	Group 2009 R000
Euro	11,498	**350 246**	33 498
Pound sterling	12,612	**25 913**	33 084
US dollars	7,705	**49 047**	11 891
Australian dollars	6,855	**446**	946
Total		**425 652**	79 419

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2010 *continued*

32. BORROWING POWERS

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

33. RELATED PARTIES

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

Directors

Executive directors are defined as senior management. Details relating to directors' emoluments and shareholdings (including share options) in the company are disclosed in note 21 and the directors' report respectively.

Controlling shareholders

Messrs TD Moolman and GM Utian are members of The Moolman and Coburn Partnership together with a number of other parties. In terms of an agreement concluded in 1985, the Partnership receives a commission on the group's advertising revenue which, in 2010, amounted to R41,3 million (2009: R41,9 million).

The balance owing to the Partnership at the year end amounted to R3,5 million (2009: R3,3 million).

Subsidiaries

Details of investment in subsidiaries and joint ventures are disclosed in the annexure on page 47.

Associates

Details of income from associates and joint ventures are disclosed in the statement of comprehensive income, note 4 and in the annexure on page 48.

Shareholders

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

34. 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: 4 743 (2009: 4 984) of the group's employees are covered by the plans.

COMPANY 2009 R000	COMPANY 2010 R000		GROUP 2010 R000	GROUP 2009 R000
		35. NOTES TO THE CASH FLOW STATEMENT		
		35.1 Cash generated by/(utilised in) operations		
221 167	**199 851**	Income before taxation	**509 955**	495 227
–	**–**	Associate income	**(55 045)**	(19 799)
(32 856)	**(104 538)**	Interest received (net)	**(112 445)**	(50 524)
(194 416)	**(82 788)**	Dividends received	**(33 801)**	(62 816)
		Adjustment for non-cash items:		
–	**–**	– depreciation of property, plant and equipment	**171 268**	161 439
–	**–**	– impairment of plant	**12 702**	41 772
88	**(7 506)**	– (profit)/loss on disposal of investments	**(7 506)**	88
–	**–**	– profit for the year from discontinued operations	**–**	70 730
–	**–**	– movement in foreign currency translation reserve	**(5 511)**	3 415
–	**–**	– loss/(surplus) on disposal of property, plant and equipment	**(2 990)**	6 442
–	**–**	– loss/(profit) on forex	**(3 805)**	21 993
–	**–**	– loss on currency hedge	**157 218**	–
–	**–**	– movement in provisions	**(4 872)**	(4 263)
–	**–**	– movement in provisions – discontinued operations	**–**	21 941
(6 017)	**5 019**		**625 168**	685 645
		35.2 Changes in working capital		
–	**–**	Decrease in inventories	**32 216**	151 003
(4 595)	**23 406**	Decrease/(increase) in accounts receivable	**(61 431)**	61 513
(943)	**52**	(Decrease)/increase in accounts payable	**116 026**	(170 396)
–	**–**	Changes in working capital – discontinued operations	**–**	(21 762)
(5 538)	**23 458**		**86 811**	20 358
		35.3 Taxation paid		
(8 523)	**(7 728)**	Opening tax overpaid/(payable)	**19 234**	(74 096)
(9 108)	**(44 678)**	Charged in income statement	**(112 009)**	(85 659)
–	**–**	Less: Associates	**16 345**	6 979
(45 390)	**–**	Taxation on disposal of Maskew Miller Longman	**–**	(45 390)
–	**–**	Taxation – discontinued operations	**–**	17 857
7 728	**(2 032)**	Closing tax payable/(overpaid)	**(17 207)**	(19 234)
(55 293)	**(54 438)**		**(93 637)**	(199 543)
		35.4 Dividends paid		
(257 965)	**(198 435)**	Charged to reserves	**(186 584)**	(245 581)
–	**–**	Dividends of minority shareholders	**(5 116)**	(4 267)
(257 965)	**(198 435)**		**(191 700)**	(249 848)
		35.5 Investments – subsidiary businesses		
(2 664)	**(108)**	Acquisitions	**–**	–
(1 943)	**638 670**	Advances to group companies	**–**	–
(4 607)	**638 562**		**–**	–
		35.6 Investments – associates and other investments		
(14 427)	**(34 152)**	Acquisitions	**(21 506)**	(6 883)
338	**28 426**	Proceeds from disposal of investments	**28 426**	338
(464)	**(6 238)**	Increase in loans	**(6 431)**	(3 613)
(14 553)	**(11 964)**		**489**	(10 158)
		35.7 Cash and cash equivalents		
1 169 571	**1 534 761**	Cash	**1 757 265**	1 437 765
103 937	**93 931**	Preference shares at cost	**93 931**	103 937
(9 253)	**(5 984)**	Fair value adjustment	**(5 984)**	(9 253)
1 264 255	**1 622 708**	Fair value of cash and cash equivalents	**1 845 212**	1 532 449

36. SEGMENTAL ANALYSIS

The group operates in South Africa.

