CAXTON & CTP publishers & printers LIMITED

Integrated Annual Report 2014

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

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

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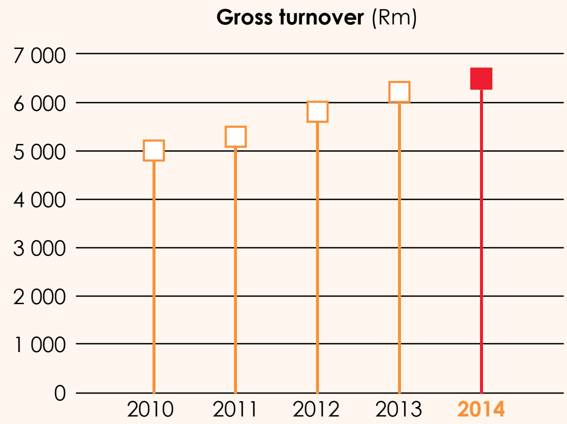
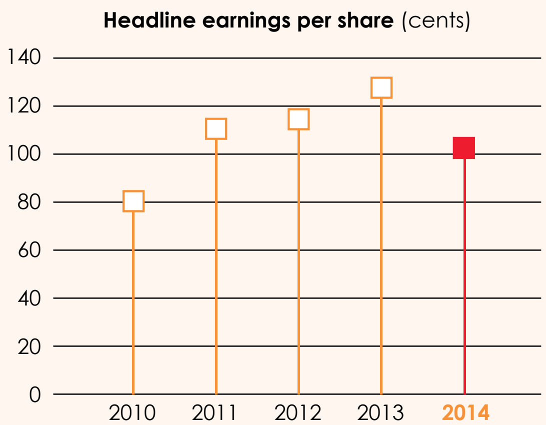
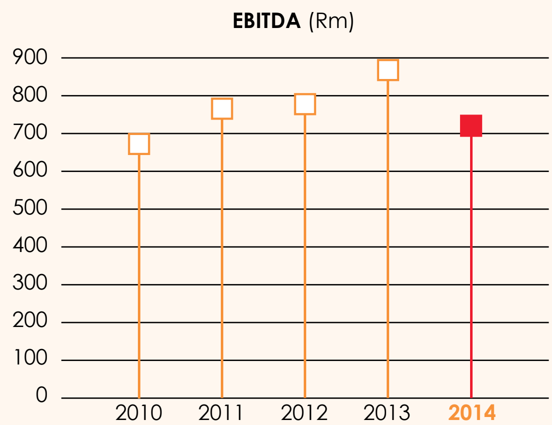
HIGHLIGHTS

- Turnover ***R6 250 million***
- Profit before tax ***R565 million***
- Cash generated by operations ***R750 million***
- Cash resources ***R2 222 million***







HIGHLIGHTS – FIVE YEARS TO 30 JUNE 2014

		2014 Rm	2013 Rm	2012 Rm	2011 Rm	2010 Rm
STATEMENTS OF COMPREHENSIVE INCOME AND CASH FLOW						
Gross revenue		**6 250**	5 984	5 569	5 056	4 771
Operating profit before depreciation and amortisation		**690**	837	747	735	642
Finance income		**104**	105	109	134	154
Earnings attributable to owners of the company		**427**	491	437	463	354
Headline earnings per share	(cents)	**98**	123	110	106	76
Cash generated by operations		**750**	847	788	749	625
STATEMENTS OF FINANCIAL POSITION						
Shareholders' equity		**5 029**	5 397	4 899	5 064	4 942
Total assets		**6 319**	6 691	6 070	6 142	6 177
Cash and cash equivalents		**2 222**	1 418	1 809	1 601	1 845
OTHER INFORMATION						
Weighted average number of shares in issue	(000s)	**406 494**	422 657	416 999	457 252	465 987
Net asset value per share	(cents)	**1 283**	1 277	1 175	1 107	1 060
Number of employees		**6 053**	6 025	5 910	5 850	5 652

DIRECTORATE

EXECUTIVE

TD Moolman (70) **(Chief Executive Officer)**
Terry is the founder of Caxton and CTP Publishers and Printers Limited.

TJW Holden (50) **BCom, CA(SA) (Managing Director)**
Tim joined the group as group general manager: finance in 2003 and was appointed as a financial director in 2006 and as managing director in August 2014. He is a qualified chartered accountant and has had a number of years' experience in the retail and manufacturing industries. Tim has been the financial director of a number of companies. In addition, he has also held a number of senior and executive operational posts within these companies.

PG Greyling (57) **BCom, BCompt (Hons)**
Piet is a former chartered accountant who spent most of his earlier career in the accounting and auditing profession. He joined the group in 1992 and is currently CEO of the group's newspaper division.

NON-EXECUTIVE

PM Jenkins* (Chairman) (55) **BCom, LLB**
Paul qualified at Randse Afrikaanse Universiteit in 1981 with a BCom and LLB degree and was admitted as an attorney and notary in February 1986. He became a partner of Webber Wentzel in 1988 and left his position as senior commercial legal partner in 1999 to join the Johnnic group full time. In this capacity he served as a director of numerous listed companies and was CEO of Johnnic Entertainment. He is currently self-employed and provides business and legal advisory services to a select group of clients.

ACG Molusi* (52) **BJournalism, MA**
Connie has been involved with the media industry for many years and holds a number of directorships.

NA Nemukula* (59)
Albert qualified as a teacher and has a marketing sales diploma. He has taught at various high schools and was responsible for marketing and publishing at Juta & Co.
He has several business interests in publishing and printing, jewellery and retail stores.

T Slabbert* (47) **BA, MBA**
Tania joined WDB Investment Holdings in 1999 and has been the CEO for the past 10 years, building up and managing a portfolio of investments to support the WDB Group's mission of economic development of rural women entrepreneurs in South Africa. Before joining WDB, Tania spent four years in the diplomatic corps, working in the political division of the South African embassy in Paris, France. Prior to this, she spent a number of years in West Africa working in the NGO sector where her focus was on economic development policies and their implementation. As well as being a director of WDB Investment Holdings, other directorships include BP South Africa, the Bidvest Group and Discovery Holdings.

GM Utian (69)
Gordon joined the group as Managing Director in 1996.
He brings years of experience in the manufacturing and retail sectors in both the FMCG and printing and publishing industries. Mr Utian has held a number of senior executive positions as well as that of chairman.

J Phalane* (39) **BA, LLB, LLM , MCom** (Tax)
Jack Phalane qualified as a teacher in 1996. After qualifying as a teacher he went on to study at Wits University where he graduated with BA, LLB, and LLM degrees. He also obtained an MCom (Tax) degree from the North-West University (Potchefstroom) in 2006. He became a partner at Fluxmans in 2007. He practices as a commercial attorney at Fluxmans, specialising in Mergers and Acquisitions. He is also a member of the Tax Board Panel.

* *Independent non-executive*

MANAGING DIRECTOR'S REPORT

GROUP PERFORMANCE

Earnings

The company remains in a strong financial position with cash and cash equivalents amounting to R2,2 billion compared with R1,4 billion in the prior period. Particularly pleasing was that cash generated by operating activities of R696,5 million is marginally down on the prior year notwithstanding the decline in profit from operating activities.

The trading environment has been difficult. The large drop in the Rand resulted in the cost of raw materials and consumables increasing substantially by 15,9% and this, combined with limited revenue growth of 4,5%, led to a decline in earnings per share of 9,6%. Staff costs that increased by 9,6% were impacted with once-off costs associated with the restructure of the commercial printing divisions and provision for the costs associated for the re-instatement of previously dismissed employees. Operating expenses have been well controlled and have remained at similar levels to the previous reporting period.

Operating profit was lower at R690,2 million, a decrease of 17,6%. Depreciation increased from R241,6 million to R259,7 million. The reassessment of the value of the company's plant and equipment in light of recent events and trends resulted in an impairment of R384,7 million with a goodwill impairment amounting to R74,9 million. The sale of the shares in Pearson Southern Africa and Times Media Group Limited resulted in a profit of R470,1 million. Net finance income of R104,5 million was slightly lower. Income from associates shows a decrease to R19,5 million from R22,4 million.

Profit before taxation decreased from R663,4 million to R564,9 million, a decline of 17,8%. Taxation, at a rate of 22,9% (26,7% in the previous year) mainly as a result of capital gains, absorbed R129,1 million, which resulted in profit after taxation amounting to R435,8 million – a decrease of 14,9%.

The number of shares in issue reduced from 422 657 088 to 391 827 651 ordinary shares, a decline of 7,3%, (on a weighted average basis the number of shares in issue are 406 494 088, a decline of 3,8%), mainly as a result of the sale of the company's Element One Limited shares in consideration for cash and shares in the company, which were subsequently cancelled. Earnings per share were 105,0 cents, down by 9,6% and headline earnings were 98,4 cents per share, down by 19,8%.

Capital expenditure and investments

The company has commissioned a gravure press in Durban and is busy with another new gravure press installation that is likely to be completed by the end of the calendar year at the same site.

During the financial year the following investments have been made:

- The acquisition of 51% of the equity of Mega Digital (Pty) Limited a short run digital printer based in Cape Town.
- The acquisition of 100% of Habari Media (Pty) Limited a digital advertising sales agency.
- The Competition Authorities have approved the acquisition of the remaining 70% of the shares in Ramsay Media (Pty) Limited a magazine publisher in which the company holds an existing 30% of the equity.
- The company has concluded the acquisition of the Carton and Label division of Nampak with effect from 1 August 2014. The expected purchase price is in the region of R308 million with an adjustment depending on the Net Asset Value of the effective date accounts.

DIVISIONAL PERFORMANCE

Publishing, printing and distribution

Newspaper Publishing and Printing

Worldwide, the biggest challenge for newspapers is to remain relevant in today's volatile media environment. Circulation and readership in the daily newspaper industry in particular has dropped precipitously in most western countries. Following the global trend, daily newspapers' circulation in South Africa has shown an average decline of 15,9% since 2010. This in turn has led to a declining trend in both revenue from copy sales and advertising. We are fortunate that the these circumstances have not had the same effect on the local newspaper market in which the company mainly operates.

For the local newspapers in the group, the past year was one of two distinct halves – a relatively buoyant first half but an increasingly sluggish second one which took its toll as the contraction of the economy gathered steam. The net result was a small decline in the division's profit compared to a year ago. Towards the end of the financial year we have fortunately seen some signs that might suggest that on the advertising and ad-spend front, the worst may be over.

The Citizen, the only daily in the Caxton stable, is no exception, and its circulation has decreased by 13,4%, doing slightly better than the average trend. The good news is that subsequent to the redesign in August 2013, its copy sales stabilised from October onwards. The redesign included all digital platforms, and the latter showed a very healthy growth of almost 500% in unique visitors since January 2014. The Citizen also managed to buck the trend in the declining advertising performance of daily newspapers by gaining market share. Looking ahead the challenge will be to translate online readership into advertising revenue but the progress already made in this area is reason for optimism.

Albeit impacting negatively on our bottom line at the moment, our accelerating investment in digital is deepening and expanding our relationships with our communities. Excellent progress was made over the past year and the more than 70 news brands now up and running on the various digital platforms are showing very promising growth in unique visits and page-views. More sites, and verticals in shopping, cars, property and classifieds will be rolled out in the year ahead as our local newspaper hubs move more decisively from being print only, to multi-media players.

The newspaper print factories have performed relatively well, notwithstanding a decline in the throughput mainly as a result of a decline in the number of copies and pages printed under contract for third parties. In the light of this decline, which is forecast to continue, a decision was taken to impair the investment in the equipment of mainly the Johannesburg and Parow print factories which undertake the bulk of the contracted printing for outside publishers.

Magazine Publishing and Distribution

The magazine industry continues to be affected by tough trading conditions. The difficult economic climate has left consumers with less disposable income and this, together with the growth of digital platforms and free online content, has impacted on print circulations. Printing costs have increased largely due to the weak Rand. Investment in a digital strategy, including strong editorial content, has ensured a growth in the availability of the magazine brands across multiple platforms and an increase in digital subscriptions. While advertising spend in print has declined overall, the division's growing online audience is helping to provide advertisers with a 360 degree ability to reach consumers.

The company's magazine distribution company, RNA, has had a difficult year in which the combination of volume decline and margin pressure combined with increasing transport costs has meant a decline in profitability. This has partly been offset by the fact that additional customers have been secured in the CD and DVD distribution division and with a new large customer being secured for the upcoming trading year, this division will improve profitability.

COMMERCIAL PRINTING

Web and Gravure

The past year has been a very tough one for this division. An oversupply of print capacity in the country coupled with a general decline in the economy which affected consumer spend and retailers' advertising budgets has led to a substantial decline in throughput volumes on the presses operated in both the web and gravure business units of the group. In addition to this, this division also had to deal with higher than inflation escalations in operating costs, and increases in raw material costs due to the decline in the value of the Rand which could not be fully recovered from the customers. The result of all this was a substantial decrease in the profits of the division. In the light of this a decision was taken to rationalise the print facilities and factories owned by the division.

The litho printing factory in Denver operating under the banner of Kagiso BM Litho is in the process of being merged with CTP Web Printers in Isando and on completion, the Kagiso factory will be closed down. Following the additional gravure printing capacity created through the investment in additional gravure presses (which have been and are in the process of being installed at the CTP Gravure factory in Prospecton), the gravure division in Johannesburg will also be closed down. This rationalisation will be completed towards the end of December 2014 and it is anticipated that substantial savings will be made by reducing overhead costs and profitability will be improved through better capacity utilisation.

Book Printing

This division produced good results for the year, although the timescales for delivery demanded from the various provincial education departments and, in turn, from education publishers, placed capacity under enormous pressure during the first quarter of the financial period.

Subsequently, the division has seen a reduction in volumes and, as a direct result, increased margin pressure due to excess market capacity.

The implementation of the new curriculum was completed during this period and the lack of predictability in the education market for the forthcoming year creates a number of challenges.

The division is focused on a process of continuous improvement, which together with planned investments in new technology, will result in improved efficiencies and productivity and ensure that the division remains a leader in this market sector.

OTHER

Packaging and Stationery

Excellent results were achieved by the Packaging division where the benefits of past acquisitions have been fully realised. This area has shown growth and, with the Nampak Carton and Label division acquisition, will be an area of focus and growth into the future. The company will be on the continual lookout for other opportunities to expand these operations.

MANAGING DIRECTOR'S REPORT

continued

Although these divisions have been faced with continued margin pressure, due to rising input costs on the back of a weak currency, this has been offset by securing increased volumes. This is testimony to the service and quality these divisions have provided.

Stationery manufacturing has continued to be a difficult and unprofitable operation for the company and the decision has been made to close the manufacturing operation in Ladysmith.

DIVIDEND

The board has declared a dividend of 60,0 cents (2013: 55,0 cents) (gross) (net 53,23163 cents (2013: net 47,96730 cents)) per ordinary share and a preference dividend of 490,0 cents per share (2013: 450,0 cents) (gross) (net 418,73163 cents (2013: net 383,71730 cents)) for the year ended 30 June 2014.

PROSPECTS

In the volatile business climate which prevails currently, the company is subject to many factors outside its control. Furthermore, the reported woes of the newspaper industry, with declining circulations of paid for daily newspapers, affect printing revenue negatively. The company is fortunate that the local and community newspaper publishing environment has not experienced the same decline. Every effort is being made to remedy the decline of the current year. The company has diversified operations, substantial cash reserves and is well positioned for the future. The packaging division, with the Nampak acquisition, holds future opportunities, after the integration process has been completed.

