CAXTON & CTP publishers & printers LIMITED

Integrated Annual Report 2017

Caxton and CTP Publishers and Printers Limited is a major publisher and printer of books, magazines, newspapers and commercial print and manufacturer of packaging and labels

Caxton and CTP Publishers and Printers Limited is driven by the quest for excellence across all disciplines of publishing, printing and manufacturing, 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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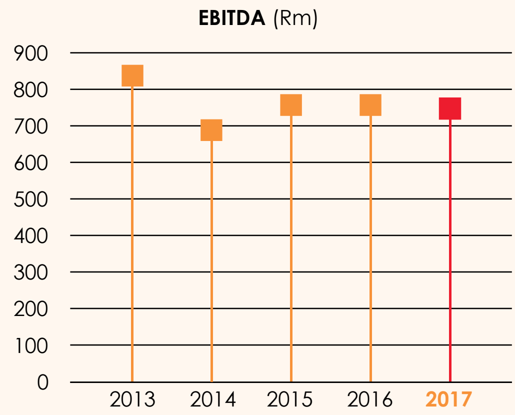
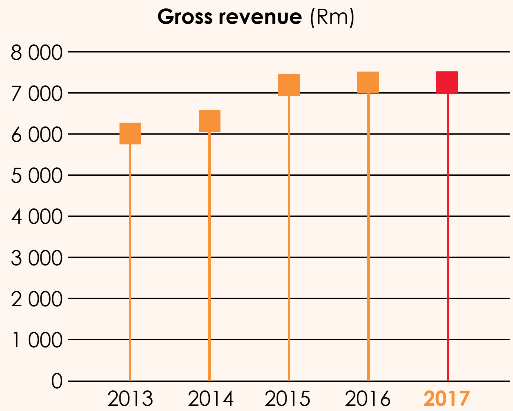
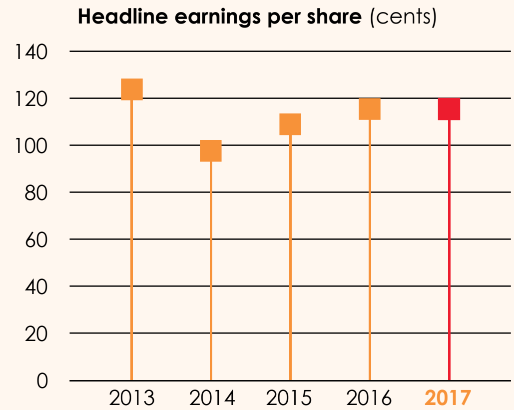
HIGHLIGHTS

- *Turnover R7 286 million*
- *Profit before tax **R610 million***
- *Cash generated by operations **R725 million***
- *Cash resources **R1 946 million***







HIGHLIGHTS – FIVE YEARS TO 30 JUNE 2017

		2017 Rm	2016 Rm	2015 Rm	2014 Rm	2013 Rm
STATEMENT OF COMPREHENSIVE INCOME AND CASH FLOW						
Gross revenue		**7 286**	7 246	7 194	6 250	5 984
Operating profit before depreciation and amortisation		**749**	762	758	690	837
Finance income		**141**	129	117	104	105
Profit attributable to equity holders of the parent		**445**	448	423	427	491
Headline earnings per share	(cents)	**116**	116	109	98	123
Cash generated by operations		**725**	758	767	750	847
STATEMENTS OF FINANCIAL POSITION						
Shareholders' equity		**5 729**	5 579	5 297	5 029	5 397
Total assets		**7 229**	7 050	6 690	6 319	6 691
Cash and cash equivalents		**1 946**	2 018	1 989	2 222	1 418
OTHER INFORMATION						
Weighted average number of shares in issue	(000's)	**396 219**	397 982	396 463	406 494	422 657
Net asset value per share	(cents)	**1 436**	1 406	1 337	1 283	1 277
Number of employees		**6 311**	6 310	6 434	6 053	6 025

DIRECTORATE

EXECUTIVE

TD Moolman (73) **(Chief Executive Officer)**
Terry is the founder of Caxton and CTP Publishers and Printers Limited.

TJW Holden (53) **(Managing Director) (Financial Director)** BCom, CA(SA)
Tim joined the group as group general manager: finance in 2003 and was appointed as financial director in 2006. He is a 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 (60) **(Deputy Managing Director)**
BCom, Hons BCompt
Piet is a former chartered accountant. He joined the group in 1992 and is currently CEO of the group's newspaper division.

NON-EXECUTIVE

PM Jenkins* (58) **(Chairman)**
BCom, LLB
Paul qualified at Randse Afrikaanse Universiteit in 1981 with a BCom and LLB degree and was admitted as an attorney and notary in February 1986. He became a partner of Webber Wentzel in 1988 and left his position as senior commercial legal partner in 1999 to join the Johnnic group full time. In this capacity he served as a director of numerous listed companies and was CEO of Johnnic Entertainment. He is currently self-employed and provides business and legal advisory services to a select group of clients.

ACG Molusi* (55)
BJournalism, MA
Connie has been involved with the media industry for many years and holds a number of directorships.

NA Nemukula* (62)
Albert qualified as a teacher and has a marketing and 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.

J Phalane* (42)
BA, LLB, LLM, MCom, MBA
Jack qualified as a teacher in 1996 and then went on to study at Wits University where he graduated with BA, LLB, LLM and MBA 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

T Slabbert*(50)
BA MBA
Tania is a co-founder and non-executive director of WDB Investment Holdings and previously served as its CEO for 12 years. She also serves as a non-executive director on the boards of Bidvest and the WDB Seed Fund and is a Trustee of the BPSA Education Foundation. Her previous directorships include Discovery, BP South Africa, Rennies Travel, Paracon, National Small Business Development Council and the Liliesleaf Trust.

** Independent non-executive*

MANAGING DIRECTOR'S REPORT

GROUP PERFORMANCE

Earnings

The Group has performed creditably in the year under review, and has managed to maintain earnings at the same level as the previous year, notwithstanding increasingly difficult trading conditions. Regrettably, despite the growth in profit after tax evident at the interim reporting period, consumer confidence and spending fell markedly during the second half and the general state of the economy declined further, resulting in flat year-on-year earnings. The difficult trading conditions meant volume decline and margin pressure became more pronounced during the second half of the financial year.