	GROUP			
	2010		2009	
	R000	%	R000	%
Revenue				
Publishing, printing and distribution	**3 926 753**	**96**	3 921 207	97
Other	**844 542**	**21**	826 224	21
Inter-group sales – Publishing, printing and distribution	**(671 419)**	**(17)**	(698 732)	(17)
– Other	**(12 599)**	**–**	(20 565)	(1)
	4 087 277	**100**	4 028 134	100
Operating income				
Publishing, printing and distribution	**369 711**	**81**	303 687	82
Other	**88 665**	**19**	64 624	18
	458 376	**100**	368 311	100
Other information				
Total assets				
Publishing, printing and distribution	**2 673 271**	**43**	2 524 472	44
Other	**3 503 949**	**57**	3 208 620	56
	6 177 220	**100**	5 733 092	100
Total liabilities				
Publishing, printing and distribution	**812 383**	**66**	655 494	70
Other	**423 301**	**34**	281 757	30
	1 235 684	**100**	937 251	100
Capital expenditure				
Publishing, printing and distribution	**190 680**	**72**	273 930	79
Other	**75 387**	**28**	73 905	21
	266 067	**100**	347 835	100
Depreciation and impairment				
Publishing, printing and distribution	**142 167**	**77**	154 835	76
Other	**41 803**	**23**	48 376	24
	183 970	**100**	203 211	100

37. CAPITAL MANAGEMENT

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2010 and 30 June 2009. The company had no debt during the periods under review.

INFORMATION RELATING TO INTEREST IN SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

Subsidiaries	Activities	Issued capital R	Holding 2010 %	Holding 2009 %	Cost 2010 R000	Cost 2009 R000	Owing* 2010 R000	Owing* 2009 R000
Directly held								
Caxton Publishers and Printers	Holding company	28 234	**100**	100	**1 352 228**	1 352 228	**57 158**	696 414
Darwain Investments	Printing	300	**60**	60	**494**	494		
Highway Mail	Publishing	50 000	**67**	67	**471**	471		
Impala Stationery Manufacturers	Stationery manufacturer	1 000	**100**	50	**–**	–		
Lumedia	Publishing	100	**100**	100	**3 148**	3 148		
Noordwes Koerante	Publishing	250	**90**	90	**–**	–		
Northwest Web Printers	Printing	100	**90**	90	**–**	–		
Raylene Designs	Repro designs	180	**100**	75	**4 452**	4 344		
Ridge Times	Publishing	4 000	**67**	67	**512**	512		
Royal Albatross Properties 2	Property owning	100	**100**	100	**–**	–		
Saxton Investments	Investments	100	**100**	100	**–**	–		
Zululand Observer	Publishing	47	**60**	60	**2 497**	2 497		
Indirectly held								
CTP Limited	Publishing and printing	2 500 718	**100**	100	**–**	–		
CTP Newspapers – Cape	Printing	100	**–**	100	**–**	–		
Direct Stationery UK	Stationery distributors	1 711	**100**	100	**–**	–		
Erfrad 13	Property owning	100	**100**	100	**–**	–		
Highway Printers	Printing	100	**100**	100	**–**	–		
Kagiso Publishers	Printing	700	**100**	100	**–**	–		
Pecanview Properties	Property owning	2	**100**	100	**–**	–		
Project Northwards	Property owning	166	**100**	100	**–**	–		
Rorke Outsourcing	Computer consultancy	100	**100**	100	**–**	–		
The Citizen Limited	Holding company	3 195 161	**100**	100	**–**	–		
The Citizen (1978)	Publishing	3	**100**	100	**–**	–		
Thuthuka Packaging	Printing	14 815	**100**	100	**–**	–		
Tight Lines	Publishing	180	**100**	100	**–**	–		
					1 363 802	1 363 694	**57 158**	696 414
Jointly controlled entities								
MCS Caxton International Press	Distribution	20 000	**50**	50	**–**	–	**210**	–
Mahareng Publishing	Publishing	100	**50**	50	**–**	–	**1 188**	900
Safeway Publishing	Publishing	100	**50**	50	**–**	–	**588**	500
Impala Stationery Manufacturers	Stationery manufacturer	1 000	**–**	50	**–**	–	**–**	–
Remade Publishing	Recycling	100	**50**	50	**–**	–	**943**	943
					–	–	**2 929**	2 343
					1 363 802	1 363 694	**60 087**	698 757