TJW Holden
Managing Director

Johannesburg
29 October 2014

TEN-YEAR REVIEW – SALIENT FEATURES

		2014	2013	2012	2011	2010	2009	2008*	Restated 2008	2007	2006	2005
Gross turnover	(Rm)	**6 250**	5 984	5 569	5 056	4 771	4 747	4 804	5 108	4 752	4 193	3 826
Profit before taxation	(Rm)	**545**	686	633	672	510	495	788	876	830	734	648
Profit from operating activities after depreciation before impairments	(Rm)	**430**	596	520	546	471	410	646	727	705	614	556
Weighted average number of shares in issue during the period	(000s)	**406 494**	422 657	416 999	457 252	465 987	465 995	470 990	470 990	480 328	464 733	453 450
Earnings per ordinary share	(cents)	**105**	116	105	101	76	181	128	139	127	112	98
Diluted earnings per share	(cents)	**105**	116	110	101	76	181	128	139	127	112	97
Diluted headline earnings per share	(cents)	**98**	123	110	106	76	87	124	135	122	109	95
Dividends per ordinary share	(cents)	**60**	55	50	40	40	40	52	52	50	45	40
Dividend cover	(times)	**1,7**	2,1	2,1	2,5	1,9	4,9	2,7	2,7	2,5	2,5	2,5
Ordinary shareholders' equity	(Rm)	**4 976**	5 347	4 856	5 031	4 917	4 774	3 821	3 911	3 766	3 296	2 642
Net current assets	(Rm)	**2 833**	2 075	2 371	2 263	2 268	2 193	1 582	1 662	1 500	1 120	1 381
Net asset value per share	(cents)	**1 283**	1 277	1 175	1 107	1 060	1 029	815	835	787	683	588
Number of employees		**6 053**	6 025	5 910	5 850	5 652	5 664	5 874	6 033	5 959	5 776	5 255

* *Excluding discontinued operations*

SUSTAINABILITY REPORT

APPROACH TO SUSTAINABILITY

Caxton and CTP Publishers and Printers Limited has, for a number of years, adhered to the precepts of socially responsible investment and has previously been recognised for its efforts in this regard. Our integrated annual report reflects our progress in making a positive contribution to our shareholders, customers, suppliers, employees and local communities.

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

SCOPE OF REPORT

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

Sustainability performance in this report spans the 12 months from July 2013 to June 2014.

STANDARDS AND CERTIFICATION

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

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

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

EMBEDDING SUSTAINABILITY

Our approach to sustainability has a direct impact on the bottom line and we recognise that failure on our part to manage risks could have an adverse effect on performance, results and our reputation.

Committees

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

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

HEALTH, SAFETY AND ENVIRONMENT

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

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

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

Employee wellness

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

Employee relations

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

Environment

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

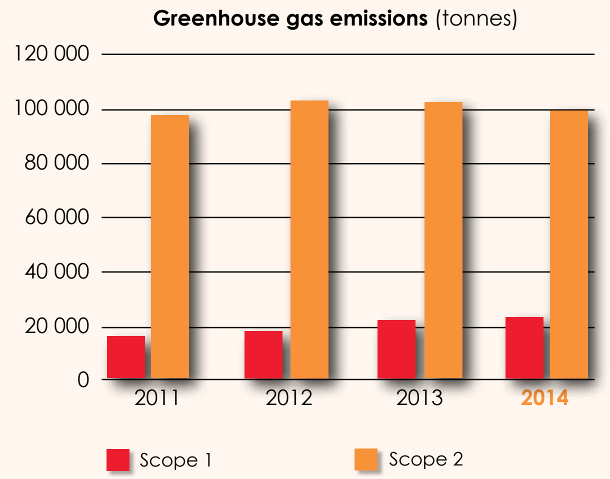
Greenhouse gas emissions

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

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

We are proud to advise that overall emissions decreased by 1,6% during the current financial year. This decrease is gratifying and is as a consequence of our emission reduction initiatives.

Our greenhouse gas emissions for 2013/2014 were:



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

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

During the past financial year our factories have continued with the programme of replacing light fixtures with energy-saving fittings and are engaged with Eskom's IDM program on their co-operative initiative to promote further reductions in electrical use.

Our head office building in Craighall was fully refurbished and in doing so, we ensured that we implemented the most up to date green technologies.

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

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

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

The Transformation Committee, headed by the Group Managing Director and with senior management representatives, meets on a monthly basis to initiate and review programmes in line with the company's vision and operational requirements.

The Transformation Committee ensures that current programmes lead to the ongoing improvement of the company's employment relationships and its contribution to the educational development of its employees. It also reviews the effectiveness of the Group affirmative action strategy on creating opportunities that will enable previously disadvantaged employees to prepare themselves to occupy more skilled and responsible positions within the organisation.

CTP Limited's BEE level was increased from Level 5 to Level 4, with value-adding vendor status. The expectation is that the company will obtain a Level 3 BEE rating in October 2014 with VAV status, that will equate to 137,5% procurement spend recognition for the company's clients.

The Revised Codes of Good Practice will come into effect in May 2015. The proposed changes will have a significant impact on future BEE ratings of all companies in SA due to changes in points awarded for the five elements, as well as points required for different levels.

Strategies are being put in place while we wait for government to clarify areas in the Revised Codes. Specific requirements in the Revised Codes are out of the company's control, for example, whether suppliers will meet the criteria of Empowering Supplier. Without this requirement on a BEE certificate of a supplier, the certificate cannot be used for the Preferential sub-section of the Enterprise and Supplier Development element.

The Group policies are undergoing constant reviews to ensure they meet new regulatory requirements and provide the necessary guidance in procedures and practice.

Legislative compliance, including Employment Equity Reporting, Employment Equity Plans and Skills Development Plans are monitored to ensure that the company is on track to meet the required targets.

Ownership

The company reviewed its listed Black Ownership as at July 2014. As a result, a Black Ownership percentage of 18,9% was obtained, with a Black Female Ownership of 6,44%.

Employment equity and management control

The company has continued with the process of completing job profiles for all job titles, with accurate Peromnes evaluation per position.

There have been changes to legislation, including amendments to the Employment Equity Act, the release of new Employment Equity Regulations, the Basic Conditions of Employment Act and the Labour Relations Act. The company is reviewing its existing service level agreements with labour brokers to ensure that the agreements are in line with new requirements.

New stipulations with regard to the content of the different workplace Employment Equity Plans have been included in the plans that will be renewed from 2015 – 2017.

Legislative changes will require a review of existing policies, practices and procedures which will result in the company not only meeting compliance and reporting requirements, but also to foster improved employee relations.

A revised Disciplinary, Incapacity and Grievance policy has been implemented. A new policy to address improved wellness in the company, namely a Substance Abuse policy will be in place by October 2014. This policy will ensure that Caxton continues in its efforts to ensure a world-class working environment for its employees, contractors and clients.

Despite various initiatives to attract a more diversified workforce into the company, such as the CTP Graduate Programme, the retention of Black females continues to be a challenge.

Broad Based Black Economic Empowerment will require in future that reporting on employment equity is broken down per race and gender and that Black employees are no longer measured against specific targets in the Codes but are based on the economically active population statistics. This will also have an impact on the Group's future recruitment targets as Black no longer refers to a consolidation of African, Coloured and Indian employees. Each race now has to comply with specific targets per gender.

Skills development
The company has continued its commitment to developing the skills and knowledge of its employees. This is demonstrated in the marked increase in training spend from previous years. Overall training spend has increased from 2013 and this is a testimony to the Group's ongoing commitment to developing its workforce to meet the technology changes that the industry faces and management challenges.

The company focuses on programmes such as apprenticeships, learnerships, and bursaries for employees. The CTP Graduate Programme also provides opportunities for recent graduates to receive on-the-job work experience.

The CTP Bursary Programme has been running since 2011. Currently there are five employees who are completing Masters' programmes and one employee who is completing a Doctorate. Bursaries are awarded to employees who are earmarked for further development and focus on courses at NQF Level 6 (National Diploma) or higher.

The CTP Graduate Programme has appointed a total of 38 graduates since July 2011. 97% of these appointments have been for Black employees of which 68% have been Black females. The graduates are appointed at various divisions in disciplines ranging from photography, to journalism, engineering, financial management and marketing. Each graduate is placed with a mentor who provides support, guidance and practical exposure to the workplace. A monthly report is completed as well as quarterly performance reviews. In previous years, a near 100% permanent placement rate of graduates completing the year has been attained. Career path progress remains a challenge in order to retain the graduates past the first year of permanent employment due to the more attractive remuneration offers made in other sectors for their skills.

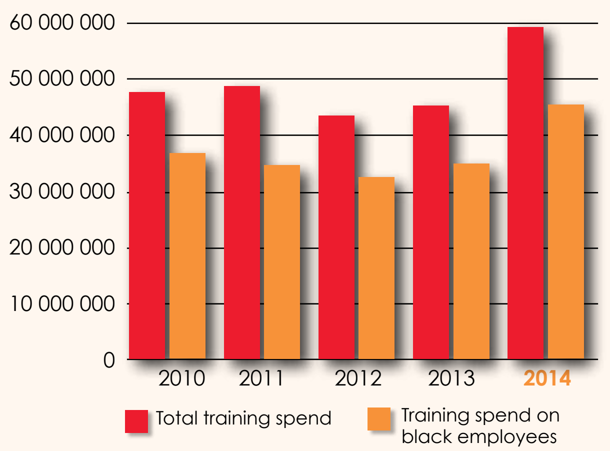
CTP Printers' (Cape Town) Managing Director was instrumental in the development of the Printing and Packaging Bridging Programme. This programme has been developed in conjunction with Paarl Media and with the financial support of the Fibre Processing and Manufacturing SETA for the pilot programme. The aim of this new programme is to address the scarcity of candidates applying for apprenticeships in the printing and packaging industry. This programme is recognised as an entry level qualification into any of the printing and packaging apprenticeships and related qualifications.

This division also initiated the development of a new curriculum for the bookbinding trade that will form part of the Quality Council for Trade and Occupations new curriculum for apprenticeships.

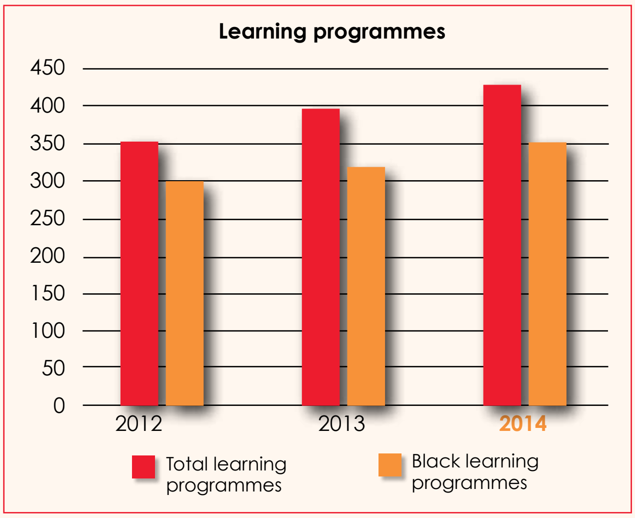
Many divisions are also involved in the updating of in-house training programmes that augment the existing training materials of external training providers to further enhance the quality of training received by employees. Where updated training material is not available in the industry, internal trainers and training material developers are at the forefront of initiating world-class content for training programmes. Industry specific in-house training programmes are also being developed for advertising and sales representatives, community newspaper reporters, and computer to plate operators.

The Revised Codes of Good Practice require 6% SDL spend as a minimum target for the next financial year. Currently the company reaches 73% of that new target, but training spend is now race and gender based and measured, and no longer as an overall percent of Black employees. This will lead to a refocus of training spend to specific race groups and gender as opposed to training driven by specific operational needs.

Training spend (Rand)



The increase in the number of overall learning programmes for the company is an indication of the priority of these categories of skills development and training for the workforce. The combination of theoretical and practical training remains the dominant success factor for most employee training and development programmes and reflects the needs of this specific industry.



Challenges remain, including reduced funding from the Fibre Processing and Manufacturing SETA for crucial training interventions such as apprenticeships, learnerships and skills programmes.

Preferential procurement
The use of BEE-accredited suppliers continues to assist the company in reaching full points on spend with Generic, Qualifying Small Enterprise and Exempted Micro Enterprise suppliers. The identification of greater than 30% Black Female-owned businesses within the supply chain remains a challenge.

Linking a company's supply chain management with black empowerment will become even more important in future. The revised codes that come into effect in May 2015 will result in Enterprise Development and Supplier Development to only benefit more than 51% Black-owned companies or more than 30% Black Female-owned companies with a turnover of less than R50 million.

The requirement to be an empowering supplier before recognition can be given to clients for the Preferential Procurement from 2015 onwards can lead to suppliers deciding to no longer obtain a BEE audit, because without having an empowering supplier status, no client can use the BEE certificate for Preferential Procurement purposes. The company will engage with its largest suppliers during the 2014/2015 financial year to gauge the impact of this new requirement on its Preferential Procurement score.

Enterprise Development
There has been an overall increase in enterprise development spend after a slight decrease in the previous financial year. The company's focus continues to be on assisting smaller suppliers, with a turnover of less than R35 million, in their cash flow, and providing distributors with administrative support, insurance, and reliable transport.

The Revised Codes of Good Practice will require a new strategy for the company and various initiatives are currently under consideration for implementation in 2015.

Socio-Economic Development
Spending on Socio-Economic Development has increased year on year for the past three years. This is a testament to the company's ongoing commitment to reaching out to needy organisations and communities. The initiatives focus on supporting various charities and schools within the geographical areas in which the company operates, the homeless and HIV/AIDS organisations.

A few examples of SED initiatives at individual divisions are:

SA Litho
Peninsula School Feeding – in 2012 this division commenced its relationship with Peninsula School Feeding Association by adopting Ravensmead Secondary School's Feeding Project and covering the full costs of it. The division continued the relationship in 2013 and will do so again in 2014. At the same time, SA Litho also started a mentorship programme within the school whereby Grade 11 pupils get exposed to activities that they would otherwise not experience and it also gives the division an opportunity to provide some leadership and guidance to children from the community. SA Litho has now also initiated a recruitment programme within the 2014 matriculants to expose them to the printing industry and possible employment opportunities that exist.

CTP Printers Cape Town
CTP Printers Cape Town wanted to develop a long-term partnership with a charity organisation. Employees nominated Tehillah Community Collaborative which is a registered non-profit organisation working in the Elsies River community, where a large number of the employees live. They are a 24-hour multipurpose centre rendering holistic services towards socio-economic challenged situations in the area. They provide an open door to those who fall victim to abuse and have a sound reference of effective and efficient service rendered for the last 15 years.

CTP Flexibles
Some of CTP Flexibles' initiatives included soup kitchens, donation of plastic book covers, providing blankets to the poverty stricken community and care for the terminally ill and their families.

RNA Distribution
RNA contributes monthly towards a school feeding scheme within the area in which it operates, and magazines are donated to two primary schools to encourage literacy amongst the youth.

Caxton Newspapers

Caxton Newspapers continues to provide specific identified charities with free advertising, and one of the regional newspapers, namely Lowveld Media, made a significant contribution towards the building of kitchen for a local school.

Other

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

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

The company has committed the group resources and all of its publications to provide SANParks with print and digital media support, publicity and exposure. In addition, a seasonal publication, the SANParks Times, with a current print order of 160 000 copies, was launched in September 2012. The product is available for free to the public, and is distributed by RNA Distribution to all national parks and a selection of over 300 strategically situated points in South Africa. The electronic magazine was launched in 2013, and is available at www.sanparkstimes.co.za.

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

CORPORATE GOVERNANCE AND RISK MANAGEMENT

KING III

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

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

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

The ultimate controlling shareholder of the company is Mr TD Moolman, who is also the Chief Executive Officer ("CEO") of the company. The executive directors of the company advise on, develop and implement the company's business strategy, in conjunction with the Board. By virtue of Mr Moolman's control of the company and him being the CEO, Mr Moolman has a significant influence on the strategic direction of the company.