Revenue ended flat compared to the prior year and was impacted by declining local advertising revenues and further declines in magazine circulation and advertising revenue. This was offset by good growth in our book printing division on the back of increased text book demand and pleasing revenue growth at the Western Cape flexible packaging operation. The recent acquisitions have also contributed positively both to revenue and profits.

Raw material inputs have been stable helped by a more predictable exchange rate, which has had the impact of stabilising pricing. Staff and operating expenses have been well-controlled, with staff costs increasing 4,2% and operating expenses declining by 5,0%. These costs were positively impacted by certain restructuring initiatives, although the benefit of these initiatives was offset to a certain extent by the acquisitions made during the year.

Net profit from operating activities declined marginally to R437,6 million after taking into account an impairment of our investment in Cognition Holdings Limited.

Net finance income increased by 16,5% to R147,8 million, driven by both increased dividends and interest. Increased dividends were earned on our preference share investment where a better rate was negotiated.

Net income from associates increased by 39,9% to R24,7 million as a result of the improved performance from our printing associates. This was, however, partially offset by our share of the losses in the fibre-to-home business, during the network development phase.

Profit before taxation of R610,1 million grew by 3,4% over the prior year while profit after taxation ended similarly to the prior year due to an increased effective taxation rate.

The weighted number of shares in issue declined to 396 219 497, resulting in earnings per share of 112,2 cents, similar to the prior year and headline earnings per share of 115,6 cents, a marginal decrease of 0,7%.

Cash Flow

The fair value of cash and cash equivalents amounted to R1,946 billion, a decrease over the prior year of R72 million. Cash generated by operations declined by 4,4% to R725 million as a result of the subdued conditions in the second half of the reporting period. This was compensated for by improved working capital requirements, which is reflective of the subdued trading during the second half and improved debtor collections, resulting in cash generated by operating activities increasing by 20,9% to R782,2 million. Dividends paid accounted for R299,6 million which is an increase of 12,6% over the prior year. Investments in property, plant and equipment of R356 million were made. A large portion of the capital expenditure was in the packaging divisions to facilitate the Gauteng restructure, which is now complete, and in certain instances to upgrade to more efficient equipment.

The Group has been active with acquisitions during the year and has invested R157,8 million in buying the following businesses:

- HP Labelling self-adhesive operation in the Western Cape
- Boland Printers labelling operation in the Western Cape
- Flip File stationery business
- Star Papers stationery business
- The All 4 Women website as part of the Group's digital strategy

In addition the Group has made acquisitions and loans to associates in the amount of R85,3 million. The most significant has been a 30% investment in Universal Labelling (Pty) Ltd and the continued support through shareholder loans of our rapidly growing fibre-to-home associate Octotel (Pty) Limited. Octotel will have passed over 50 000 homes by the end of the year making it the Western Cape's largest independent Open Access fibre operator.

DIVISIONAL PERFORMANCE

Publishing, printing and distribution

Newspaper Publishing and Printing

The depressed consumer environment has had a marked impact on the Group's local newspapers, where revenues at a local level have declined. This, combined with the move of classified, motoring and property advertising to digital platforms has resulted in a decline in profitability. In contrast to this trend, national advertising revenues have continued to show growth in line with inflation. We believe that there is still demand from local businesses to advertise in our products and, to counter the depressed economic conditions, new solutions have been created to stimulate this segment of the market.

The first phase of our digital strategy of creating local news platforms in the towns where we have local newspaper operations has been hugely successful. These platforms are now the fourth largest in South Africa, measured by unique browsers and have grown by 41% during the reporting period. Digital display advertising revenue on these platforms is showing steady growth but will not compensate for the loss of print advertising. The main reasons for this are that the main pillars of local advertising, being classified, motoring and property, have migrated to digital platforms and thus the second phase of our strategy was focused on creating our own digital solutions for these categories at a local level. The Group has invested heavily in developing these solutions and the development is nearing the end and the shift will now be on marketing these platforms and to lure users by leveraging the current visitors to our local news platforms.

The rate of decline in circulations of daily and weekly newspapers has not changed since the last reporting period. The Citizen has, however, shown rapid progress with its digital platform and has increased unique visitors by 61%, proving that there is still a demand for national and international news, albeit that consumption habits have changed significantly. The challenge remains to monetise the digital environment, as an offset to declining print circulation revenues.

The Group's newspaper printing facility delivered similar profits to the prior year which, in the face of declining newspaper circulations and paginations, is an admirable achievement. Having said this, a major third party print contract at our operation in Industria has been cancelled recently which will require a significant downsizing of this operation. Management is optimistic that these initiatives will mitigate the lost volume contribution.

Magazine Publishing and Distribution

The magazine division has managed to compensate for continued declining advertising and circulation revenues through strict cost control measures and tighter management of the distribution of each title in an effort to maximise copy sales wherever possible. In addition, management continues to seek new revenue opportunities attached to its various digital offerings and this has gained some traction in the market place.

The Group's distribution network, RNA, declined in profitability on the back of continuing declining magazine circulations combined with a noticeable decline in CD and DVD distribution revenues. These declines are in line with the respective overall market conditions and can only be mitigated to a certain extent by strict cost containment which has been evident. The focus over the reporting period has been on generating new revenue streams, although this is still in an infancy stage and will require further development before making a meaningful contribution to profits. These pilot projects include a convenience store delivery mechanism to effectively service garage forecourts as well as a direct-to-store stationery delivery system.

COMMERCIAL PRINTING

Web and Gravure

Operationally these divisions have performed to expectations and maintained profitability in the face of declining print volumes which were offset through improved operational efficiencies. The Johannesburg division has recently installed a semi-commercial web press which will add new capabilities and be able to produce innovative and unique offerings to the market.

Book Printing

This division has showed a significant improvement over the previous year in both revenue and profitability. This was driven by the unexpected increased demand from education publishers as a result of a major increased allocation of funds to purchase text books for the Eastern Cape Province.

During the current year, this division has added a digital print facility which has enhanced the service offering to customers and is proving advantageous in servicing customers who require both short-, medium- and long-run print requirements.

A focus area of this division is to increase its share of the periodical publication market and some success has been achieved during the reporting period.

Other than the aforementioned increased text book demand, the rest of the market is generally depressed which has put pressure on margins as capacity outstrips demand. This pressure has been mitigated to a certain extent by improved manufacturing efficiencies facilitated by the recently installed Manroland Lithoman printing press and also a continuous improvement programme.