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

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

INFORMATION RELATING TO ASSOCIATED COMPANIES

Associate	Activities	Issued capital R	Holding 2010 %	Holding 2009 %	Cost 2010 R000	Cost 2009 R000	Owing 2010 R000	Owing 2009 R000
Capital Media (Feb)	Newspaper publisher	4	**50**	50	**–**	–	**1 446**	–
Carpe Diem	Magazine publisher	120	**30**	30	**4 729**	4 729	**12**	12
FBC Properties	Property owning	100	**50**	50	**1 352**	1 352	**–**	–
Heraut Publiseerders	Newspaper publisher	100	**50**	50	**189**	189	**982**	1 719
Hutton Trading	Advert delivery	120	**50**	50	**250**	250	**–**	–
Ince Holdings**	Printer	13 000	**16**	16	**787**	787	**–**	–
Leo Kantoor Meubels	Property owning	100	**50**	50	**(7)**	(7)	**–**	–
Lincroft Books (March)	Newspaper publisher	100	**40**	40	**85**	85	**–**	–
Lonehill Trading	Magazine publisher	120	**45**	45	**1 170**	1 170	**1 882**	1 885
Mooivaal Media (March)	Newspaper publisher	25 000	**50**	50	**1 565**	1 565	**–**	–
Overdrive Publishing	Magazine publisher	1 000	**25**	25	**1 250**	1 250	**3 125**	3 640
Pearson Southern Africa (Pty) Limited **	Book publisher	7 500	**15**	–	**261 135**	–	**–**	–
Ramsay Media (Feb)	Magazine publisher	12 000	**30**	30	**30 075**	30 075	**–**	–
Rising Sun	Newspaper publisher	100	**45**	45	**–**	–	**–**	–
Ronain Investments	Property owning	1 000	**50**	50	**33**	33	**9 670**	3 642
Rowaga Properties	Property owning	1 000	**50**	50	**1 175**	1 175	**–**	–
Sentrale Makelaars	Dormant	50 000	**50**	50	**56**	56	**–**	–
Shumani Print Services	Printer	1 000	**49**	49	**3 159**	3 159	**2 655**	2 442
Tambuti Brits	Property owning	100	**50**	50	**–**	–	**–**	–
Tambuti Enterprise	Property owning	100	**50**	50	**143**	143	**–**	–
Tambuti Upington	Property owning	100	**50**	50	**–**	–	**–**	–
Tambuti Vryburg	Property owning	100	**50**	50	**–**	–	**–**	–
Wordsmiths	Newspaper publisher	10 000	**50**	50	**3 750**	3 750	**–**	–
					310 896	49 761	**19 772**	13 340

All are private companies and all are incorporated in the Republic of South Africa.

The financial year ends are June unless otherwise stated.

*** The existence of significant influence is evidenced by representation on the Board of Directors and participation in policy making.*

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

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

	Associated companies 2010 R000	Associated companies 2009 R000	Jointly controlled entities 2010 R000	Jointly controlled entities 2009 R000
Statement of financial position				
Fixed assets	**67 778**	60 060	**1 541**	32 772
Investments and long-term receivables	**4 904**	905	**–**	–
Current assets	**71 668**	50 251	**13 960**	34 397
Total assets	**144 350**	111 216	**15 501**	67 169
Long-term liabilities	**27 910**	17 393	**3 576**	46 290
Deferred taxation	**4 462**	3 322	**(486)**	(492)
Current liabilities	**34 284**	32 221	**8 565**	13 358
Total liabilities	**66 656**	52 936	**11 655**	59 156
Attributable net asset value	**77 694**	58 280	**3 846**	8 013
Statement of comprehensive income				
Turnover	**235 843**	253 122	**20 527**	60 027
Income before taxation	**55 045**	19 799	**3 917**	7 567
Taxation	**(16 345)**	(6 979)	**(1 402)**	(2 060)
Net income for the year	**38 700**	12 820	**2 515**	5 507

NOTICE TO MEMBERS OF CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED (CAXTON)

Share code: CAT
ISIN: ZAE000043345

NOTICE IS HEREBY GIVEN that the annual general meeting of the members will be held in the board room, Caxton House, 368 Jan Smuts Avenue, Craighall Park, Johannesburg on Friday, 3 December 2010 commencing at 10:00 am for the following purposes:

1. To receive and consider the annual financial statements for the year ended 30 June 2010.

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

"THAT in terms of section 221 and 222 of the Companies Act 1973, as amended, 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 Johannesburg Stock Exchange (JSE) Listings Requirements, the unissued shares in the share capital of the company."