BOARD OF DIRECTORS

The Board of Directors currently comprises nine directors. A majority of these directors is non-executive and, in turn, a majority of the non-executive directors, including the chairman, is independent.

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

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

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

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

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

Attendance at Board meetings

	Nov 13	Feb 14	May 14	Aug 14
PM Jenkens	✓	✓	✓	✓
TD Moolman	✓	✓	✓	✓
GM Utian#	✓	✓	A	A
PG Greyling	✓	✓	✓	✓
TJW Holden	✓	✓	✓	✓
ACG Molusi	✓	✓	✓	✓
NA Nemukula	✓	✓	✓	✓
T Slabbert	✓	✓	✓	✓
P Vallet*	LoA	LoA	LoA	R

A: Apology
LoA: Leave of absence
R: Retired
 # Mr Gordon Utian retired as an executive in March 2014 and became a non-executive director.
** Mr Phil Vallet retired from the Board, after year-end.*

The company is indebted to both of them for their sterling contribution to Caxton in the positions they held.

Subsequent to year-end, Mr Jack Phalane, a partner at Fluxmans Inc, has been appointed to the Board to replace Mr Vallet.

The Board of Directors has the following sub-committees:

Audit and Risk Committee

The Audit and Risk Committee comprises independent non-executive directors only, in compliance with King III. The Audit and Risk Committee is separately nominated for appointment by the shareholders in compliance with the Companies Act.

The Audit and Risk Committee has discharged all of those functions delegated to it in terms of its Charter and its terms of reference, and as envisaged in terms of the Companies Act.

During the period under review, the Audit and Risk Committee:

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

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

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

(d) confirmed the 2014 financial year audit plan;

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

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

(g) reviewed and evaluated the risks facing the company and satisfied itself that management has put plans and steps in place for the mitigation of these risks across the company.

The Audit and Risk Committee has considered and has satisfied itself of the appropriateness of the expertise and experience of the financial director, Mr TJW Holden.

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

Attendance at Audit Committee meeting			
	Nov 13	Feb 14	Aug 14
T Slabbert	✓	✓	✓
ACG Molusi	✓	✓	✓
NA Nemukula	✓	✓	✓

Remuneration Committee

The Remuneration Committee comprises Mr TD Moolman and, Mr PM Jenkins. The Remuneration Committee reviews senior executive management salaries and performance incentives.

Remuneration Policy

It is the policy of the company to remunerate its employees fairly, against the background of ensuring that employees have stable and equitable prospects in the company. The company is committed to the retention of its staff members who serve it well and share the company's and its controlling shareholder's philosophy and commitment to the company's value systems. The company accordingly, does not aim to attract short-term employees with the highest remuneration in the market, but seeks to reward loyalty in the long term. In considering remuneration, factors such as the industry benchmarks, the levels of skill, the demand and supply for jobs in the particular sector and employment level, the interests of the employee and the affordability to the company are all taken into account. The company's approach to remuneration is modest and conservative.

Attendance at Remuneration meeting	
	Oct 14
TD Moolman	✓
PM Jenkins	✓

The fees of non-executive directors and the Chief Executive Officer's remuneration are increased annually by the average baseline percentage increase in remuneration applicable to the company, subject to adjustments where duties or responsibilities are increased. Such increases, if any, are industry aligned.

The remuneration of the executive directors is based on applicable industry benchmarking, and the financial performance of the company at operating profit level, and is subject to review by the Remuneration Committee.

A formal share incentive programme is currently under contemplation for senior executives, excluding the CEO. This is in addition to the short-term bonuses of executives that are determined each year based on performance, and long-term bonuses indexed to share price performance.

Social and Ethics Committee

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

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

During the year under review, the Social and Ethics Committee met once and reviewed the company's report and progress on employment equity, B-BBEE, sponsorships, contribution to development of communities and media diversity. The committee proactively engages with management and assists in setting strategic direction for the company in the matters for which it is responsible. The committee is satisfied with the performance of the company in the year under review, although, the company seeks to redouble its efforts in promoting diversity in the workplace, transformation and media diversity.

Attendance at Social and Ethics Committee meeting	
	Feb 14
TM Jenkins	✓
J Edwards	✓
TJW Holden	✓
N Sooka	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman and Chief Executive Officer are separate.

EXECUTIVE MANAGEMENT

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

INTERNAL CONTROL AND INTERNAL AUDIT

The company maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for the assets of the company and its stakeholders. These controls are based on established policies and procedures and are implemented by trained personnel with an appropriate segregation of duties.

All employees are expected to maintain the highest ethical standards in a manner which, in all reasonable circumstances, is above reproach.

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

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

EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT

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

GOING CONCERN

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

COMPANY SECRETARIAL AND PROFESSIONAL ADVICE

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

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

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

CODE OF CONDUCT

Ethics

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

Whistleblowing

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

Conflict of interest

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

Stakeholder engagement

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

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

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

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

Staff members receive regular company and divisional newsletters and communications.

RISKS MATRIX AND RISK MITIGATION

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

Risk identification is done by each operating unit, including the potential impact and the actions taken to mitigate such risk. This process is then consolidated and reviewed by the Audit and Risk Committee to ensure that steps are taken to minimise risks or to ensure that compensating steps are implemented. Some of the key risk areas are tabled on page 16.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

continued

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

ANNUAL FINANCIAL STATEMENTS

CAXTON&CTP publishers & printers LIMITED

CONTENTS

STATEMENT OF RESPONSIBILITY AND APPROVAL BY THE BOARD OF DIRECTORS

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

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

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

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

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

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

The directors have reviewed the company and the group's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors Grant Thornton (Jhb) Inc. are responsible for independently auditing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditors and their unqualified report is presented on page 20.

The preparation of the annual financial statements was supervised by the Financial Director, T Holden, B.Com, CA(SA).

The annual financial statements set out on pages 21 to 60, which have been prepared on the going concern basis, were approved by the Board of Directors and are signed on its behalf by:

TJW Holden
Managing Director

TD Moolman
Chief Executive Officer

Johannesburg
29 October 2014

DECLARATION BY COMPANY SECRETARY

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

N Sooka
Company Secretary

Johannesburg
29 October 2014

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED

Report on the financial statements

We have audited the consolidated and separate financial statements of Caxton and CTP Publishers and Printers Limited set out on pages 21 to 60, which comprise the statements of financial position as at 30 June 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Caxton and CTP Publishers and Printers Limited as at 30 June 2014, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2014, we have read the Directors' Report, Audit Committee's Report and Declaration by Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Grant Thornton (JHB) Inc.

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

Paul Badrick
Director
Chartered Accountant (SA)
Registered Auditor

42 Wierda Road West
Wierda Valley
2196

29 October 2014

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, the replication and distribution of CDs and DVDs 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 R265,4 million to R6 250 million (2013: R5 984 million). Profit from operating activities before depreciation and impairment decreased by R147,3 million to R690,2 million (2013: R837,5 million). Net finance income received amounted to R103,1 million (2013: R104,2 million) with capital expenditure during the year totalling R396 million (2013: R356 million). Net cash resources amounted to R2 222 million (2013: R1 418 million).

ORDINARY DIVIDEND

An ordinary dividend of 60,0 cents (2013: 55,0 cents) (gross) (net 53,23143 cents (2013: net 47,96730 cents)) per ordinary share was declared on 26 August 2014 payable to shareholders registered on 24 October 2014.

PREFERENCE DIVIDEND

A preference dividend of 490,0 cents per share (2013: 450,0 cents) (gross) (net 418,37163 cents (2013: net 383,71730 cents)) per share was declared on 26 August 2014 payable to shareholders registered on 24 October 2014.

SHARE CAPITAL

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

SUBSIDIARY COMPANIES

Particulars of subsidiary companies are set out on page 61. The aggregate attributable interests of the company in the after tax profits and losses of the subsidiaries were:

	2014 R000	2013 R000
Profits	**81 036**	452 163
Losses	**(45 298)**	(18 058)
	35 738	434 105

DIRECTORATE AND SECRETARY

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

Mr T Holden, who is the Financial Director, was appointed as the Group Management Director on 26 August 2014. In due course, Caxton will identify and appoint a Financial Director and Mr Holden will then relinquish that position.

DIRECTORS' SHAREHOLDING

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

Directors	2014 Direct	2013 Direct	2014 Indirect	2013 Indirect
PG Greyling	**1 325 000**	1 325 000	**–**	–
TJW Holden	**–**	–	**170 225**	170 225
TD Moolman*	**–**	–	**3 342 470**	13 093 804
GM Utian	**–**	200 000	**42 174**	1 350 000
Total	**1 325 000**	1 525 000	**3 554 869**	14 614 029

The Moolman & Coburn Partnership, through various intermediate companies controlled by it, controls Caxton Holdings Proprietary Limited, which holds 42,28% of the issued ordinary shares of Caxton and CTP Publishers and Printers Limited. The Moolman & Coburn Partnership and its intermediate companies control an additional 5,10% and its associates acting in concert hold a further 1,11% of the issued ordinary shares of Caxton and CTP Publishers and Printers Limited. It therefore controls a total of 48,47% of the issued ordinary shares of the company.

* During the 2014 financial year, Mr TD Moolman exchanged 10 million Caxton shares for shares in an intermediate company.

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

SHAREHOLDER SPREAD

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

	Number of shareholders	Percentage of shareholders	Number of shares held	Percentage of shares held
Non-public shareholders				
Directors of the holding and subsidiary companies	**7**	**0,17**	**6 450 840**	**1,65**
Shareholders holding more than 10% of the issued ordinary shares				
– Caxton Holdings Proprietary Limited	**1**	**0,02**	**165 652 708**	**42,28**
	8	**0,19**	**172 103 548**	**43,92**
Public shareholders	**4 087**	**99,81**	**219 724 103**	**56,08**
Total	**4 095**	**100,00**	**391 827 651**	**100,00**

According to the records of the company, other than as indicated above, no shareholder held 5% or more of the company's shares at 30 June 2014 or at 30 September 2014.

SUBSEQUENT EVENTS

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

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements, which appear on pages 21 to 60, have been approved by the Board and are signed on its behalf by:

TJW Holden
Managing Director

TD Moolman
Chief Executive Officer

Johannesburg
29 October 2014

STATEMENTS OF FINANCIAL POSITION
as at 30 June 2014

COMPANY 2013 R000	COMPANY 2014 R000	Notes		GROUP 2014 R000	GROUP 2013 R000
			ASSETS		
			Non-current assets		
–	**–**	2	Property, plant and equipment	**2 208 608**	2 485 993
–	**–**	3	Goodwill	**–**	–
1 929 258	**1 390 843**	4	Interest in subsidiaries	**–**	–
178 467	**141 764**	5	Interest in associates	**221 695**	267 961
1 016 280	**9 312**	6	Investments	**28 022**	1 033 836
–	**1 229**	16	Deferred taxation	**18 527**	14 941
3 124 005	**1 543 148**			**2 476 852**	3 802 731
			Current assets		
–	**–**	7	Inventories	**638 750**	648 777
9 968	**20 764**	8	Accounts receivable	**982 193**	809 696
78 938	**118 716**	4	Amounts owed by group companies	**–**	–
1 665	**–**		Taxation	**–**	11 692
67 754	**65 582**	9	Preference shares – listed	**65 582**	67 754
600 000	**850 000**	10	Preference shares – unlisted	**850 000**	600 000
425 266	**849 110**	11	Bank and cash resources	**1 306 489**	750 230
1 183 591	**1 904 172**			**3 843 014**	2 888 149
4 307 596	**3 447 320**		**Total assets**	**6 319 866**	6 690 880
			EQUITY AND LIABILITIES		
			Equity		
			Equity attributable to owners of the parent:		
11 676	**9 796**	12	Ordinary share capital	**9 796**	10 566
728 155	**305 834**		Ordinary share premium	**305 834**	171 376
364 530	**249 277**	13	Non-distributable reserves	**454 704**	575 208
1 444 574	**1 025 967**	14	Retained income	**4 205 800**	4 590 180
2 548 935	**1 590 874**		**Equity attributable to owners of the parent:**	**4 976 134**	5 347 330
–	**–**	15	Non-controlling interest	**52 642**	49 539
100	**100**	12	Preference share capital	**100**	100
2 549 035	**1 590 974**		**Total equity**	**5 028 876**	5 396 969
			Non-current liabilities		
82 407	**–**	16	Deferred taxation	**281 305**	480 319
82 407	**–**			**281 305**	480 319
			Current liabilities		
7 880	**7 934**	17	Accounts payable	**739 031**	636 193
–	**–**	18	Provisions	**248 719**	177 399
1 567 036	**1 705 352**	19	Amounts owed to group companies	**–**	–
101 238	**121 896**		Bank overdraft	**–**	–
–	**21 164**		Taxation	**21 935**	–
1 676 154	**1 856 346**			**1 009 685**	813 592
4 307 596	**3 447 320**		**Total equity and liabilities**	**6 319 866**	6 690 880

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

COMPANY 2013 R000	COMPANY 2014 R000	Notes		GROUP 2014 R000	GROUP 2013 R000
–	–	22	Gross turnover	**6 249 623**	5 984 170
–	–		*Less:* Inter-group	**860 072**	827 259
–	–		Revenue	**5 389 551**	5 156 911
–	–		Other operating income	**94 191**	95 561
–	–		**Total operating income**	**5 483 742**	5 252 472
–	–		Changes in inventories of finished goods and work in progress	**36 440**	73 448
–	–		Raw materials and consumables used	**2 181 323**	1 881 946
–	–	23	Staff costs	**1 227 915**	1 120 841
1 265	**(20)**	24	Other net operating expenses	**1 347 889**	1 338 780
1 265	**(20)**		**Total operating expenses**	**4 793 567**	4 415 015
(1 265)	**20**		**Profit/(loss) from operating activities before depreciation**	**690 175**	837 457
–	–	25	Depreciation	**259 728**	241 592
(1 265)	**20**		**Profit/(loss) from operating activities after depreciation**	**430 447**	595 865
–	**82 488**	25	Impairment expense	**459 548**	37 003
(1 265)	**(82 468)**		**Net (loss)/profit from operating activities**	**(29 101)**	558 862
147 572	**533 374**	27	Finance income	**104 257**	104 518
(39)	–	28	Finance costs	**(1 180)**	(334)
–	–	29	Fair value movement on currency hedge	**1 431**	1 024
–	**346 605**	6	Profit/(loss) on realisation of investments	**470 067**	(629)
–	–		Income from associates	**19 500**	22 410
146 268	**797 511**		**Profit before taxation**	**564 974**	685 851
9 667	**101 408**	30	Taxation	**129 115**	183 043
136 601	**696 103**		**Profit for the year**	**435 859**	502 808
122 551	**(115 253)**		**Other comprehensive (loss)/income:**	**(119 119)**	122 734
			Items that will not be reclassified subsequently to profit or loss		
–	–		Fair value adjustment – land and buildings	**(3 866)**	–
			Items that will be reclassified subsequently to profit or loss		
122 551	**(115 253)**		Fair value adjustment – investment and preference shares	**(115 253)**	122 734
259 152	**580 850**		**Total comprehensive income for the year**	**316 740**	625 542
			Profit attributable to:		
–	–		Non-controlling interests	**9 043**	11 836
136 601	**696 103**		Owners of the company	**426 816**	490 972
136 601	**696 103**			**435 859**	502 808
			Total comprehensive income attributable to:		
–	–		Non-controlling interests	**9 043**	11 836
259 152	**580 850**		Owners of the company	**307 697**	613 706
259 152	**580 850**			**316 740**	625 542
		31	Earnings per share (cents)	**105,0**	116,2
		31	Headline earnings per share (cents)	**98,4**	122,6
		32	Ordinary dividend paid per share (cents)	**55,0**	50,0
		33	Preference dividend paid per share (cents)	**450,0**	410,0