MANAGING DIRECTOR'S REPORT
continued

PACKAGING AND STATIONERY

Packaging

The Group's packaging divisions have performed to expectations and maintained profitability. This is a commendable achievement taking into account a depressed consumer environment and the disruptive nature of the reorganisation of the Gauteng operations that led to increased operational costs in the affected divisions. It is pleasing to report that the reorganisation is now complete and the focus in the short-term is to settle the affected Gauteng sites and improve operational efficiencies.

It is also pleasing to report that the Flexibles division in the Western Cape has continued its turnaround that was reported on at the half-year and is well-positioned to build upon the improved performance.

It has been an active year on the acquisition front with a number of acquisitions, detailed below, which have increased our label presence:

- The purchase of a paper label manufacturer, Boland Printers in the Western Cape, which will provide a base for the Group to further penetrate the agriculture market. This business has also undergone a capital expansion to enable it to service the short-to-medium run folding carton and litho laminate markets.
- The purchase of the self-adhesive label business of HP Labelling in the Western Cape. This operation has a large presence in the agriculture market and will be fully integrated into our existing operation in Parow.
- The purchase of the self-adhesive label business of Tricolor in the Western Cape (effective date 1 August 2017) which will also be integrated into our Parow operation.
- The purchase of 30% of Universal Labels (Pty) Ltd in Gauteng. This business manufactures self-adhesive, shrink and in-mould labels. The intention is for the experienced management team to undertake further acquisitions in the Gauteng region.

The packaging markets that we service continue to be highly competitive in nature and require the continued focus on being a low cost manufacturer, which the recent acquisitions and reorganisations are aimed to achieve. The Group is continually on the lookout for further acquisition opportunities that complement our portfolio of products.

Stationery

The stationery division improved profitability following an excellent diary season and with improved margins in other products. The recently acquired Flip File business contributed positively to this performance and has been integrated into our existing operation, allowing for rationalisation of certain costs. During the period, a small acquisition of Star Papers was concluded and this business has also been integrated into our existing site and will add to profitability.

Other

The integration of the acquired replication business with our existing business, which we previously reported on, is now complete. This has meant that three sites have been rationalised into one and this effort has resulted in improved profitability.

DIVIDENDS

The board has declared a dividend of 70,0 cents (2016: 70,0 cents) per ordinary share (gross) and a preference dividend of 570,0 cents (2016: 570,0 cents) per share (gross) for the year ended 30 June 2017.

PROSPECTS

The general state of the economy is not expected to improve in the short-term and this will hamper meaningful organic growth, but does present interesting acquisition opportunities and the possibility of leveraging off our established operational capacity, without significant further investment. The focus will be on running our business with our normal attention to costs and where possible, improving operational efficiencies. The Group is in an enviable position with a strong balance sheet and ample cash reserves to take advantage of any opportunities that arise. The current low growth economic environment is expected to continue for the next reporting period and will hamper any meaningful growth in revenue for the group. The focus will therefore continue to be cost containment, improving underperforming divisions and taking advantage of any acquisitions.

TJW Holden
Managing Director

Johannesburg
25 October 2017

TEN YEAR REVIEW – SALIENT FEATURES

		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Gross turnover	(Rm)	**7 286**	7 246	7 194	6 250	5 984	5 569	5 056	4 771	4 747	4 804
Profit before taxation	(Rm)	**610**	590	597	545	686	633	672	510	495	788
Profit from operating activities before depreciation	(Rm)	**749**	762	758	690	837	747	735	642	572	811
Weighted average number of shares in issue during the year	(000's)	**396 219**	397 982	396 463	406 494	422 657	416 999	457 252	465 987	465 995	470 990
Earnings per ordinary share	(cents)	**112**	113	107	105	116	105	101	76	181	128
Headline earnings per share	(cents)	**116**	116	109	98	123	110	106	76	87	124
Dividends per ordinary share	(cents)	**70**	70	65	60	55	50	40	40	40	52
Dividend cover	(times)	**1.6**	1.6	1.6	1.7	2.1	2.1	2.5	1.9	4.9	2.7
Ordinary shareholders' equity	(Rm)	**5 682**	5 523	5 240	4 976	5 347	4 856	5 031	4 917	4 774	3 821
Net current assets	(Rm)	**2 770**	2 887	2 824	2 833	2 075	2 371	2 263	2 268	2 193	1 582
Net asset value per share	(cents)	**1 436**	1 406	1 337	1 283	1 277	1 175	1 107	1 060	1 029	815
Number of employees		**6 311**	6 310	6 434	6 053	6 025	5 910	5 850	5 652	5 664	5 874

SUSTAINABILITY REPORT

APPROACH TO SUSTAINABILITY

Caxton and CTP Publishers and Printers Limited adheres 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 such 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 2016 to June 2017.

STANDARDS AND CERTIFICATION

CTP Printers Johannesburg and CTP Printers Cape Town are FOGRA Process Standard Offset (PSO) certified. The FOGRA PSO certification is achieved with consistent and predictable colour reproduction to ISO 12647-2 standards. This certification provides proof externally of the quality the company is capable of and internally it ensures smooth production.

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.

CTP Printers Cape Town (FSC-C017578), SA Litho Label Printers (FSC-C084368), CTP Packaging (FSC-C108896) and CTP Cartons and Labels (FSC-C115826, FSC-C124452) have also attained the Forestry Stewardship Council® (FSC®) Chain of Custody certification. This allows these divisions to produce work carrying the FSC logo and provides assurance that the raw material used as well as the production process conforms to standards of social and environmental awareness.

SA Litho, CTP Cartons & Labels, CTP Flexibles and Boland Printers are all ISO 9001:2008 certified (quality management system).

SA Litho is ISO 22000 certified (secondary food packaging certification) while CTP Cartons & Labels and CTP Flexibles are all ISO FSSC 22000 certified (primary food packaging certification). The FSSC 22000 Food Safety System Certification provides a framework for effectively managing an organisation's food safety responsibilities. FSSC 22000 is fully recognised by the Global Food Safety Initiative (GFSI) and is based on existing ISO Standards. It demonstrates that our divisions have a robust Food Safety Management System in place that meets the requirements of customers and consumers. The FSSC 22000 food safety certification is a prerequisite for suppliers of all major food and beverage brands – major brands will not entertain business with suppliers who do not have this certification as a minimum. In the Packaging arena, this means that our customers can use our packaging for direct food contact applications, and be secure in the knowledge that we have met the necessary food safety requirements, ensuring that our packaging is contaminate free.