3. To approve the payments of emoluments to directors as detailed on page 39 of the annual report.

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

4.1 **Mr Terrence D Moolman** (66) Chief Executive Officer
Founder of Caxton and CTP Publishers and Printers Limited.

4.2 **Mr Gordon M Utian** (64) Managing Director
Mr Utian joined the group as Managing Director in 1996. He brings years of experience in the manufacturing and retail sectors. Mr Utian has held a number of senior executive positions in listed companies, as well as that of Chief Executive Officer and Chairman.

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

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

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

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

- Caxton and the group will be able in the ordinary course of business to pay its debts;
- the assets of Caxton and the group, fairly valued in accordance with accounting policies used in the latest audited report, will be in excess of the liabilities of the company and the group for a period of 12 (twelve) months after the date of this notice of annual general meeting;

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

- the ordinary capital and reserves of Caxton and the group will be adequate for the purposes of the company's and the group's businesses respectively; and
- the working capital of Caxton and the group will be adequate for their requirements."

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

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

The effect of this Special Resolution is to enable the company and/or a subsidiary, by way of a general approval, to repurchase up to a maximum of 20% (twenty percent) of its share capital in any one financial year.

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

- Details of directors on page 3;
- Directors' interest in securities on page 19 (which beneficial interests have not changed since 30 June 2010. There are no non-beneficial interests);
- Major shareholders on page 19;
- Material changes in the nature of the company's trading or financial position post 30 June 2010 on page 19; and
- The share capital note on page 35.

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 directors, whose names have been given on page 3 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.

7. To transact such other business as may be transacted at an annual general meeting.

Shareholders who hold their shares in certificated form or who are own name registered dematerialised shareholders who are unable to attend the annual general meeting but who wish to be represented thereat, are required to complete and return the attached form of proxy so as to be received by the transfer secretaries, Computershare Investor Services (Pty) Limited (70 Marshall Street, Johannesburg, 2001/PO Box 61051, Marshalltown, 2017) or the company at its registered address (28 Wright Street, Industria West Johannesburg, 2093/PO Box 43587, Industria, 2042) by not later than 10:00 am on Wednesday, 1 December 2010.

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

N Sooka
Secretary

Johannesburg
25 October 2010

PROXY FORM

CAXTON AND CTP publishers and printers LIMITED

Share code: CAT
ISIN: ZAE000043345

For use ONLY by certified shareholders and own name dematerialised shareholders at the annual general meeting of Caxton shareholders to be held at 10:00 am on Friday, 3 December 2010, or such later time that may be applicable (the annual general meeting).

I/We print name in full

Of appoint (see note 1)

1. or failing him,

2. or failing him,

3. the chairman of the meeting,

as my/our proxy to act for me/us at the aforementioned annual general meeting of members, which will be held at Caxton House, 368 Jan Smuts Avenue, Craighall Park, Johannesburg on Friday, 3 December 2010 commencing at 10:00 am 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 the annual financial statements for the year ended 30 June 2010			
2. To extend the authority of the directors to allot and issue the unissued shares of the company			
3. To approve the emoluments paid to directors			
4.1 To re-elect Mr TD Moolman as director of the company			
4.2 To re-elect Mr GM Utian as director of the company			
5. To approve the general authority of the company to acquire its own 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 2010

Signature

Assisted by me

(where applicable – see note 7)

Notes

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

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

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

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

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

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

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

8. Forms of proxy must be received by the company at its registered office or the offices of the transfer secretaries, Computershare Investor Services (Proprietary) Limited at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by not later than 10:00 am on Wednesday, 1 December 2010.

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

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

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

ADMINISTRATION

Business address
28 Wright Street
Industria West
Johannesburg, 2093

Postal address
PO Box 43587
Industria, 2042

Registered office
28 Wright Street
Industria West,
Johannesburg, 2093

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

Attorneys
Fluxmans Inc.
11 Biermann Avenue
Rosebank
Johannesburg, 2196

Bankers
First National Bank
Bank City, Johannesburg, 2001

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

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

Company registration number
1947/026616/06

CAXTON AND CTP publishers and printers LIMITED