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2014

COMPANY 2013 R000	COMPANY 2014 R000	Notes		GROUP 2014 R000	GROUP 2013 R000
(92 465)	**(707 519)**		**CASH FLOW FROM OPERATING ACTIVITIES**	**295 114**	448 522
3 148	**20**	39.1	Cash generated by operations	**749 510**	846 762
662	**(10 742)**	39.2	Changes in working capital	**(52 994)**	(122 636)
3 810	**(10 722)**		Cash generated by operating activities	**696 516**	724 126
(9 638)	**(135 762)**	39.3	Taxation paid	**(264 153)**	(162 640)
33 229	**39 096**		Interest received	**55 358**	45 073
–	**–**		Interest paid	**(1 180)**	(295)
114 343	**494 278**		Dividends received	**48 899**	59 445
141 744	**386 890**		**NET CASH INFLOW FROM OPERATING ACTIVITIES**	**535 440**	665 709
(234 209)	**(1 094 409)**	39.4	Dividends paid	**(240 326)**	(217 187)
(444 264)	**1 275 898**		**CASH FLOW FROM INVESTING ACTIVITIES**	**566 654**	(826 609)
			Property, plant, equipment and intangibles		
–	**–**	2	– additions to expand operations	**(397 651)**	(356 572)
–	**–**		– proceeds from disposals	**38 077**	16 769
–	**–**			**(359 574)**	(339 803)
(767)	**310 222**	39.5 39.8	Investments – Subsidiary businesses (net of cash acquired)	**(63 899)**	(34 599)
(443 497)	**965 676**	39.6	– Associates, other investments and loans	**988 127**	(452 207)
(444 264)	**1 275 898**			**924 228**	(486 806)
69 425	**82 220**		**CASH FLOW FROM FINANCING ACTIVITIES**	**(56 096)**	(12 186)
81 611	**138 316**		Decrease in amount owing to group companies	**–**	–
(12 186)	**(56 096)**		Own shares acquired	**(56 096)**	(12 186)
(467 304)	**650 599**		Net increase/(decrease) in cash and cash equivalents	**803 672**	(390 273)
1 466 085	**998 781**		Cash and cash equivalents at beginning of year	**1 424 983**	1 815 256
998 781	**1 649 380**	39.7	Cash and cash equivalents at end of year	**2 228 655**	1 424 983
(6 999)	**(6 584)**		Fair value adjustment of preference shares	**(6 584)**	(6 999)
991 782	**1 642 796**	39.7	Fair value of cash and cash equivalents at end of year	**2 222 071**	1 417 984

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2014

R000	Notes	Ordinary share capital	Ordinary share premium	Preference share capital	Non-distributable reserves	Marked to market reserves	Retained income	Non-controlling literest	Total
GROUP									
Balance at 1 July 2012		10 425	81 943	100	217 003	237 752	4 308 500	43 317	4 899 040
Total comprehensive income for the year						122 734	490 972	11 836	625 542
Shares issued		159	101 601						101 760
Share buy-back and cancellations of treasury shares		(18)	(12 168)						(12 186)
Ordinary dividends paid	32						(211 368)	(5 614)	(216 982)
Preference dividends paid	33						(205)		(205)
Realisation of land and buildings revaluation reserve					(2 281)		2 281		–
Balance at 30 June 2013		**10 566**	**171 376**	**100**	**214 722**	**360 486**	**4 590 180**	**49 539**	**5 396 969**
Total comprehensive income for the year					**(3 866)**	**(115 256)**	**426 816**	**9 043**	**316 737**
Share buy-back and cancellations of treasury shares		**(770)**	**134 458**				**(578 192)**		**(444 504)**
Ordinary dividends paid	32						**(234 161)**	**(5 940)**	**(240 101)**
Preference dividends paid	33						**(225)**		**(225)**
Realisation of land and buildings revaluation reserve					**(1 382)**		**1 382**		**–**
Balance at 30 June 2014		**9 796**	**305 834**	**100**	**209 474**	**245 230**	**4 205 800**	**52 642**	**5 028 876**
COMPANY									
Balance at 1 July 2012		11 535	638 722	100	4 469	237 510	1 542 182	–	2 434 518
Total comprehensive income for the year						122 551	136 601		259 152
Shares isued		159	101 601						101 760
Share buy-back and cancellations of treasury shares		(18)	(12 168)						(12 186)
Ordinary dividends paid	32						(234 004)		(234 004)
Preference dividends paid	33						(205)		(205)
Balance at 30 June 2013		**11 676**	**728 155**	**100**	**4 469**	**360 061**	**1 444 574**	**–**	**2 549 035**
Total comprehensive income for the year						**(115 253)**	**696 103**		**580 850**
Share buy-back and cancellations of treasury shares		**(1 880)**	**(422 321)**				**(857 606)**		**(1 281 807)**
Ordinary dividends paid	32						**(256 879)**		**(256 879)**
Preference dividends paid	33						**(225)**		**(225)**
Balance at 30 June 2014		**9 796**	**305 834**	**100**	**4 469**	**244 808**	**1 025 967**	**–**	**1 590 974**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation

Caxton and CTP Publishers and Printers Limited ("the company ") is a South African registered company. The consolidated financial statements of the company for the year ended 30 June 2014 comprise the company and its subsidiaries (together referred to as "the group") and the group's interest in associates and jointly controlled entities.

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

The financial statements are prepared in thousands of South African Rands (R000) under the historical cost convention except for Investments classified as available-for-sale, derivative instruments used as hedging instruments and certain property, plant and equipment which are stated at fair value.

The accounting policies applied are consistent with those of the prior year other than those required as a result of the adoption of IFRS 10, 11, 12 and 13.

The comparative figures for Deferred Tax on the Statement of Financial Position have been changed to reflect the Deferred Tax Assets and the Deferred Tax Liabilities. The impact on the 2013 Statement of Financial Position is an increase in both net current assets and net current liabilities of R14,9 million. The reason for the change was to improve on the current disclosure in the Annual Financial Statements.

1.2 Basis of consolidation

The group financial statements consolidate those of the parent company and all of its subsidiaries at 30 June 2014. The parent controls a subsidiary if it is exposed to, or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its powers over the subsidiary. All subsidiaries have a reporting date of 30 June.

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

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

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

1.3 Significant judgements

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

Asset lives and residual values

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

Deferred tax assets

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

Impairment of assets

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

1. ACCOUNTING POLICIES continued

Treatment of preference shares in the statement of cash flows

Management are of the opinion that both unlisted and listed preference shares meet the definition of cash and cash equivalents in terms of IAS 7.

Management is of the opinion that these preference shares have a short maturity as they can be converted into cash in a relatively short period and that they are subject to insignificant changes in value.

1.4 Impairment of assets

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

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

1.5 Property, plant and equipment

Plant and equipment is initially recorded at cost. Impairment losses and reversal of impairment losses are recognised in profit or loss for those assets carried at cost, and other comprehensive income for those assets carried at revalued amounts. Costs include costs incurred initially to acquire an item of property, plant and equipment and costs incurred subsequently to add to, or replace part of it. The carrying amount of an item replaced is written off to profit or loss. Costs are only capitalised to the extent that the cost can be measured reliably and it is probable that the cost will result in the inflow of future economic benefits to the group.

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

Depreciation is calculated on the straight-line method, to write off the cost of each asset to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

Land	not depreciated
Buildings	50 years
Plant and machinery	2 – 20 years
Vehicles	5 years
Furniture and equipment	3 – 6 years
Leasehold improvements	shorter of useful life or remaining period of the lease

1.6 Goodwill

Goodwill is measured as the excess of cost (being the consideration transferred, the amount of any Non-Controlling Interest acquired, and the acquisition date fair value of any equity interest already held in the acquiree) over the net acquisition-date fair value of the identifiable assets and liabilities acquired.

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

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

1.7 Publication titles

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

1.8 Investments in subsidiaries

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

1.9 Investments in associates

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

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

1.10 Investments in joint ventures

Investments in joint ventures are accounted for at cost less accumulated impairment 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 joint ventures are the same as those of the group in all material respects.

1.11 Inventories

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

- raw materials are valued on a first-in, first-out or average cost basis and
- work in progress and finished goods are valued at raw material cost, direct labour and a proportion of manufacturing overhead expenses, based on normal capacity.

1.12 Share capital

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

1.13 Deferred taxation

Deferred tax is recognised on the difference between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit or loss, and are accounted for using the comprehensive liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit or loss nor the accounting profit or loss. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1. ACCOUNTING POLICIES continued

1.13 Deferred taxation continued

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are off-set when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current assets and liabilities on a net basis.

1.14 Provisions

Provisions are recognised when:

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

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

1.15 Financial instruments

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

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

Subsequently the financial instruments are measured as follows:

Investments

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 and preference shares, other than investments in associates, subsidiaries and joint ventures are classified as available-for-sale or held for trading. Listed investments, unlisted investments and preference shares are initially measured at fair value including transaction costs (except for held for trading investments). Listed and unlisted investments and preference shares are subsequently measured at fair value with fair value adjustments recognised as other comprehensive income in respect of available-for-sale investments, and profit and loss in respect of held for trading investments. Fair value is determined by reference to the market value of listed and unlisted investments.

When the available for sale asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit of loss.

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 or loss when objective evidence exists that the asset is impaired.

1.15 Financial instruments continued

Cash and cash equivalents

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

Accounts payable

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

1.16 Foreign currency transactions

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

At each reporting date:

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

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

1.17 Derivative financial instruments

The group has entered into derivative contracts to hedge foreign exchange exposure. Upon initial recognition, these are measured at fair value and subsequent measurement is at fair value through profit or loss with gains or losses on fair value measurements recorded in profit or loss.

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

1.18 Revenue

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

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

1.19 Employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.20 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1. ACCOUNTING POLICIES continued

1.20 Leases continued

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

This asset or liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.21 Determination and presentation of operating segments

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

1.22 Financial risk management

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

Currency risk

Exposure to currency risk arises in the normal course of the group's business. The group incurs currency risk as a result of transactions that are denominated in a currency other than SA Rands. These transactions, mainly for the import of capital equipment and inventory are substantially hedged by utilising forward exchange contracts. Details of forward exchange contracts that do not relate to amounts on the statement of financial position are given in note 35.

Credit risk

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

Liquidity risk

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

Cash flow and interest rate risk

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

1.23 Key management assumptions

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

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

Key assumption

Allowances for impairment of debtors

Basis for determining value assigned to key assumption:

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

Key assumption

Impairment of assets

Basis for determining value assigned to key assumption:

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

Key assumption

Revaluation of property

Basis for determining value assigned to key assumption:

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

Key assumption

Asset lives and residual values

Basis for determining value assigned to key assumption:

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

Key assumption

Valuation of unlisted investments

Basis for determining value assigned to key assumption:

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

1. ACCOUNTING POLICIES continued

1.24 Standards that became effective during the current financial year

Standard		Details of amendment	Annual periods beginning on or after
IFRS 1		• Amendments add an exception to the retrospective application of IFRS to require that first-time adopters apply the requirements of IFRS 9 *Financial Instruments* and IAS 20 *Government Grants and Disclosure of Government Assistance prospectively to government loans existing at the date of transition to IFRS*.	1 January 2013
		• Annual improvements 2009 – 2011 Cycle amendments clarify the options available to users when repeated application of IFRS 1 is required and to add relevant disclosure requirements.	1 January 2013
		• Annual improvements 2009 – 2011 Cycle amendments to borrowing costs.	1 January 2013
IFRS 7	Financial Instruments: Disclosures	• Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations.	1 January 2013
IFRS 10	Consolidated Financial Statements	• New standard that replaces the consolidation requirements in SIC-12 Consolidation – Special Purpose Entities and IAS 27 *Consolidated and Separate Financial Statements*. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess.	1 January 2013
		• Amendments to the transition guidance of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, thus limiting the requirements to provide adjusted comparative information.	1 January 2013
IFRS 11	Joint Arrangements	• New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities.	1 January 2013
		• Amendments to the transition guidance of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests* in Other Entities, thus limiting the requirements to provide adjusted comparative information.	1 January 2013

1.24 Standards that became effective during the current financial year continued

Standard		Details of amendment	Annual periods beginning on or after
IFRS 12	Disclosure of Interests in Other Entities	• New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	1 January 2013
		• Amendments to the transition guidance of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, thus limiting the requirements to provide adjusted comparative information.	1 January 2013
IFRS 13	Fair Value Measurement	• New guidance on fair value measurement and disclosure requirements.	1 January 2013
IAS 1	Presentation of Financial Statements	• *Annual Improvements 2009 – 2011* Cycle: Amendments clarifying the requirements for comparative information including minimum and additional comparative information required.	1 January 2013
IAS 16	Property, Plant and Equipment	• *Annual Improvements 2009 – 2011* Cycle: Amendments to the recognition and classification of servicing equipment.	1 January 2013
IAS 19	Employee Benefits	• Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans.	1 January 2013
IAS 27	Consolidated and Separate Financial Statements	• Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	1 January 2013
		• Requirement to account for interests in "Investment Entities" at fair value under IFRS 9, *Financial Instruments*, or IAS 39, *Financial Instruments: Recognition and Measurement*, in the separate financial statements of a parent.	1 January 2013
IAS 28	Investments in Associates	• Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	1 January 2013
IAS 32	Financial Instruments: Presentation	• Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations.	1 January 2013
		• *Annual Improvements 2009 – 2011* Cycle: Amendments to clarify the tax effect of distribution to holders of equity instruments.	1 January 2013
IAS 34	Interim Financial Reporting	• *Annual Improvements 2009 – 2011* Cycle: Amendments to improve the disclosures for interim financial reporting and segment information for total assets and liabilities	1 January 2013

1. ACCOUNTING POLICIES continued

1.24 Standards in issue but not yet effective

Standard		Details of amendment	Annual periods beginning on or after
IFRS 2	Share-based Payments	• *Annual Improvements 2010 – 2012* Cycle: amendments added the definitions of performance conditions and service conditions and amended the definitions of vesting conditions and market conditions.	1 July 2014
IFRS 3	Business Combinations	• *Annual Improvements 2010 – 2012* Cycle: amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9.	1 July 2014
		• *Annual Improvements 2011 – 2013* Cycle: amendments to the scope paragraph for the formation of a joint arrangement.	1 July 2014
IFRS 8	Operating Segments	• *Annual Improvements 2010 – 2012* Cycle: amendments to some disclosure requirements regarding the judgements made by management in applying the aggregation criteria, as well as those to certain reconciliations.	1 July 2014
IFRS 9	Financial Statements	• The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement, de-recognition of financial assets and liabilities and hedge accounting have been issued. Chapters dealing with impairment methodology are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues.	1 January 2018
IFRS 10	Consolidated Financial Statements	• IFRS 10 exception to the principle that all subsidiaries must be consolidated. Entities meeting the definition of 'Investment Entities' must be accounted for at fair value under IFRS 9, Financial Instruments, or IAS 39, Financial Instruments: Recognition and Measurement.	1 January 2014
IFRS 11	Joint Arrangements	• Amendments to provide guidance on the accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business.	1 January 2016
IFRS 12	Disclosure of Interests in Other Entities	• New disclosures required for Investment Entities (as defined in IFRS 10).	1 January 2014
IFRS 13	Fair Value Measurement	• *Annual Improvements 2010 – 2012* Cycle: amendments to clarify the measurement requirements for those short-term receivables and payables.	1 July 2014
		• *Annual Improvements 2010 – 2013* Cycle: amendments to clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9	1 July 2014
IFRS 15	Revenue from Contracts with Customers	• New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.	1 January 2017