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 of the Board, which ensures that the best interests of not only the shareholders, but also the 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 B-BBEE 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 audiometric and eye screening tests and 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.

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 have therefore taken measures to reduce our carbon footprint.

The company is cognisant of the environmental conditions under which it operates and the impact it has on its environment. With water shortages set to become a permanent fixture of our operating landscape the company has taken a number of steps to minimise its impact on the environment. From limiting waste to landfill through low-chemistry processing and recycling water in our platemaking operations to ongoing internal awareness campaigns around the responsible use of water, the company is committed to enhancing the sustainability of its operations.

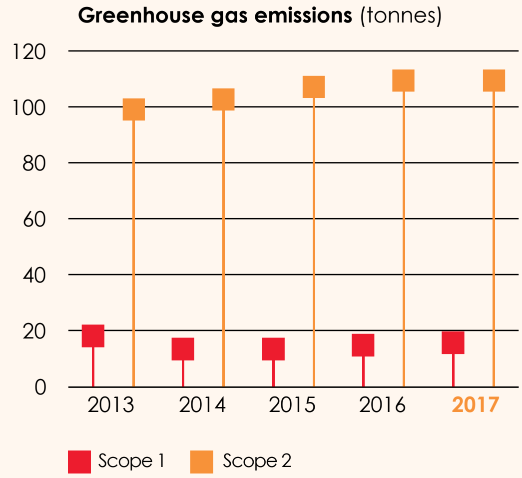
The Western Cape operations have sunk boreholes to reduce their dependence on water from local municipalities. Water filtration systems are currently being assessed to establish which system will provide usable water.

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.

Our greenhouse gas emissions for 2016/2017 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. Overall emissions increased marginally by 0,8% during the current financial year. This increase is satisfactory when compared to the levels of printing activity and the acquisition of new businesses and is also as a consequence of our emission reduction initiatives.

The Citizen has replaced all its old lighting units with environment friendly LED globes and all of its printers are currently green and energy efficient. They also recycle approximately eight tons of paper quarterly.

CTP Printers Cape Town is, through technology, minimising its levels of greenhouse gas emissions. The company has decommissioned inefficient web presses and shifted the bulk of its web production to the new Lithoman press, resulting in lower levels of consumption of LPG gas as well as significantly reducing the waste paper generated as a result of the process. The program of replacing lighting in the factory with energy efficient LED lighting is ongoing.

The restructuring of the CTP Cartons and Labels operations led to new buildings being constructed at the Elandsfontein and Industria sites. These new buildings were all fitted with energy saving LED Lighting.

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

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

Caxton and CTP Publishers and Printers Limited's subsidiaries and jointly controlled entities are subject to individual BEE audits each year. The CTP Limited BEE audit, based on the DTI Amended Codes that took effect on 1 May 2015, resulted in a Level 4 BEE rating, equating to 100% BEE procurement recognition. These Amended Codes have been used to refine the Group's transformation strategy for the next few years.

Headed by the Group Managing Director, the Transformation Committee meets on a monthly basis. The Committee monitors existing transformation projects and identifies and implements new initiatives. Feedback is also provided to the Audit and Risk Committee on a quarterly basis.

Effective transformation goes further than meeting the requirements of the B-BBEE Codes of Good Practice and increasingly the focus is on meaningful development of employees and the youth. In addition to the requirements of the DTI Amended Codes, transformation performance takes into account the compliance requirements of the various related legislation such as the Employment Equity Act, the Employment Equity Regulations and the Codes of Good Practice for Equal Pay for Work of Equal Value and the Skills Development Act. The scarce and critical skills of the printing, packaging and print media industry as identified by the Fibre Processing and Manufacturing (FP & M) Seta are also taken into account.

Ownership and Management Control

CTP Limited's Black Ownership is measured using the flow through principle from the JSE listed entity, Caxton and CTP Publishers and Printers Limited. Black Ownership was measured as 17.78% and Black Female Ownership as 6.28%. The changes to the B-BBEE Codes require that Employment Equity, with reference to Senior Management, Middle Management and Junior Management is measured using the national Economically Active Population statistics. The company recruitment efforts continue to emphasise improving the representation of African Males and African Females in all management occupational levels.

The current Employment Equity Plans of each workplace come to an end on 31 December 2017 and the new two-year plans to 2019 will prioritise meaningful progress towards achieving the economically active population demographics in all occupational levels. Each workplace has an Employment Equity Committee that is representative of the workplace and feedback on all terminations, recruitments and promotions will be provided by each workplace to the Transformation Committee on a quarterly basis. The improvement of the Company's diversity, with attention to employing People with Disabilities (PwD) will also be a focus for the future. An integrated strategy that will be reflected in each workplace's Employment Equity Plan will include interventions to promote diversity through the employment and training of PwDs until the minimum target of at least 2% of the total workforce is reached.

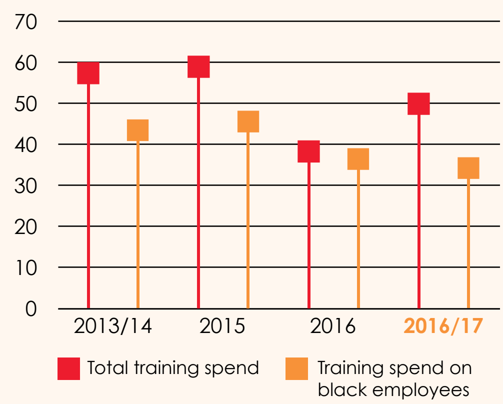
Skills Development

The Company's integrated skills development strategy emphasises four areas: apprenticeships (employed and unemployed learners); learnerships (employed and unemployed learners); CTP Bursary programme (employed learners) and the CTP Graduate Programme (unemployed learners).

The Amended B-BBEE Codes require 6% of annual Skills Development Levy as the target spend on the formal and informal training. In addition, the training spend must be aligned to the national Economically Active Population targets per race and gender of the workforce.

The table below provides the skills training spend for each year since 2013/2014.