Standard		Details of amendment	Annual periods beginning on or after
IAS 16	Property, Plant and Equipment	• *Annual Improvements 2010 – 2012* Cycle: amendments to the revaluation method – proportionate restatement of accumulated depreciation.	1 July 2014
		• Amendments to prohibit the use of a revenue-based depreciation method for property, plant and equipment, as well as guidance in the application of the diminishing balance method for property, plant and equipment.	1 January 2016
IAS 19	Employee Benefits	• Amendments to Defined Benefit Plans: Employee Contributions whereby the requirements in IAS 19 for contributions from employees or third parties that are linked to service have been amended.	1 July 2014
IAS 24	Related Party Disclosure	• Clarification of the definition of a related party.	1 July 2014
IAS 36	Impairment of Assets	• The amendment to IAS 36 clarifies the required disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	1 January 2014
IAS 38	Intangible Assets	• *Annual Improvements 2010 – 2012* Cycle: Amendments to the revaluation method – proportionate restatement of accumulated depreciation.	1 July 2014
		• Amendments present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate except in two limited circumstances, as well as provide guidance in the application of the diminishing balance method for intangible assets.	1 January 2016
IAS 40	Investment Property	• *Annual Improvements 2011 – 2013* Cycle: amendments to clarify the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.	1 July 2014
IAS 16	Property, Plant and Equipment	• The amendments specify that because the operation of bearer plants is similar in nature to manufacturing, they should be accounted for under IAS 16 rather than IAS 41. The produce growing on the bearer plants will continue to be within the scope of IAS 41.	1 January 2016

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

2. PROPERTY, PLANT AND EQUIPMENT

Cost or valuation GROUP R000	Freehold land and buildings	Leasehold improve-ments	Plant and machinery	Vehicles	Furniture and equip-ment	Titles	Total
Year ended 30 June 2014							
Opening net book value	**649 622**	**791**	**1 776 227**	**20 180**	**39 173**	**–**	**2 485 993**
Additions	**30 480**	**–**	**323 381**	**7 451**	**32 689**	**1 853**	**395 854**
Disposals	**(7 599)**	**–**	**(30 780)**	**(127)**	**(1 171)**	**–**	**(39 677)**
Impairment			**(384 175)**			**(500)**	**(384 675)**
Acquisition of subsidiaries	**32**	**–**	**5 367**	**114**	**5 328**	**–**	**10 841**
Depreciation	**(5 558)**	**–**	**(222 007)**	**(8 546)**	**(23 602)**	**(15)**	**(259 728)**
Closing net book value	**666 977**	**791**	**1 468 013**	**19 072**	**52 417**	**1 338**	**2 208 608**
Summary							
Cost	**45 932**	**2 974**	**3 525 400**	**82 061**	**259 867**	**30 444**	**3 946 678**
Valuation	**647 804**	**–**	**–**	**–**	**–**	**–**	**647 804**
	693 736	**2 974**	**3 525 400**	**82 061**	**259 867**	**30 444**	**4 594 482**
Accumulated depreciation and impairment	**(26 759)**	**(2 183)**	**(2 057 387)**	**(62 989)**	**(207 450)**	**(29 106)**	**(2 385 874)**
Net carrying amount	**666 977**	**791**	**1 468 013**	**19 072**	**52 417**	**1 338**	**2 208 608**
Year ended 30 June 2013							
Opening net book value	642 107	608	1 689 514	20 679	32 429	–	2 385 337
Purchases	15 752	308	298 682	8 213	26 617	7 000	356 572
Disposals	(3 148)	–	(4 294)	(465)	(364)	–	(8 271)
Impairment	–	–	(8 416)	–	–	(7 000)	(15 416)
Acquisition of subsidiaries	–	–	8 406	497	460	–	9 363
Depreciation	(5 089)	(125)	(207 665)	(8 744)	(19 969)	–	(241 592)
Closing net book value	649 622	791	1 776 227	20 180	39 173	–	2 485 993
Summary							
Cost	15 752	2 974	3 352 516	77 837	228 422	28 393	3 705 894
Valuation	655 403	–	–	–	–	–	655 403
	671 155	2 974	3 352 516	77 837	228 422	28 393	4 361 297
Accumulated depreciation and impairment	(21 533)	(2 183)	(1 576 289)	(57 657)	(189 249)	(28 393)	(1 875 304)
Net carrying amount	649 622	791	1 776 227	20 180	39 173	–	2 485 993

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

2.2 The impairment of plant and machinery was as a result of obsolescence, restructuring and the recoverable amounts exceeding the value in use. The plant and machinery impaired was printing equipment and ancillary equipment. R350,6 million (2013: R8,4 million) was included in the publishing, printing and distribution segment and R33,5 million (2013: R7 million) were included in the segment disclosed as "other". The recoverable amount of assets which were obsolete due to restructuring and replacement were considered to be nil and an impairment of R219,3 million (2013: R8,4 million) was recognised. Various plant and machinery's recoverable amounts exceeded the value in use which gave rise to an impairment charge of R164,9 million. The cash flow used in the value in use calculation was the forecast for five years and the key assumptions were as follows:

Average growth rates of between –10% and 6,3%.

Discount rate of 14,79%.

The impairment of the titles was as a result of assessing future cash flows of these titles. The recoverable amount of the titles was considered to be R1,3 million (2013: Rnil) and an impairment of R0,5 million (2013: R7 million) was recognised. This asset impairment was recognised in the publishing, printing and distribution segment.

2.3 Fair value of the group's main property assets were based on appraisals performed by Balme van Wyk and Tugman (Pty) Ltd. independent valuers, on 30 June 2012. The fair values of the properties were determined on an open market valuation basis. The valuation processes and fair value changes are reviewed by the board of directors and audit committee at each reporting date. These are all measured using a Level 3 approach.

Fixed property with a fair value of R32 000, recognised upon the acquisition of Media Digital in November 2013, was not revalued at the reporting date. Management determined that the effect of changes in fair values between the acquisitions and reporting date is immaterial.

2.4 The net carrying value of the properties would have been R463 221 951 (2013: R438 734 864) had the asset been measured using the historic cost model.

COMPANY 2013 R000	COMPANY 2014 R000		GROUP 2014 R000	GROUP 2013 R000
		3. GOODWILL		
		Opening net book value	**–**	–
		Acquisition of subsidiaries	**74 873**	21 587
		Impairment	**(74 873)**	(21 587)
–	**–**	Closing net book value	**–**	–
		Summary		
		Gross carrying amount	**128 934**	54 061
		Impairment	**(128 934)**	(54 061)
–	**–**	Net carrying amount	**–**	–

Goodwill acquired in a business combination is allocated to the cash-generating units (CGU) that are expected to benefit from the business combination. The goodwill arising during the year on the acquisition of Ramsay Media, Harbari Media and Mega Digital (R74,9 million) was allocated to the publishing CGU – which forms part of the publishing, printing and distribution segment.

(In 2013 the goodwill arising during the year on the acquistion of Magscene (R13 million) was allocated to the magazine distribution CGU – which forms part of the publishing, printing and distribution segment and the goodwill arising on the acquisition of Cape Printing (R8,6 million) was allocated to the label printing division which forms part of the segment reported as "other").

Value in use was used as the basis to determine the recoverable amount of the CGU.

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

- Average growth rate of between 0% and 6%
- Discount rate of between 16% and 25%

The Board believes that this forecast was justified due to the long-term nature of each business. The values assigned to key assumptions represent management's assessment of the business and are based on both external and internal sources of historical data.

The carrying amount of the goodwill exceeded the recoverable amount as determined above and an impairment loss of R74,9 million (2013: R21,6 million) was raised. The reason for the recognition of the impairment loss was due to the ongoing decline in both the magazine market and the digital printing divisions.

The reason for the impairment of R21,6 million in the 2013 financial year was due to the ongoing decline in the magazine market and for the over reliance on a single customer that had significant bargaining power in the label printing division.

COMPANY 2013 R000	COMPANY 2014 R000		GROUP 2014 R000	GROUP 2013 R000
		4. INTEREST IN SUBSIDIARIES		
1 929 258	**1 473 331**	Shares at cost	**–**	–
–	**(82 488)**	Less impairment	**–**	–
1 929 258	**1 390 843**			
78 938	**118 716**	Amount owing by subsidiaries	**–**	–
2 008 196	**1 509 559**		**–**	–
1 929 258	**1 390 843**	Shown as non-current assets	**–**	–
78 938	**118 716**	Shown as current assets	**–**	–

Subsidiary company details are set out on page 61.

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

COMPANY 2013 R000	COMPANY 2014 R000		GROUP 2014 R000	GROUP 2013 R000
		5. INTEREST IN ASSOCIATES		
		Associated companies		
153 236	**130 284**	Shares at cost	**149 968**	172 920
–	**–**	Share of post-acquisition reserves	**64 919**	63 834
153 236	**130 284**	Total carrying value	**214 887**	236 754
25 231	**11 480**	Loans	**6 808**	31 207
178 467	**141 764**		**221 695**	267 961

Associated company details are set out on page 62.

Fair value of listed investments in Foneworx Holdings Limited at 30 June was R108 million (2013: R87,8 million).

Loans to associated companies

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

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

Management assesses the recoverability of the loans on an ongoing basis. The loans are unsecured, bear interest at rates agreed upon from time to time and have no fixed terms of repayment.

At 30 June 2014, if interest rates had been 1% higher with all other variables held constant, group post-tax profit for the year would have increased by approximately R0,1 million (2013: R0,2 million).

If interest rates had been 1% lower, group post-tax profit would have decreased by approximately R0,1 million (2013: R0,2 million).

COMPANY 2013 R000	COMPANY 2014 R000		GROUP 2014 R000	GROUP 2013 R000
		6. INVESTMENTS		
		Listed investments – available for sale		
280 670	**–**	Times Media Group Ltd	**–**	280 670
–	**–**	Old Mutual PLC	**31**	20
280 670	**–**		**31**	280 690
		Unlisted investments – available for sale		
9 312	**9 312**	Thebe Convergent Technology Holdings (Pty) Ltd – preference shares	**9 312**	9 312
373 296	**–**	ElementOne Ltd – ordinary shares	**–**	373 296
353 002	**–**	Pearson Holdings Southern Africa (Pty) Ltd – ordinary shares	**–**	353 002
–	**–**	Stanlib Income Fund	**18 679**	17 536
735 610	**9 312**		**27 991**	753 146
1 016 280	**9 312**	**Total investments**	**28 022**	1 033 836
1 016 280	**9 312**	Fair value of investments	**28 022**	1 033 836

The investments in Times Media Group Ltd and Pearson Holdings Southern Africa (Pty) Ltd were sold during the year and resulted in a profit of R482,7 million. Ramsay Media (Pty) Ltd, which was 30% held became a wholly-owned subsidiary during the year. This reclassification from an investment in associate to a subsidiary resulted in a loss of R12,6 million.

In terms of a scheme of arrangement implemented by Element One Limited, Element One shareholders received Caxton and CTP Publishers and Printers Limited shares. The shares received by the company in terms of this scheme were subsequently cancelled.

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 2014.

The interest in Pearson Holdings Southern Africa was valued using the present value of future expected cash flows discounted at the appropriate discount and minority holding rates. The company also held a put option relating to this investment which was based on a formula. At 30 June 2013 as there was no significant value in the put option derivative asset, it was not accounted for separately.

Fair value estimation
IFRS 7 requires disclosures of fair value measurements by level of the following fair value measurement hierachy:

Level 1 – Quoted prices available in active markets for identical assets or liabilities.

Level 2 – Inputs used, other than quoted prices, included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 – Fair value determined by valuation that uses inputs that are not based on observable market data.

The level of each investment is determined as follows:

- Times Media and Old Mutual are Level 1
- Thebe Convergent Technology, ElementOne and Stanlib are Level 2

COMPANY 2013 R000	COMPANY 2014 R000			GROUP 2014 R000	GROUP 2013 R000
		7. INVENTORIES			
		Raw materials		**479 852**	452 871
		Work in progress		**50 419**	63 193
		Finished goods		**108 479**	132 713
–	**–**			**638 750**	648 777
		Comprising:			
		Inventory at cost		**630 235**	640 318
		Inventory at net realisable value		**8 515**	8 459
–	**–**			**638 750**	648 777
		Write down of inventories less costs to sell as an expense		**7 016**	1 997
		8. ACCOUNTS RECEIVABLE			
–	**–**	Trade accounts receivable		**931 071**	781 536
–	**–**	Allowance for impairments		**(37 710)**	(36 317)
–	**–**	Prepayment and deferred expenditure		**12 468**	9 702
9 968	**20 764**	Other accounts receivable		**76 364**	54 775
9 968	**20 764**			**982 193**	809 696
		Trade accounts receivable			
		Exposure to credit risk			
		Gross trade receivables represents the maximum credit exposure.			
		The maximum exposure to credit risk at the reporting date was:		**931 071**	781 536
		The maximum exposure to credit risk for gross trade receivables at the reporting date by type of customer was:			
			Average debtors terms (days)		
		Parastatals/government	60	**10 822**	17 806
		Corporates	30	**767 971**	618 220
		SMMEs	30	**138 774**	135 362
		Individuals	30	**13 504**	10 148
				931 071	781 536
		The group has a relatively large diversity of customers and thus has a limited exposure to any one customer.			
		The maximum exposure to credit risk for gross trade receivables at the reporting date by geographical region was:			
			Average debtors terms (days)		
		South Africa	30	**909 899**	769 394
		Rest of Africa	60	**21 172**	12 142
				931 071	781 536

COMPANY			GROUP	
2013	**2014**		**2014**	2013
R000	**R000**		**R000**	R000
		8. ACCOUNTS RECEIVABLE continued		
		Management views the debtors' days per geographic region as within expectations compared with the group's standard payment terms for that region.		
		Debtors' days differ in Africa due to local economic and market conditions and risks involved in trading in that geographic region.		
		Credit risk is minimised through an initial new client acceptance procedure whereby potential customers are individually assessed before an appropriate credit limit is allocated to the new client. The group uses credit vetting agencies who maintain current credit data on most companies in South Africa.		
		Trade receivables		
		Within terms	**895 069**	747 782
		Current	**469 836**	318 185
		Due 30 days and less	**260 550**	280 087
		Due 30 to 60 days	**106 393**	112 997
		Due 60 to 90 days	**47 299**	6 111
		Due 90 days+	**10 991**	30 402
		Past due	**36 002**	33 754
		Due 60 to 90 days	**10 457**	4 308
		Due 90 days+	**25 545**	29 446
–	**–**		**931 071**	781 536
		Listings of overdue customer balances are reviewed monthly and reviewed against their credit terms/limits. Customers exceeding their credit terms/limits are required to 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	**36 317**	39 156
		Impairment loss reversed	**(11 470)**	(12 417)
		Additional impairment loss	**12 863**	9 578
–	–		**37 710**	36 317
		The following impairment losses/(reversal) were recognised:		
		Financial difficulties/bankruptcy	**3 140**	(4 186)
		Absconded	**–**	588
		Dispute	**(1 747)**	759
–	–		**1 393**	(2 839)

COMPANY 2013 R000	COMPANY 2014 R000		GROUP 2014 R000	GROUP 2013 R000
		8. ACCOUNTS RECEIVABLE continued		
		Analysis of impairment of debtors		
		Current trade receivables	**–**	–
		Amounts in 30 days and less	**9**	95
		Amounts in 30 to 60 days	**2 835**	31
		Amounts in 60 to 90 days	**916**	–
		Amounts in 90 days+	**9 103**	9 452
–	**–**		**12 863**	9 578
		Other receivables		
		The carrying amount of the following financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:		
		Other accounts receivable	**76 364**	54 775
–	**–**		**76 364**	54 775
		9. PREFERENCE SHARES LISTED – AVAILABLE-FOR-SALE		
8 748	**6 735**	Preference shares earning a dividend, payable semi annually, of 72% of prime.	**6 735**	8 748
59 006	**58 847**	Preference shares earning a dividend payable semi-annually, of 68% of prime.	**58 847**	59 006
67 754	**65 582**		**65 582**	67 754
		10. PREFERENCE SHARES UNLISTED – AVAILABLE – FOR–SALE		
600 000	**850 000**	Preference shares earning a dividend, payable semi-annually, of between 52,19% and 52,75% of prime.	**850 000**	600 000
600 000	**850 000**		**850 000**	600 000

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

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

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

At 30 June 2014, if interest rates had been 1% higher with all other variables held constant, group post-tax profit for the year would have increased by approximately R6,6 million (2013: R4,0 million).

If interest rates had been 1% lower group post-tax profit would have decreased by approximately R6,6 million (2013: R4,0 million).

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

COMPANY			GROUP	
2013	**2014**		**2014**	2013
R000	**R000**		**R000**	R000
		11. BANK AND CASH RESOURCES		
–	**–**	Cash at bank	**389 465**	276 710
425 266	**849 110**	Cash on call and deposit	**917 024**	473 520
425 266	**849 110**		**1 306 489**	750 230

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 insignificant 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 2014, if interest rates had been 1% higher with all other variables held constant, group post-tax profit for the year would have increased by approximately R7,9 million (2013: R6,2 million).

If interest rates had been 1% lower group post-tax profit would have decreased by approximately R7,9 million (2013: R6,2 million).

COMPANY 2013 R000	COMPANY 2014 R000		GROUP 2014 R000	GROUP 2013 R000
		12. SHARE CAPITAL		
		AUTHORISED		
		Ordinary shares		
30 000	**30 000**	1 200 000 000 ordinary shares of 2,5 cents each	**30 000**	30 000
		Preference shares		
200	**200**	100 000 6% cumulative participating preference shares of R2 each	**200**	200
		ISSUED		
		Ordinary shares		
11 676	**9 796**	391 827 651 (2013: 467 052 949) ordinary shares of 2,5 cents each	**9 796**	11 676
–	**–**	*Less:* nil (2013: 44 395 861) shares held by subsidiary	**–**	(1 110)
11 676	**9 796**	391 827 651 ordinary shares of 2,5 cents each	**9 796**	10 566
		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.

COMPANY 2013 R000	COMPANY 2014 R000		GROUP 2014 R000	GROUP 2013 R000
		13. NON-DISTRIBUTABLE RESERVES		
		Comprises:		
4 469	**4 469**	Realisation reserve	**32 975**	32 975
–	**–**	Loans acquired at a discount	**16 515**	16 515
–	**–**	Surplus on revaluation of land and buildings (net of tax)	**160 406**	165 232
360 061	**244 808**	Fair value adjustments – investments (net of tax)	**244 808**	360 486
364 530	**249 277**		**454 704**	575 208
		14. RETAINED EARNINGS		
1 444 574	**1 025 967**	Accumulated profits	**4 205 800**	4 590 180
		15. NON-CONTROLLING INTEREST		
		Balance at beginning of the year	**49 539**	43 317
		Share of earnings	**9 043**	11 836
		Dividends	**(5 940)**	(5 614)
–	**–**	Balance at end of year	**52 642**	49 539
		16. DEFERRED TAXATION		
54 272	**82 407**	Balance at beginning of year	**465 378**	439 801
–	**–**	Profit or loss transfer	**(112 399)**	(1 609)
28 135	**(83 636)**	Non-distributable reserves transfer – revaluations	**(85 079)**	28 135
–	**–**	Acquired	**(5 122)**	–
–	**–**	Disposal	**–**	(949)
82 407	**(1 229)**	Balance at end of year	**262 778**	465 378
		Comprising:		
82 407	**–**	Credit balances	**281 305**	480 319
–	**(1 229)**	Debit balances	**(18 527)**	(14 941)
82 407	**(1 229)**		**262 778**	465 378
		Deferred taxation comprises temporary differences arising on:		
–	**–**	– property, plant and equipment	**356 760**	453 588
82 407	**(1 229)**	– investments	**(1 229)**	82 407
–	**–**	– accounts receivable	**(4 140)**	(4 691)
–	**–**	– accounts payable and provisions	**(70 605)**	(51 888)
–	**–**	– assessed losses	**(9 243)**	(9 220)
–	**–**	– other	**(8 765)**	(4 818)
82 407	**(1 229)**		**262 778**	465 378

COMPANY			GROUP	
2013	2014		2014	2013
R000	R000		R000	R000
		17. ACCOUNTS PAYABLE		
–	**–**	Trade accounts payable	**365 070**	331 241
7 880	**7 934**	Sundry accounts payable and accruals	**373 961**	304 952
7 880	**7 934**		**739 031**	636 193

Trade payables

Management of liquidity risk

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

Currency risk

The group has clearly defined policies for the management of foreign currency risks. Transactions which create foreign currency cash flows are hedged with forward exchange and currency hedge contracts.

There are no further foreign currency risks.

Interest rate risk

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

COMPANY 2013 R000	COMPANY 2014 R000		GROUP 2014 R000	GROUP 2013 R000
		18. PROVISIONS		
		Bonus		
		Opening balance	**58 504**	62 557
		Additional provisions	**63 881**	60 660
		Utilised	**(50 171)**	(64 713)
–	**–**	Closing balance	**72 214**	58 504
		Leave pay		
		Opening balance	**20 436**	18 861
		Additional provisions	**21 439**	17 867
		Utilised	**(16 717)**	(16 292)
–	**–**	Closing balance	**25 158**	20 436
		Volume discount allowed		
		Opening balance	**19 565**	17 371
		Additional provisions	**39 105**	38 914
		Utilised	**(42 263)**	(36 720)
–	**–**	Closing balance	**16 407**	19 565
		Retrenchments		
		Opening balance	**39 618**	21 199
		Additional provisions	**66 145**	24 385
		Utilised	**(14 858)**	(5 966)
–	**–**	Closing balance	**90 905**	39 618

COMPANY 2013 R000	COMPANY 2014 R000		GROUP 2014 R000	GROUP 2013 R000
		18. PROVISIONS continued		
		Other		
		Opening balance	**39 276**	37 832
		Additional provisions	**43 016**	43 062
		Acquired	**15 527**	–
		Utilised	**(53 784)**	(41 618)
–	**–**	Closing balance	**44 035**	39 276
		Total provisions		
		Opening balance	**177 399**	157 820
		Additional provisions	**233 586**	184 888
		Acquired	**15 527**	–
		Utilised	**(177 793)**	(165 309)
–	**–**	Closing balance	**248 719**	177 399

Bonuses are generally paid in December and for management only upon approval of the financial statements by the Board.

The timing of the leave pay provision is uncertain as leave pay is only payable when an employee leaves the employment of the group or is utilised when an employee takes leave.

Volume discounts are paid after the financial year-end.

The retrenchment provision relates to the costs relating to severance of employees' services as a result of restructuring. The payments are made when the employees services are terminated.

Other provisions are paid after year-end.

COMPANY 2013 R000	COMPANY 2014 R000		GROUP 2014 R000	GROUP 2013 R000
		19. AMOUNTS OWED TO GROUP COMPANIES		
1 567 036	**1 705 352**	The amounts owed are unsecured, interest free and repayable on demand	**–**	–

20. FINANCIAL ASSETS BY CATEGORY

R000	Loans and receivables	Non-financial instruments	Available-for-sale	Total
GROUP				
2014				
Property, plant and equipment	**–**	**2 208 608**	**–**	**2 208 608**
Interests in associates	**6 808**	**214 887**	**–**	**221 695**
Investments	**–**	**–**	**28 022**	**28 022**
Deferred taxation	**–**	**18 527**	**–**	**18 527**
Inventories	**–**	**638 750**	**–**	**638 750**
Accounts receivables	**969 725**	**12 468**	**–**	**982 193**
Taxation	**–**	**–**	**–**	**–**
Preference shares – listed	**–**	**–**	**65 582**	**65 582**
Preference shares – unlisted	**–**	**–**	**850 000**	**850 000**
Bank and cash resources	**1 306 489**	**–**	**–**	**1 306 489**
	2 283 022	**3 093 240**	**943 604**	**6 319 866**
2013				
Property, plant and equipment	–	2 485 993	–	2 485 993
Interests in associates	31 207	236 754	–	267 961
Investments	–	–	1 033 836	1 033 836
Deferred taxation	–	14 941	–	14 941
Inventories	–	648 777	–	648 777
Accounts receivables	799 994	9 702	–	809 696
Taxation	–	11 692	–	11 692
Preference shares – listed	–	–	67 754	67 754
Preference shares – unlisted	–	–	600 000	600 000
Bank and cash resources	750 230	–	–	750 230
	1 581 431	3 407 859	1 701 590	6 690 880
COMPANY				
2014				
Interest in subsidiaries	**–**	**1 390 843**	**–**	**1 390 843**
Interest in associates	**11 480**	**130 284**	**–**	**141 764**
Investments	**–**	**–**	**9 312**	**9 312**
Accounts receivables	**20 764**	**–**	**–**	**20 764**
Amounts owed by group companies	**118 716**	**–**	**–**	**118 716**
Deferred taxation	**–**	**1 229**	**–**	**1 229**
Preference shares – listed	**–**	**–**	**65 582**	**65 582**
Preference shares – unlisted	**–**	**–**	**850 000**	**850 000**
Bank and cash resources	**849 110**	**–**	**–**	**849 110**
	1 000 070	**1 522 356**	**924 894**	**3 447 320**
2013				
Interest in subsidiaries	–	1 929 258	–	1 929 258
Interest in associates	25 231	153 236	–	178 467
Investments	–	–	1 016 280	1 016 280
Accounts receivables	9 968	–	–	9 968
Amounts owed by group companies	78 938	–	–	78 938
Taxation	–	1 665	–	1 665
Preference shares – listed	–	–	67 754	67 754
Preference shares – unlisted	–	–	600 000	600 000
Bank and cash resources	425 266	–	–	425 266
	539 403	2 084 159	1 684 034	4 307 596

21. FINANCIAL LIABILITIES BY CATEGORY

R000	Non-financial instruments	Amortised cost	Total
GROUP			
2014			
Deferred taxation	**281 305**	**–**	**281 305**
Accounts payable	**–**	**739 031**	**739 031**
Taxation	**21 935**	**–**	**21 935**
Provisions	**248 719**	**–**	**248 719**
	551 959	**739 031**	**1 290 990**
2013			
Deferred taxation	480 319	–	480 319
Accounts payable	–	636 193	636 193
Provisions	177 399	–	177 399
	657 718	636 193	1 293 911
COMPANY			
2014			
Deferred taxation	**21 164**	**–**	**21 164**
Accounts payable	**–**	**7 934**	**7 934**
Amounts owed to group companies	**–**	**1 705 352**	**1 705 352**
Bank overdraft	**–**	**121 896**	**121 896**
	21 164	**1 835 182**	**1 856 346**
2013			
Deferred taxation	82 407	–	82 407
Accounts payable	–	7 880	7 880
Amounts owed to group companies	–	1 567 036	1 567 036
Bank overdraft	–	101 238	101 238
	82 407	1 676 154	1 758 561

COMPANY 2013 R000	COMPANY 2014 R000		GROUP 2014 R000	GROUP 2013 R000
		22. TURNOVER		
–	**–**	The group's turnover comprises invoiced sales and circulation revenue.	**5 389 551**	5 156 911
		23. STAFF COSTS		
		– Salaries, wages and bonuses	**1 180 030**	1 074 924
		– Retirement benefit costs	**47 885**	45 917
–	**–**		**1 227 915**	1 120 841

COMPANY			GROUP	
2013	2014		2014	2013
R000	R000		R000	R000
		24. OTHER NET OPERATING EXPENSES		
		Income		
		Profit on sale of property, plant and equipment	**–**	8 520
		Foreign currency profits	**1 536**	1 308
–	**–**		**1 536**	9 828
		Expenditure		
		Auditors' remuneration:		
320	**336**	– audit fees	**6 949**	6 433
–	**–**	– overprovision previous year	**–**	(8)
1	**–**	– fees for other services	**330**	48
–	**–**	– expenses	**118**	84
321	**336**		**7 397**	6 557
		Fees for:		
		– administrative, managerial and secretarial services	**12 855**	12 897
		– royalties	**3 247**	3 078
–	**–**		**16 102**	15 975
4 452	**–**	Impairment of interest in subsidiary	**–**	–
		Loss on sale of property, plant and equipment	**1 600**	22
		Foreign currency losses realised	**3 395**	969
		Operating leases		
		– buildings	**19 487**	15 244
		– equipment	**513**	348
		25. DEPRECIATION AND IMPAIRMENT		
		Depreciation		
		– buildings and leasehold improvements	**5 558**	5 214
		– plant and machinery	**222 007**	207 665
		– motor vehicles	**8 546**	8 744
		– furniture and equipment	**23 602**	19 969
		– titles	**15**	–
–	**–**		**259 728**	241 592
		Impairment		
		– plant and machinery	**384 175**	8 416
		– titles	**500**	7 000
		– goodwill	**74 873**	21 587
–	**82 488**	– interest in subsidiaries	**–**	–
–	**82 488**		**459 548**	37 003
–	**82 488**		**719 276**	278 595

26. DIRECTORS' EMOLUMENTS

	Executive Directors				Non-executive Directors					
R000	TD Moolman	GM Utian	PG Greyling	TJW Holden	PM Jenkins	ACG Molusi	NA Nemukula	T Slabbert	P Vallet	Total
Directors' fees					500	150	150	210	194	1 204
Fees for services					1 008					1 008
Salary	3 308	2 966	2 216	1 700						10 190
Bonuses		2 000	5 000	1 000						8 000
Travel allowance				129						129
Medical funding			12	16						28
Retirement funding			231	121						352
Total 2014	**3 308**	**4 966**	**7 459**	**2 966**	**1 508**	**150**	**150**	**210**	**194**	**20 911**
Total 2013	3 150	4 614	7 459	2 698	974	145	145	210	180	19 575

	2 014 R000	2 013 R000
Paid by subsidiaries	**20 911**	19 575

COMPANY 2013 R000	COMPANY 2014 R000		GROUP 2014 R000	GROUP 2013 R000
		27. FINANCE INCOME		
33 229	**39 096**	– interest	**55 358**	45 073
4 498	**7 164**	– dividends: listed companies	**7 164**	4 498
61 821	**57 300**	– dividends: unlisted companies	**41 735**	54 947
48 024	**429 814**	– dividends: subsidiary companies	**–**	–
147 572	**533 374**		**104 257**	104 518
		28. FINANCE COSTS		
–	**–**	– interest on bank overdraft	**150**	7
–	**–**	– other interest	**1 030**	288
39	**–**	– net loss on realisation of preference shares	**–**	39
39	**–**		**1 180**	334
		29. FAIR VALUE MOVEMENTS ON CURRENCY HEDGES		
–	**–**	Resulting from the fair value of foreign exchange contracts outstanding at year-end.	**1 431**	1 024

COMPANY			GROUP	
2013	**2014**		**2014**	2013
R000	**R000**		**R000**	R000
		30. TAXATION		
		South African normal tax		
9 579	**11 324**	– current	**155 891**	178 662
88	**(29)**	– prior year	**(4 922)**	(2 859)
–	**–**	– foreign	**71**	109
–	**–**	– associate	**–**	8 603
		Deferred tax		
–	**–**	– current	**(113 878)**	(1 389)
–	**–**	– prior year	**1 479**	(220)
–	**90 113**	Capital gains tax	**90 474**	137
9 667	**101 408**	Total tax	**129 115**	183 043
40 955	**223 303**	Tax at the standard rate of 28% on income before tax (2013: 28%)	**158 193**	192 038
31 288	**121 895**	Difference	**29 078**	8 995
		Reconciled as follows:		
32 015	**138 397**	– dividend and other non-taxable income	**13 807**	18 234
(639)	**(61 549)**	– disallowable expenses	**(28 709)**	(12 586)
(88)	**29**	– effect of prior year	**3 443**	3 079
		– associate	**5 460**	–
–	**45 057**	– capital gains tax	**45 213**	(137)
		– tax losses not utilised	**(10 369)**	–
–	**(39)**	– other	**233**	405
31 288	**121 895**		**29 078**	8 995
		Estimated tax losses included in deferred tax:		
		– at the beginning of year	**9 220**	3 958
		– incurred and acquired during the year	**2 540**	5 330
		– utilised during year	**(2 517)**	(68)
–	**–**	– at end of year	**9 243**	9 220
		The group has estimated tax losses of R41,0 million available for set off against future taxable income.		