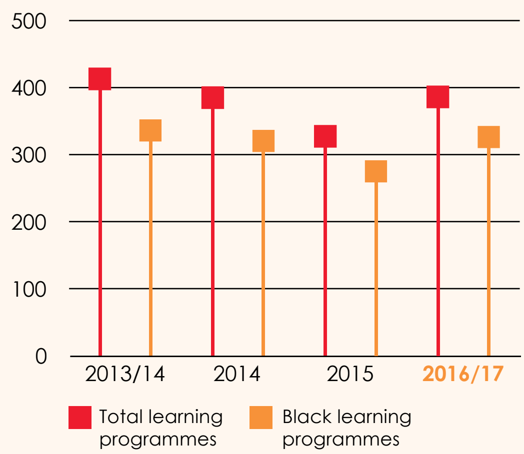
Training spend (Rand millions)



Learnerships

The Company had 342 learners in Category B – D learning programmes of the Skills Development Learning Programme Matrix, of which 43% were previously unemployed learners. Of the unemployed learners who completed their courses during the financial year, 86% were absorbed by the company at the end of their training.

Learning programmes



Bursary Programme

The CTP Bursary Programme has been in place since 2011. The bursary programme is aimed at employees who are earmarked for further development and possible promotion into various managerial levels or who require academic qualifications to further their career within the company. Out of the 102 bursaries awarded over the past six years, 34 were awarded to Black females and 45 to Black males. For 2017, the CTP Bursary scheme awarded 39 bursaries – 18 to Black females and 12 to Black males. The scheme was further expanded to provide management development specific courses and 16 such bursaries were awarded to employees at various management levels – six to Black males and three to Black females.

Graduate Programme

The CTP Graduate programme is a group-wide initiative that was started in July 2011. The year-long programme provides valuable work experience for recent graduates. Each graduate is allocated an experienced employee as a mentor for the duration of the programme and they are placed at the different departments for the first few months before getting work experience that focuses on their area of academic qualification. A total of 73 graduates has been part of the CTP Graduate Programme since July 2011. The disciplines from which recruitment is made include marketing, accounting, industrial engineering, electrical engineering, journalism and logistics. A majority of the graduates is offered permanent positions within the Group after completing their graduate year.

These programmes have enabled CTP Limited to improve its BEE score for skills development from 14.35 in the previous financial year to 15.97. There was an overall increase in all the sub-categories of skills spend on Black people, number of Black people on learnerships, number of Black unemployed people on training programmes and the number of Black unemployed people on learnerships that was absorbed.

Enterprise and Supplier Development

Preferential Procurement

The Amended Codes have increased the importance of procurement from BEE suppliers, especially suppliers who are at least 51 % Black owned and/or at least 30% Black Female owned. All divisions continue to review their supplier lists to identify opportunities to procure from suppliers that are BEE compliant and that can contribute towards the overall target of 25 points. Identifying at least 30% Black female owned suppliers continues to be a challenge in the printing, packaging and print media sectors. The Transformation Committee reviews the BEE status of the largest suppliers on an ongoing basis.

Enterprise and Supplier Development

The Enterprise and Supplier Development spend has remained consistent and continues to focus on assisting beneficiaries who have a turnover of less than R10 million. Efforts are focused on providing these types of suppliers with administrative assistance, insurance, and reliable transport. Enterprise Development beneficiaries with a turnover of less than R10 million were identified for free advertising within the Gauteng area. These beneficiaries confirmed the value of this free advertising to their businesses and this initiative will continue.

Socio-Economic Development

The initiatives prioritise supporting various charities, schools within the geographical areas in which the company operates, the homeless and HIV/Aids organisations. Free advertising is provided to organisations such as CHOC, SANCA, Hospice, Crisis Pregnancy, Cotlands, Child Welfare and CANSA.

A few examples of SED initiatives at individual divisions are:

Caxton Newspapers

Caxton Newspapers and Sappi have embarked on a project called *Power of Print*. On large retail catalogue insert weeks we are required to print a carrier jacket to insert the multiple catalogues which goes into the main body of our local papers. We use the space on the jacket to promote the power of print by producing a monthly publication by this name. Each publication's content contains a story on a celebrity and his/her link to the print media and the effect it had on their lives. It also entails informative content on the printing industry and why print is still such a relevant and important part of people's lives. In addition it contains informative educational material for children. As we print over a million copies of local weekly newspapers in our Johannesburg factory we reach a large part of the country's active influential population and we hope that they will realise the importance of print for this country as an education tool, a highly successful marketing medium and that the use of print has a positive impact on the environment. All our paper is sourced from reliable paper manufacturing companies whose contribution towards preserving the environment is captured in the content of these publications.

Knysna fires

At the time of the Knysna fire disaster, the Caxton local media division, through their network of newspapers and multimedia platforms, created depots at the offices across the group where the much needed supplies for those affected by the fires could be dropped off. The response was overwhelming. The supplies were sent to the RNA Magazines distribution warehouses from where our distribution fleet delivered the supplies to our sister company – Group Editors in George for distribution to those affected by the fires.

African Reporter

The African Reporter is published in KwaThema, Tsakane and Duduza in the far east of Johannesburg. Caxton sells the newspaper at half the cover price to local entrepreneurs who then sell the newspaper for the cover price, to people living within the community. This has created a permanent source of income for these vendors. Twice a year, a part of the circulation sales is given back to the vendors. Most of these vendors were previously unemployed and selling the newspaper has resulted in them having a source of income.

Caxton Local Media

Through our 140 plus Newspapers and various supplements, 12 GET IT Magazines and more than 80 title sites, Caxton Local Media gets involved with various charities driving core CI projects within the communities they serve. Two examples of these are the DICE project in Zululand, promoted by the Zululand Observer, where the whole community and local businesses are involved in this charity programme with the beneficiaries being the children of the Zululand district. Highway Mail co-ordinated and hosted a fundraiser for a local NGO, the Robin Hood Foundation. The funds raised from this event are being used to upgrade Siyanda Crèche in Ntshongweni.

Caxton Printers Johannesburg

At the newspaper printing facility in Johannesburg we support the people living within the Bosmont area bordering our factory through an NPO called Itshepeng. This includes a monthly contribution to a soup kitchen, quarterly contributions to a learning support programme for Grades 11 and 12 for maths and science and separate annual Christmas parties for the elderly and children within this community.

We support a small print publication in Johannesburg known as *Homeless Talk*, which addresses the issues facing the homeless in our city. Caxton prints this newspaper once a month at no charge, as well as delivers it to their distribution centre.