31. EARNINGS PER SHARE

Reconciliation between earnings, adjusted earnings and headline earnings

		2014 Gross R000	2014 Net of tax R000	2013 Gross R000	2013 Net of tax R000
Earnings attributable to owners of the company			**426 816**		490 972
Adjustments for:					
– impairment of goodwill		**74 876**	**74 876**	21 587	21 587
– impairment of property, plant and equipment		**384 674**	**276 963**	15 416	11 100
– loss/(profit) on disposal of property, plant and equipment		**1 600**	**1 152**	(8 498)	(6 119)
– (profit)/loss on disposal of investments		**(470 067)**	**(379 980)**	666	543
Headline earnings			**399 827**		518 083
Earnings per share	(cents)		**105,0**		116,2
Headline earnings per share	(cents)		**98,4**		122,6

Reconciliation of weighted average number of shares	2014 Number of shares	2013 Number of shares
Weighted average number of shares in issue	**406 494 087**	467 052 949
Treasury shares	**–**	(44 395 861)
Weighted average number of shares	**406 494 087**	422 657 088

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 2013 R000	COMPANY 2014 R000		GROUP 2014 R000	GROUP 2013 R000
		32. ORDINARY DIVIDENDS		
234 004	**256 879**	Paid	**234 161**	211 368
		33. PREFERENCE DIVIDENDS		
205	**225**	Paid	**225**	205

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

COMPANY 2013 R000	COMPANY 2014 R000			GROUP 2014 R000	GROUP 2013 R000
		34.	**COMMITMENTS**		
			Capital expenditure on plant and machinery		
			– approved but not contracted	**150 000**	170 000
			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	**6 979**	7 474
			After one year, but not more than five years	**6 607**	2 536
–	**–**			**13 586**	10 010
			The lease commitments relates substantially to land and buildings with escalations clauses that are generally inflation linked. Options to renew the leases are on similar conditions to the current leases.		

35. CONTINGENT LIABILITIES AND FOREIGN EXCHANGE EXPOSURE

35.1 Currency risk

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

The currencies giving rise to currency risk, in which the group primarily deals are Pound Sterling, US 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.

35.2 Foreign currency contracts

The principal or contract amounts of foreign exchange and currency hedge contracts (in South African Rands) outstanding at reporting date were:

COMPANY 2013 R000	COMPANY 2014 R000		Ave rate of exchange	GROUP 2014 R000	GROUP 2013 R000
		Euro	14,989	**72 257**	33 784
		Pound Sterling	18,069	**10 436**	8 098
		US Dollar	10,815	**12 446**	5 149
–	**–**			**95 139**	47 031

36. BORROWING POWERS

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

37. RELATED PARTIES

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

Directors

Certain members of senior management are executive directors. Details relating to directors' emoluments and shareholdings in the company are disclosed in note 26 and the Directors' report respectively.

Controlling shareholders

Messrs TD Moolman and GM Utian are members of The Moolman & Coburn Partnership together with a number of other parties. In terms of an agreement concluded in 1985, the Partnership receives a commission on the group's advertising revenue which in 2014 amounted to R46,1 million (2013: R45,9 million).

The balance owing to the Partnership at the year-end amounted to R4,5 million (2013: R4,1 million).

Subsidiaries

Details of investments in subsidiaries and joint ventures are disclosed in the annexure on page 61.

Associates

Details of income from associates are disclosed in the statement of comprehensive income, note 5 and in the annexure on page 62.

Shareholders

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

38. RETIREMENT BENEFIT PLANS

The group's main retirement benefit plans, the Hortors Group Pension and Provident Funds, are governed by the Pension Funds Act. The plans are structured as defined contribution plans as opposed to defined benefit plans: 5 327 (2013: 5 237) of the group's employees are covered by the plans.

COMPANY				GROUP	
2013	2014			2014	2013
R000	R000			R000	R000
		39.	**NOTES TO THE CASH FLOW STATEMENT**		
		39.1	**Cash generated by operations**		
146 268	**797 511**		Profit before taxation	**564 974**	685 851
–	**–**		Associate income	**(19 500)**	(22 410)
(33 229)	**(39 096)**		Interest received (net)	**(54 178)**	(44 778)
(114 343)	**(494 278)**		Dividends received	**(48 899)**	(59 445)
			Adjustment for non-cash items:		
–	**–**		– depreciation of property, plant and equipment	**259 728**	241 592
4 452	**82 488**		– impairment	**459 548**	37 003
–	**(346 605)**		– profit on disposal of investments	**(470 067)**	–
–	**–**		– loss/(surplus) on disposal of property, plant and equipment	**1 600**	(8 498)
–	**–**		– foreign currency difference on revaluation of inventory	**1 942**	(339)
–	**–**		– profit on currency hedge	**(1 431)**	(1 024)
–	**–**		– movement in provisions	**71 320**	19 579
–	**–**		– provisions acquired	**(15 527)**	(769)
3 148	**20**			**749 510**	846 762
		39.2	**Changes in working capital**		
–	**–**		Decrease/(increase) in inventories	**10 027**	(119 246)
653	**(10 796)**		(Increase)/(decrease) in accounts receivable	**(172 497)**	(71 264)
9	**54**		Increase in accounts payable	**102 410**	64 649
–	**–**		Working capital acquired	**7 066**	3 225
662	**(10 742)**			**(52 994)**	(122 636)

COMPANY 2013 R000	COMPANY 2014 R000			GROUP 2014 R000	GROUP 2013 R000
		39.	**NOTES TO THE CASH FLOW STATEMENT** continued		
		39.3	**Taxation paid**		
1 694	**1 665**		Opening tax overpaid	**11 692**	24 675
(9 667)	**(101 408)**		Charged in profit or loss	**(241 514)**	(184 652)
			Associate tax	**–**	8 603
–	**–**		Taxation acquired	**917**	426
–	**(57 183)**		CGT Recycled	**(57 183)**	–
(1 665)	**21 164**		Closing tax payable/(overpaid)	**21 935**	(11 692)
(9 638)	**(135 762)**			**(264 153)**	(162 640)
		39.4	**Dividends paid**		
(234 209)	**(1 094 409)**		Charged to reserves	**(234 386)**	(211 572)
–	**–**		Dividends of non-controlling interests	**(5 940)**	(5 615)
(234 209)	**(1 094 409)**			**(240 326)**	(217 187)
		39.5	**Investments – subsidiary businesses**		
–	**(50 000)**		Acquisitions (net of cash acquired)	**(63 899)**	(34 599)
–	**400 000**		Proceeds from disposal of investments	**–**	–
(767)	**(39 778)**		Advances to group companies	**–**	–
(767)	**310 222**			**(63 899)**	(34 599)
		39.6	**Investments – associates and other investments**		
(440 334)	**(47 250)**		Acquisitions	**(48 143)**	(450 844)
–	**999 175**		Proceeds from disposal of investments	**993 456**	–
(3 163)	**13 751**		(Increase)/decrease in loans	**42 814**	(1 363)
(443 497)	**965 676**			**988 127**	(452 207)
		39.7	**Cash and cash equivalents**		
324 028	**727 214**		Cash	**1 306 489**	750 230
674 753	**922 166**		Preference shares at cost	**922 166**	674 753
(6 999)	**(6 584)**		Fair value adjustment	**(6 584)**	(6 999)
991 782	**1 642 796**		Fair value of cash and cash equivalents	**2 222 071**	1 417 984

39.8 Business combination

During the year the group acquired the following businesses, which has been accounted for as business combinations:

Habari Media (Pty) Limited – 100%

Ramsay Media (Pty) Limited – acquired the remaining 70% (owned 30% previously)

Mega Digital (Pty) Limited – 51%

The acquired business contributed revenues of R62,0 million and net loss after tax of R14,2 million to the group for the year ended 30 June 2014. Had these businesses been acquired for the full financial year the revenue would have been R232,6 million and the net loss after tax would have been R16,4 million.

These amounts have been calculated using the group's accounting policies.

During 2013 the group acquired 100% of Magscene (Pty) Ltd and the business of Cape Printing (Pty) Ltd for R35,5 million.

The acquired business contributed revenues of R31,2 million and net profit after tax of R3,5 million to the group for the year ended 30 June 2013.

39. NOTES TO THE CASH FLOW STATEMENT continued

39.8 Business combination continued

R000	2014 Acquirees fair value	2013 Acquirees fair value
Property, plant and equipment	**10 841**	9 363
Inventories	**729**	7 529
Accounts receivable	**67 791**	6 163
Bank and cash resources	**11 145**	901
Accounts payable and provisions	**(77 003)**	(10 468)
Taxation	**(917)**	(333)
Deferred taxation	**5 122**	757
Fair value of net assets acquired	**17 708**	13 912
Initial investment amount	**(30 075)**	–
Loss upon change of holding	**12 538**	–
Goodwill to maintain the group's position in the media market	**74 873**	21 588
Total purchase consideration paid in cash	**75 044**	35 500
Total purchase consideration	**75 044**	35 500
Less: Cash and cash equivalents in subsidiary acquired	**(11 145)**	(901)
Cash flow on acquisition	**63 899**	34 599

R000	Carrying amount	Carrying amount
Property, plant and equipment	**10 841**	9 363
Inventories	**729**	7 529
Accounts receivable	**67 791**	6 163
Bank and cash resources	**11 145**	901
Accounts payable and provisions	**(77 003)**	(10 468)
Taxation	**(917)**	(333)
Deferred taxation	**5 122**	757
Fair value of net assets acquired	**17 708**	13 912
Initial investment amount	**(30 075)**	–
Loss upon change of holding	**12 538**	–
Goodwill to maintain the group's position in the media market	**74 873**	21 588
Total purchase consideration paid in cash	**75 044**	35 500

40. SEGMENTAL ANALYSIS

	GROUP			
	2014		2013	
	R000	%	R000	%
Revenue				
Publishing, printing and distribution	**5 007 795**	**93**	4 952 963	96
Other	**1 243 168**	**23**	1 031 207	20
Inter-group sales – Publishing, printing and distribution	**(745 027)**	**(14)**	(692 473)	(13)
Inter-group sales – Other	**(116 385)**	**(2)**	(134 786)	(3)
	5 389 551	**100**	5 156 911	100
Profit from operating activities after depreciation				
Publishing, printing and distribution	**313 752**	**73**	494 582	83
Other	**116 695**	**27**	101 283	17
	430 447	**100**	595 865	100
Other Information				
Total assets				
Publishing, printing and distribution	**3 023 530**	**48**	3 046 083	46
Other	**3 296 336**	**52**	3 644 797	54
	6 319 866	**100**	6 690 880	100
Total liabilities				
Publishing, printing and distribution	**885 857**	**69**	893 105	69
Other	**405 133**	**31**	400 806	31
	1 290 990	**100**	1 293 911	100
Capital expenditure				
Publishing, printing and distribution	**269 960**	**68**	245 945	69
Other	**125 894**	**32**	110 627	31
	395 854	**100**	356 572	100
Depreciation and impairment				
Publishing, printing and distribution	**566 754**	**79**	199 628	72
Other	**152 522**	**21**	78 967	28
	719 276	**100**	278 595	100

The group operates in South Africa.

41. CAPITAL MANAGEMENT

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2014 and 30 June 2013. The company had no debt during the years under review.

42. POST BALANCE SHEET EVENT

The company has concluded the acquisition of the Carton and Label division of Nampak with effect from 1 August 2014. The expected purchase price is in the region of R308 million with an adjustment depending on the Net Asset Value of the effective date accounts.

INFORMATION RELATING TO SUBSIDIARIES AND JOINT VENTURES

Name	Nature of operations	Issued capital R	Holding 2014 %	Holding 2013 %	Cost less impairment 2014 R000	Cost less impairment 2013 R000	Owing* 2014 R000	Owing* 2013 R000
Directly held								
Caxton Publishers and Printers	Holding company	29 083	**100**	100	**1 352 228**	1 352 228	**115 966**	78 938
Caxton Share Investments	Investments	41 000	**100**	100	**–**	536 001		
Darwain Investments	Printing	300	**60**	60	**494**	494		
Highway Mail	Publishing	50 000	**67**	67	**471**	471		
Impala Stationery Manufacturers	Stationery manufacturer	1 000	**100**	100				
Moneyweb Holdings	Integrated media	107 000	**50**	50	**20 720**	37 055		
Noordwes Koerante	Publishing	250	**90**	90				
Northwest Web Printers	Printing	100	**90**	90				
Ramsay Media	Publishing	24 000	**100**	30	**13 921**			
Raylene Designs	Repro designs	180	**–**	–	**–**	–		
Ridge Times	Publishing	4 000	**67**	67	**512**	512		
Saxton Investments	Investments	100	**100**	100				
Zululand Observer	Publishing	47	**60**	60	**2 497**	2 497		
Indirectly held								
CTP Limited	Publishing and printing	2 500 718	**100**	100				
CTP Digital Services	CD and DVD replication	100	**100**	100				
CTP Newspapers – Cape	Printing	100	**100**	100				
Direct Stationery U.K.	Stationery distributors	1 711	**100**	100				
Erfrad 13	Property owning	100	**100**	100				
Habari Media	Publishing	1	**100**	–	**–**			
Highway Printers	Printing	100	**100**	100				
Kagiso Publishers	Printing	700	**100**	100				
Magscene	Magazine distributors	1 000	**100**	100				
Mega Digital	Printing	120	**51**	–	**–**			
Pecanview Properties	Property owning	1	**100**	100				
Project Northwards	Property owning	166	**100**	100				
The Citizen Limited	Holding company	3 195 161	**100**	100				
The Citizen (1978)	Publishing	3	**100**	100				
Tight Lines	Publishing	180	**100**	100				
Thornbird Trade & Invest 100	Printing	564	**67**	67				
					1 390 843	1 929 258	**115 966**	78 938

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.