SA Litho

SA Litho seeks to actively give back to the surrounding community. In 2012, the division partnered with Peninsula School Feeding Association to adopt Ravensmead Secondary School's feeding kitchen. This relationship continues to grow, and learners are fed two meals a day. Since 2016, SA Litho has continued to develop the relationships with Peninsula School Feeding, by adopting a further two schools, namely Plantation Primary and Kasselsvlei Secondary School.

CTP Flexibles and CTP Cartons and Labels Epping have also now adopted two schools from the surrounding communities and jointly as CTP Packaging Western Cape now feed almost 750 children daily.

SA Litho pledged a monetary contribution to the FoodBank SA to allow 10 SA Litho staff members to pack food parcels with them at their warehouse for our 67 minutes on 18 July 2017.

In 2016 SA Litho decided to change its focus for 16 Days of Activism and partnered with an organisation called Women Against Rape. All four of the Packaging Divisions in the Western Cape participated in an activity whereby the staff were able to make over 2 000 sandwiches, which were delivered to Plantation Primary – one of the schools we sponsor through PSFA – the following day, along with the making of educational books and materials regarding "Good Touch, Bad Touch" and "Say No to Strangers", which were also handed out to Grade 1 and 2 learners at Plantation Primary. The activities on the day also extended to making-up comfort packs and journals for rape victims, which were delivered to rape crisis centres in the immediate vicinity.

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.

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 the sustainable development and 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 100 000 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 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".

The University of the Witwatersrand Journalism department conducts programmes for aspirant and working journalists. The department, located in Johannesburg, works closely with the industry and working professionals and provides some of the foremost journalism teaching in the country. The company sponsors the chair of the department annually, and has done so for many years. The Chair is currently occupied by Prof Anton Harber.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

KING CODE

The Board of Directors endorses the philosophies and principles of King IV ("King") and recognises their responsibility to conduct the affairs of the Company with integrity and accountability in accordance with generally accepted corporate practices. This includes steering the Company and setting strategic direction, planning and approving policies, overseeing matters of the Company and ensuring accountability.

The Directors have accordingly established procedures and policies appropriate to the Company's business in keeping with its commitment to best practices in corporate governance. These procedures and policies will be reviewed by the Directors from time to time.

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

A full analysis of the King IV application can be viewed on our website under the "Company Information – Annual Financial Statements" 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

The Board of Directors meets regularly and discloses the number of meetings held each year in the annual report, together with the attendance at such meetings. A formal record is kept of all conclusions reached by the Board on matters referred to it for discussion. The Memorandum of Incorporation of the Company provides for material decisions taken between meetings to be confirmed by way of directors' written resolutions. Should the Board require independent professional advice, such advice will be sought by the Board at the Company's expense.

Directors are expected to maintain their independence when deciding on matters relating to strategy, performance, resources and standards of conduct. On first appointment, all directors will be expected to undergo appropriate training as to the Company's business, strategic plans and objectives, and other relevant laws and regulations. This will be performed on an on-going basis to ensure that Directors remain abreast of changes in regulations and the commercial environment.

The Board is responsible for relations with stakeholders, as well as being accountable to them for the performance of the Company, and reporting thereon in a timely and transparent manner.

Chairman and Chief Executive Officer

The offices of Chairman and Chief Executive Officer are not held by the same person.

Board balance

The Board includes both Executive and Non-executive Directors in order to maintain a balance of power and ensure independent unbiased decisions and that no one individual has unfettered powers of decision-making.
The Board of Directors currently comprises eight directors. The majority of these directors is non-executive and, in turn, a majority of the non-executive directors, including the chairman, is independent.

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.

Attendance at Board meetings				
	Oct 16	Feb 17	May 17	Aug 17
PM Jenkins	✓	✓	✓	✓
TD Moolman	✓	✓	✓	✓
PG Greyling	✓	✓	✓	✓
TJW Holden	✓	✓	✓	✓
ACG Molusi	✓	✓	✓	✓
NA Nemukula	A	✓	✓	A
J Phalane	✓	✓	✓	✓
T Slabbert	✓	✓	✓	✓

A: Apology

The Board of Directors has the following sub-committees:

Audit and Risk Committee

The Audit Committee has adopted a written charter based on the Companies Act, 71 of 2008 ("the Companies Act") and the approved Memorandum of Incorporation. The Audit Committee members have considered and are of the opinion that they are adequately independent from the Company and group and management thereof, within the full spirit of the Code of Corporate Practices and Conduct.

The independent auditors have unrestricted access to the Committee.

The Audit and Risk Committee comprises independent non-executive directors only. 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 2017 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			
	Oct 16	Feb 17	Aug 17
T Slabbert	✓	✓	✓
ACG Molusi	✓	✓	✓
NA Nemukula	✓	A	A

A: Apology

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 philosophy and commitment to the company's value systems. The company accordingly does not aim to attract employees with the highest remuneration in the short term, but seeks to reward loyalty in the long term.

The company has reviewed its remuneration strategies in the past year, in response to concerns by shareholders over the retention and alignment strategies of the company in relation to its staff.

The industry in which we are involved has seen shrinking employment in traditional media with significant retrenchments. At the same time, the digital environment is a growth area but revenues and profitability remain elusive. A balance is necessary between the ability to attract and retain top talent and the need to contain the overall cost of employment, without creating a remuneration gap between new and old forms of media and our inherently industrial and manufacturing operations.

At the core of our remuneration philosophy is the training and upskilling of existing staff, wherever possible, and new employment from the market where additional skills are needed. We have managed to maintain the balance of all of the above factors by a careful application of remuneration increases, and the empowering of unit heads with the responsibility for setting reasonable remuneration packages for staff at operating division levels.

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 Committee meeting		
	Feb 17	Aug 17
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. Short-term bonus schemes based on divisional operating performance are also in place.

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.

The Social and Ethics Committee met formally once during the year under review. It considered the group's response to the revised BEE Codes and the strides made in employment equity, training and B-BBEE. The committee considered the contributions being made by the group to the wider community it serves, as well as the support and sponsorships provided to appropriate causes. Media diversity remains a matter of key importance and the group's efforts in promoting a broader landscape of different voices were discussed. The committee members engage with management and assist in shaping the strategic direction for the company in the matters for which it is responsible.

The performance of the company in the year under review has been characterised by a commitment to the highest principles of ethical conduct and community interaction. In the coming year, greater efforts will have to be committed to transformation. The role of the four major print groups will continue to remain under the spotlight and the group will ensure it remains sensitive to concerns about the concentration of media power in the country.

Attendance at Social and Ethics Committee meeting	
	Oct 16
PM Jenkins	✓
J Edwards	✓
TJW Holden	✓
N Sooka	✓

Promotion of gender diversity

In terms of paragraph 3.84(k) of the JSE Listings Requirements, the Board is required to have a policy on the promotion of gender diversity at Board level. Accordingly, the Board approved its Gender Diversity Policy on 31 August 2017. The Company fully supports the inclusion of female members on its Board and has adopted a simple policy that will seek to prefer the appointment of female candidates to its board and, in the event that two candidates of equal competency or experience are identified for appointment, the female candidate will be nominated.

Race diversity policy

In terms of recent communication from the JSE, companies are required to have a policy on the promotion of race diversity at board level. The Board will endeavour to seek skilled professionals in order to promote race diversity. Such appointments will be considered as and when a new Board member is required.

Dealing in securities

The Board has established procedures regarding the relevant legislation which regulates insider trading, as well as the closed period from the date of the financial year end to the earliest publication of the preliminary report, the abridged report or the provisional report in the case of results for a full period and from the date of the interim period end to the date of the publication of the first and second interim results as the case may be. In accordance with the JSE Listings Requirements, no Director or the Company Secretary shall deal in the securities of the Company during a closed or prohibited period.

All Directors and the Company Secretary shall obtain clearance to deal from the Chairman of the Company prior to dealing, and the Company Secretary shall keep a register of such clearances in terms of the JSE Listings Requirements.

The Company Secretary or such person as may be nominated by him from time to time shall keep a record of all dealings by Directors in the securities of the Company.

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 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 plan 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 20.

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.

RISK 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 below:

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. There is a formal report back at the Audit Committee meetings.
• 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 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 IFRS, the Act and the Listings Requirements of the Johannesburg Stock Exchange.

The external auditors are engaged to express an independent opinion on the 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 2018 and, in 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 Johannesburg Partnership, are responsible for independently auditing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their unmodified report is presented on page 21.

The preparation of the annual financial statements was supervised by the Financial Director, Mr TJW Holden, BCom, CA(SA). The annual financial statements set out on pages 19 to 64, 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
25 October 2017

DECLARATION BY COMPANY SECRETARY

In terms of sections 88 and 89 of the South African Companies Act, 71 of 2008, as amended ("the Act"), I, in my capacity as Company Secretary, hereby certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act and that all such returns are true and up to date.

N Sooka
Company Secretary

Johannesburg
25 October 2017

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Caxton and CTP Publishers and Printers Limited (the group) set out on pages 28 to 64, which comprise the statements of financial position as at 30 June 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 30 June 2017, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following key audit matters relate to the consolidated and separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Property, plant and equipment – valuation considerations The Group has a significant investment in property, plant and equipment as set out in note 2 to the financial statements. Plant and machinery used in the manufacturing process and freehold land and buildings represent 59% and 37% respectively of the total carrying value. We accordingly focused our audit attention on these two categories. The valuation of assets has been identified as a key audit matter, due to the following elements having a significant impact on the valuation process: • Residual values and useful lives assigned to assets. • Identification of impairment indicators, and where identified, impairment testing. Freehold land and buildings are all owner occupied. In accordance with the Group's accounting policy, this category of asset is measured at revaluation less accumulated depreciation. An external valuation is performed where there is an indicator that the fair value is materially different from the carrying value but at least every five years. Directors' assessments are performed in every other year. The last external valuations were performed in the 2016 financial year.	We performed the following procedures amongst others: • Reviewed management's assessment of asset useful lives and residual values and performed reasonability tests by comparing this to historic profits and losses made on retirement or sale of assets at the end of their useful lives, current average usage periods and current market conditions. Where this comparison resulted in managements assessments of useful lives and/or residual values appearing out of line with expectation, we performed independent assessments on the population to assess the materiality and sensitivity of these inputs; • Recalculated the depreciation charge per asset category and compared this to the amount recorded in the accounting records; • Using our understanding of events and conditions occurring within Group entities, we determined whether any impairment considerations may exist. This took into account items such as known restructurings and obsolescence of product lines. We compared this assessment to those performed by management. Where impairment indications were identified, we reviewed the impairment tests performed by management for reasonability; and • We reviewed the Directors' assessment of the fair value of freehold land and buildings at the reporting date.

Key audit matter	How our audit addressed the key audit matter
Impairment considerations – investments in associates The Group and Company have significant net investments in associates as set out in note 5 to the financial statements. We identified impairment considerations on these balances as a key audit matter as it is reliant on management's estimations and judgements which could have a significant impact on the financial results.	For net investments in associates we performed the following audit procedures amongst others: • Obtained management's cash flow projections supporting the investments' recoverability and assessed the reasonability of key inputs; and • Made an assessment of the appropriateness of impairment allowances raised by management.
Valuation of unlisted investments As set out in note 6 to the financial statements, the Group and Company has a significant investment in an unlisted investment falling in the level 3 fair value hierarchy category in accordance with IFRS 7 Financial Instruments: Disclosure. The basis for the valuation applied by management is a discounted cash flow model. The valuation of this investment is considered a key audit matter as it is reliant on key estimations and judgements which could have a significant impact on the financial results.	We performed the following procedures amongst others: • Assessed the reasonability of key inputs and estimations, such as growth rates, discount rates and the period of forecast cash flows. This assessment took into account a comparison of growth and discount rates to market and industry data as well as applying sensitivity analyses to key inputs; and • With the assistance of our valuation experts, we independently recalculated a range for the investment value at year end and compared this to the amount recorded by management.

Other information

The directors are responsible for the other information. The other information comprises the Integrated Report that includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the 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 misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Grant Thornton has been the auditor of Caxton and CTP Publishers and Printers Limited for 12 years.

Grant Thornton

GRANT THORNTON
Registered Auditors

Practice Number: 903485E
MA da Costa
Partner
Registered Auditor
Chartered Accountant (SA)

25 October 2017

@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

DIRECTORS' REPORT

NATURE OF BUSINESS

The group is involved in the publishing and printing of newspapers and magazines, manufacturing and distribution of stationery, packaging, labels and stationery 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 R39,8 million to R7 286 million (2016: R7 246 million). Profit from operating activities before depreciation and impairment decreased by R13,6 million to R748,7 million (2016: R762,3 million). Net finance income received amounted to R139,2 million (2016: R127,7 million) with capital expenditure during the year totalling R356 million (2016: R353 million). Net cash resources amounted to R1 946 million (2016: R2 018 million).