Name	Nature of operations	Issued capital R	Holding 2014 %	Holding 2013 %	Cost less impairment 2014 R000	Cost less impairment 2013 R000	Owing* 2014 R000	Owing* 2013 R000
Joint ventures								
MCS Caxton International Press	Distribution	20 000	**50**	50			**–**	–
Mahareng Publishing	Publishing	1 000	**50**	50			**2 250**	–
Safeway Publishing	Publishing	100	**50**	50			**500**	–
Remade Publishing	Recycling	100	**50**	50			**–**	–
Umlingo	Stationery distributors	100	**50**	50			**–**	–
					–	–	**2 750**	–
					1 390 843	1 929 258	**118 716**	78 938

INFORMATION RELATING TO ASSOCIATES

Name	Nature of operations	Issued Capital R	Holding 2014 %	Holding 2013 %	Cost/valuation 2014 R000	Cost/valuation 2013 R000	Owing* 2014 R000	Owing* 2013 R000
Directly held								
Capital Media (Feb)	Newspaper publisher	4	**50**	50	**–**	–	**1 431**	1 525
Carpe Diem	Magazine publisher	120	**30**	30	**4 728**	4 728		
FBC Properties	Property owning	15 700	**50**	50	**1 352**	1 352	**38**	
Ezweni Magazine Distribution	Magazine distributor	1 000	**46**	46	**–**	–		
Foneworx Holdings	Digital & telecommunication solutions	136 002	**34**	33	**108 747**	102 466		
Fordsburg Mayfair Media	Newspaper publisher	1 000	**50**	50	**–**	–		504
Green Willow Properties 177	Property owning	120	**50**	50	**–**	–		
Heraut Publiseerders	Newspaper publisher	100	**50**	50	**189**	189		(53)
Hutton Trading	Advert delivery	120	**50**	50	**250**	250	**2 650**	2 650
Ince	Printer	13 000	**26**	26	**2 181**	1 384		4 742
Leo Kantoor Meubels	Property owning	100	**50**	50	**–**	–		
Lincroft Books (March)	Newspaper publisher	100	**40**	40	**130**	85		
Lonehill Trading (March)	Magazine publisher	120	**50**	50	**1 170**	1 170	**1 892**	1 886
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	**3 370**	3 930
Ramsay Media (Feb)	Magazine publisher	12 000	**–**	30	**–**	30 075		
Rising Sun Community Newspapers	Newspaper publisher	100	**45**	45	**–**	–	**(10 104)**	
Ronain Investments	Property owning	1 000	**50**	50	**33**	33		8 754
Rowaga Properties	Property owning	1 000	**50**	50	**1 175**	1 175		
Sentrale Makelaars	Dormant	50 000	**50**	50	**56**	56		
Shumani Print Services	Printer	1 000	**49**	49	**3 159**	3 159	**3 531**	3 269
Tambuti Brits	Property owning	100	**50**	50	**–**	–		
Tambuti Enterprise	Property owning	100	**50**	50	**143**	143		
Tambuti Upington	Property owning	100	**50**	50	**–**	–		
Tambuti Vryburg	Property owning	100	**50**	50	**–**	–		
Wordsmiths	Newspaper publisher	10 000	**50**	50	**3 750**	3 750		
Indirectly held								
Capital Newpapers	Newspaper publisher	1 000	**45**	45	**–**	–	**4 000**	4 000
RSA Web (Feb)	Internet service provider	1 000	**25**	25	**20 090**	20 090		
					149 968	172 920	**6 808**	31 207

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

The financial year-ends are June unless otherwise stated.

Investments of between 25% and 50% are accounted for as associates.

INFORMATION RELATING TO ASSOCIATES *continued*

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

	Associated companies		Joint ventures	
	2014	2013	**2014**	2013
	R000	R000	**R000**	R000
STATEMENT OF FINANCIAL POSITION				
Fixed assets	**84 685**	103 150	**1 463**	1 294
Investments and long-term receivables	**742**	65	**–**	–
Current assets	**144 447**	118 618	**10 122**	16 507
Total assets	**229 874**	221 833	**11 585**	17 801
Long-term liabilities	**30 085**	36 855	**3 070**	4 075
Deferred taxation	**(2 033)**	(2 903)	**(354)**	(1 140)
Current liabilities	**72 518**	59 120	**6 212**	11 785
Total liabilities	**100 570**	93 072	**8 928**	14 720
Attributable net asset value	**129 304**	128 761	**2 657**	3 081
STATEMENT OF COMPREHENSIVE INCOME				
Turnover	**319 272**	297 315	**26 201**	36 717
Income before taxation	**31 567**	22 410	**4 449**	(824)
Taxation	**(12 067)**	(8 603)	**(1 871)**	187
Net income for the year	**19 500**	13 807	**2 578**	(637)

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE OF MEETING

Notice is hereby given that the annual general meeting of shareholders of the company ("the meeting") will be held in the boardroom, Caxton House, 368 Jan Smuts Avenue, Craighall Park, Johannesburg, on Wednesday, 10 December 2014 at 10:00.

RECORD DATE, ATTENDANCE AND VOTING

The record date for determining which shareholders are entitled to notice of the meeting is Friday, 31 October 2014 and the record date for determining which shareholders are entitled to participate in and vote at the meeting is Friday, 28 November 2014. The last day to trade in order to be eligible to vote at the meeting is accordingly Friday, 21 November 2014.

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

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

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

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

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

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

PURPOSE OF MEETING

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

Ordinary resolutions

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

Voting requirement: In order to be adopted, all ordinary resolutions require the support of a majority of the votes cast by shareholders present or represented by proxy at the meeting. The quorum for the meeting is 25% of the issued share capital of the company.

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

   "Resolved that:
   The annual financial statements of the company and the group for the year ended 30 June 2014 be and are hereby adopted."

   Explanation: The reason for and effect of ordinary resolution number 1 is to receive and adopt the annual financial statements for the company and the group for the year ended 30 June 2014.

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

   "Resolved that:
   All the unissued shares in the capital of the company be placed under the control of the directors in terms of article 6 of the Memorandum of Incorporation of the company as a general authority in terms of the Companies Act,

No 71 of 2008, as amended ("the Act"), who are hereby authorised to allot and issue shares in the capital of the company to those persons, upon such terms and conditions, as the directors in their sole discretion deem fit, until the next annual general meeting subject to the provisions of the Act and the Listings Requirements of the Johannesburg Stock Exchange ("the JSE")."

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

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

"Resolved that:

3.1 Mr PM Jenkins, who retires by rotation in terms of the Memorandum of Incorporation of the company and who is eligible and available for re-election, be and is hereby re-elected as a director of the company.

3.2 Ms T Slabbert, who retires by rotation in terms of the Memorandum of Incorporation of the company and who is eligible and available for re-election, be and is hereby re-elected as a director of the company."

Explanation: The reason for ordinary resolution number 3 is that the Memorandum of Incorporation requires that a third of the company's non-executive directors retire at the annual general meeting. A retiring director, if eligible, may be re-elected.

Brief biographies of these directors appear on page 3 of the integrated annual report. The ordinary resolutions number 3.1 and 3.2 will be considered separately.

4. Ordinary resolution number 4: appoint Mr JH Phalane to the Board of Directors

"Resolved that:

Mr JH Phalane be appointed to the Board of Directors."

Explanation: The Memorandum of Incorporation requires that directors appointed during the year retire at the annual general meeting.

A brief biography of this director appears on page 3 of the integrated annual report.

5. Ordinary resolution number 5: reappointment of independent auditors

"Resolved that:

Grant Thornton (Jhb) Inc. be and is hereby reappointed as independent auditors of the company from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the company."

Explanation: The reason for ordinary resolution number 4 is that the company, being a listed public company, must appoint an independent auditor and have its annual financial statements audited.

6. Ordinary resolution number 6: re-election of the Audit and Risk Committee chairman and members

"Resolved that:

6.1 Ms T Slabbert be and is hereby re-elected as a member and chairman of the Audit and Risk Committee until the conclusion of the next annual general meeting.

6.2 Mr ACG Molusi be and is hereby re-elected as a member of the Audit and Risk Committee until the conclusion of the next annual general meeting.

6.3 Mr NA Nemukula be and is hereby re-elected as a member of the Audit and Risk Committee until the conclusion of the next annual general meeting."

Explanation: To elect Ms T Slabbert, Mr ACG Molusi and Mr NA Nemukula who are recommended by the Board and whose appointment automatically terminates on the day of the annual general meeting. The reason for ordinary resolution number 5 is that at each annual general meeting, a public company must elect an Audit and Risk Committee comprising at least three members.

Brief biographies of these directors appear on page 3.

The ordinary resolutions number 6.1, 6.2 and 6.3 will be considered separately.

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

"Resolved that:

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

Special resolutions

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

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

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

"Resolved that:

The company and/or a subsidiary of the company be and is hereby authorised to repurchase or purchase, as the case may be, ordinary shares issued by the company on such terms and conditions and in such amounts as the directors of the company may decide, but subject always to the provisions of section 48 of the Act and the Listings Requirements of the JSE, which currently stipulate that:

- the repurchase of securities being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- at any point in time the company may only appoint one agent to effect any repurchases on the company's behalf;
- the company or any of its subsidiaries may not repurchase securities during a prohibited period as defined in paragraph 3.67 in the Listings Requirements of the JSE;
- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- a paid press announcement will be published as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue, at the time of passing of this special resolution, and any 3% (three percent) increments thereafter which announcements shall contain full details of such acquisitions;
- acquisitions of ordinary shares by the company in terms of this general authority in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital nor may any subsidiary hold more than 10% (ten percent) of the company's issued share capital at any one time;
- in determining the price at which ordinary shares issued by the company are acquired in terms of this general authority, the maximum price at which such ordinary shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market price at which such ordinary shares traded on the JSE over the 5 (five) business days immediately preceding the date on which the transaction is effected."

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

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

Additional disclosure requirements in terms of the Listings Requirements of the JSE

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

- Details of directors on page 3;
- Directors' interests in securities on page 21 (which beneficial interests have not changed since 30 June 2014, there are no non-beneficial interests);
- Major shareholders on page 22;
- Material changes in the nature of the company's trading or financial position post-30 June 2014 on page 22; and
- The share capital note 12 on page 45.

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

Directors' responsibility statement
The directors, whose names appear on page 3 of the integrated annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that, to the best of their knowledge and belief, there are no facts which have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the resolution contains all information relevant to special resolution number 1.

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

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

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

"Resolved that:
The remuneration of the non-executive directors for the year 1 January 2015 to 31 December 2015 be as follows:

PM Jenkins	R1 111 000
T Slabbert	R231 000
ACG Molusi	R162 250
NA Nemukula	R162 250

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

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

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

Explanation: The reason for and effect of special resolution number 3 is to grant the directors of the company the authority to cause the company to provide financial assistance to any entity which is related or inter-related to the company.

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

    "Resolved that:

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

    Explanation: The reason for and effect of special resolution number 4 is to grant the directors of the company the authority to cause the company to provide financial assistance for the subscription or purchase of securities to any entity which is related or inter-related to the company. This special resolution number 4 does not authorise the provision of financial assistance to a director or prescribed officer of the company.

12. ***Advisory resolution number 1: approval of remuneration policy***

    "Resolved that:

    The company's remuneration policy as set out in the corporate governance report, be and is hereby approved.

    Explanation: This is the first year in which the company tables its remuneration policy for a non-binding advisory vote by shareholders at its Annual General Meeting. The policy is tabled in terms of King III, to enable shareholders to express their views on the remuneration policies adopted and on their implementation. This ordinary resolution is advisory of nature only, but will be taken into consideration when considering the company's remuneration policy in the future.

By order of the Board

N Sooka
Company Secretary

29 October 2014

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

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

SUMMARY OF RIGHTS ESTABLISHED BY SECTION 58 OF THE COMPANIES ACT, NO 71 OF 2008 ("COMPANIES ACT"), AS REQUIRED IN TERMS OF SUBSECTION 58(8)(B)(I)

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

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

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

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

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

6. Irrespective of the form of instrument used to appoint a proxy:
   - 6.1 the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58)(4)(a));
   - 6.2 the appointment is revocable unless the proxy appointment expressly states other wise (section 58(4)(b)); and
   - 6.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company (section 58(4)(c)).

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

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

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

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

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

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

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

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

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

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

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

FORM OF PROXY

CAXTON & CTP publishers & printers LIMITED

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

For use by certificated shareholders and dematerialised shareholders with own name registration at the annual general meeting of the holders of ordinary shares in the company ("Caxton shareholders") to be held in the boardroom, Caxton House, 368 Jan Smuts Avenue, Craighall Park, Johannesburg at 10:00 on Wednesday, 10 December 2014.

I/We (full names)

of (address)

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

1. or failing him/her,

2. or failing him/her,

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

		For	Against	Abstain
	Ordinary resolutions			
1.	To adopt the annual financial statements for the year ended 30 June 2014			
2.	To place unissued ordinary shares of the company under the control of the directors			
3.1	To re-elect Mr. P Jenkins as director of the company			
3.2	To re-elect Ms. T Slabbert as director of the company			
4.	To appoint Mr JH Phalane as an independent non-executive director of the company			
5.	To re-appoint Grant Thornton (Jhb) Inc. as the independent auditors			
6.1	To re-elect Ms. T Slabbert as member and chairman of the Audit and Risk Committee			
6.2	To re-elect Mr. ACG Molusi as member of the Audit and Risk Committee			
6.3	To re-elect Mr. NA Nemukula as member of the Audit and Risk Committee			
7.	To authorise any director or Company Secretary to sign documentation to effect ordinary and special resolutions passed			
	Special resolutions			
1.	To approve the general authority for the company and/or subsidiary to acquire the company's own shares			
2.	To approve the remuneration of the non-executive directors			
3.	To approve financial assistance to related or inter-related companies			
4.	To approve financial assistance for subscription for or purchase of securities			
	Advisory resolution			
1.	To approve the remuneration policy as set out in the corporate governance report			

Signed at on 2014

Signature

Assisted by (where applicable)

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

Please read the notes on the reverse hereof.

NOTES

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

2. The shareholder's instruction to the proxy must be shown by indicating in the appropriate boxes provided the manner in which that shareholder wishes to vote by inserting an "X" in the relevant box unless a shareholder wishes to split his/her votes. In this case, the relevant number of shares to be so voted must be indicated in the relevant box. Failure to comply with the above will be deemed to authorise the proxy to vote, or abstain from voting, at the annual general meeting as he/she deems fit, in respect of all the shareholder's votes exercisable thereat.

3. A Caxton shareholder or his/her proxy is not obliged to use all the votes exercisable by the member or to cast all these votes exercised in the same way, but the total of the votes cast, and in respect whereof abstention is recorded, may not exceed the total of the votes exercisable by the member. Failure to comply with the above will be deemed to be authority to the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of any resolution proposed at the annual general meeting or any other proxy to vote or abstain from voting, at the annual general meeting as he/she deems fit, in respect of the shares concerned.

4. Forms of proxy and any power of attorney by virtue of which such proxy is signed (or a notarially certified copy of such power of attorney) must be lodged at or posted to the transfer secretaries of the company, Computershare Investor Services (Pty) Limited (70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107), to be received by no later than 10:00 on Monday, 8 December 2014.

5. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's Secretary or waived by the chairman of the annual general meeting.

7. If you are a dematerialised shareholder, other than by own name registration, you must inform your appointed Central Securities Depository Participant ("CSDP") or broker of the manner in which you wish to vote in order for them to notify the Company Secretary by no later than 10:00 on Monday, 8 December 2014. Only registered certificated shareholders recorded in the main register of members of the company or under own names in the dematerialised register, may complete a form of proxy or alternatively attend the annual general meeting.

8. Dematerialised shareholders who are not registered under their own names who wish to attend the annual general meeting or vote by proxy must contact their CSDP or broker who will provide them with the necessary authority to do so, or carry out their instructions.

9. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with the Memorandum of Incorporation of the company or these notes.

ADMINISTRATION

Caxton and CTP Publishers and Printers Limited
Incorporated in the Republic of South Africa Registration number 1947/026616/06
Share code: CAT ISIN: ZAE000043345
Preference share code: CATP ISIN: ZAE000043352

Registered address
28 Wright Street
Industria West
Johannesburg, 2093

Postal address
PO Box 43587
Industria, 2042

Company Secretary
N Sooka

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

Attorneys
Fluxmans Inc.
30 Jellicoe Avenue
Rosebank
Johannesburg, 2196

Bankers
First National Bank
BankCity, Johannesburg, 2001

Sponsor
Arbor Capital Sponsors (Pty) Limited
Registration number 2006/033725/07
Ground Floor, One Building
Woodmead North Office Park
54 Maxwell Drive
Woodmead, 2191
Suite 439, Private Bag X29, Gallo Manor, 2052

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

Telephone: +27 11 370 5000

CAXTON&CTP publishers & printers LIMITED