ORDINARY DIVIDEND

An ordinary dividend of 70,0 cents (2016: 70,0 cents) (gross) (net 56,00 cents (2016: net 59,5 cents)) per ordinary share was declared on 31 August 2017 payable to shareholders registered on 17 November 2017.

PREFERENCE DIVIDEND

A preference dividend of 570,0 cents per share (2016: 570,0 cents) (gross) (net 456,00 cents (2016 net 484,50 cents)) per share was declared on 31 August 2017 payable to shareholders registered on 17 November 2017.

SHARE CAPITAL

Particulars of the authorised and issued share capital of the company are set out in note 13 to the financial statements.

SUBSIDIARY COMPANIES

Particulars of subsidiary companies are set out on page 65. The aggregate attributable interests of the company in the after tax profits and losses of the subsidiaries were:

	2017 R000	2016 R000
Profits	**381 282**	332 673
Losses	**(17 940)**	(32 846)
	363 342	299 827

DIRECTORATE AND COMPANY SECRETARY

The names of the directors and the Company Secretary are set out on pages 3 and 76 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 J Phalane and Mr NA Nemukula retire as directors and being eligible, offer themselves for re-election.

DIRECTORS' SHAREHOLDING

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

Directors	2017 Direct	2016 Direct	2017 Indirect	2016 Indirect
PG Greyling	**1 317 380**	1 317 380	**4 000 000**	4 000 000
TJW Holden	**–**	–	**4 000 000**	4 000 000
TD Moolman*	**–**	–	**3 912 695**	3 912 695
Total	**1 317 380**	1 317 380	**11 912 695**	11 912 695

**The Moolman & Coburn Partnership, through various intermediate companies controlled by it, controls Caxton Holdings Proprietary Limited, which holds 42,26% of the issued ordinary shares of Caxton and CTP Publishers and Printers Limited. The Moolman & Coburn Partnership and its intermediate companies control an additional 5,23% and its associates acting in concert hold a further 3,05% of the issued ordinary shares of Caxton and CTP Publishers and Printers Limited. It therefore controls a total of 50,54% of the issued ordinary shares of the company. The directors do not have any non-beneficial shareholdings in the company.*

SHAREHOLDER SPREAD

At the date of this report, based on the latest shareholders' register, the beneficial shareholdings in the company were:

	Number of shareholders	% of shareholders	Number of shares held	% of shares held
Non-public shareholders				
Directors of the holding and subsidiary companies	**6**	**0,16**	**14 781 046**	**3,77**
Shareholders holding more than 5% of the issued ordinary shares				
• Caxton Holdings Proprietary Limited	**1**	**0,03**	**165 652 708**	**42,26**
• Alan Gray Balanced Fund	**1**	**0,03**	**23 304 015**	**5,95**
	8	**0,22**	**203 737 769**	**51,98**
Public shareholders	**3 773**	**99,78**	**188 205 968**	**48,02**
Total	**3 781**	**100,00**	**391 943 737**	**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 2017 or at 30 September 2017.

SUBSEQUENT EVENTS

- As announced on SENS on 19 June 2017, the company accepted the offer made by African Media Entertainment Limited ("AME") to acquire 100% of the issued share capital of Moneyweb Holdings Limited ("Moneyweb") that AME did not already own, resulting in the company disposing of its 50,72% interest in Moneyweb in exchange for 218 627 ordinary shares in AME at an issue price of 7 000 cents per share. At the year-end the directors classified the Moneyweb investment as held for sale.
- The self-adhesive label business of Tricolor in the Western Cape was purchased effective from 1 August 2017 for R11,1 million.
- On 25 August 2017 the Caxton group, together with other purchasers, concluded an agreement to acquire the 81,5% shareholding held by One African Media Proprietary Limited in Private Property South Africa Proprietary Limited, one of the leading digital property portals in South Africa, subject to regulatory approval. In terms of the transaction, the company will acquire an effective shareholding of 50% in Private Property with effect from 1 July 2017, for a purchase price of R122,9 million, plus interest calculated from 1 July 2017 to date of payment.

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 19 to 64, have been approved by the Board and are signed on its behalf by:

TJW Holden — *Managing Director*

TD Moolman — *Chief Executive Officer*

Johannesburg
25 October 2017

AUDIT COMMITTEE'S REPORT

The audit committee ("the committee") is pleased to present this report on its activities during the financial year ended 30 June 2017.

BACKGROUND

The committee was established in line with the requirements of the Companies Act, 2008 ("the Act"); it is an independent statutory committee appointed by the Board of Directors and approved by the shareholders.

TERMS OF REFERENCE

The committee has adopted a written charter based on the Act and the Memorandum of Incorporation that has been approved by the Board of Directors.

The committee has conducted its affairs and discharged all its responsibilities during the financial year under review, in compliance therewith.

The charter is available on request from the Company Secretary.

OBJECTIVE AND SCOPE

The purpose of the committee is to assist the Board in carrying out its duties relating to accounting policies, internal controls, financial reporting practises, identification of exposure to significant risks and setting principles for recommending the use of external auditors for non-audit services.

MEMBERSHIP

The committee comprises Ms T Slabbert, (Chairman), Mr ACG Molusi and Mr NA Nemukula. All the members are independent non-executive directors.

The committee members have considered and are of the opinion that they are adequately independent from the company and group and management thereof, within the full spirit of the Code of Corporate Practices and Conducts.

The external auditors have unrestricted access to the committee, and attend all meetings dealing with the external audit and annual financial statements by standing invitation.

The financial director attends all meetings by standing invitation.

EXTERNAL AUDIT

The committee has evaluated the independence of the external auditors and is satisfied that the external auditor has remained independent as defined in the Act.

Both audit and non-audit services performed by the external auditors were reviewed and approved. There is a formal procedure that governs the process whereby the auditor is considered for non-audit services, and each instruction for such work is reviewed by the committee.

The committee, in consultation with executive management, agreed to an audit fee for the 2017 financial year.

The fee is considered appropriate for the work that was done. Meetings were held with the external auditor and no matters of material concern were raised.

The committee reviewed the performance of the external auditor and nominated and recommend for approval at the annual general meeting, Grant Thornton as the external auditor for the 2017 financial year.

FINANCIAL DIRECTOR

As required in terms of the JSE Listings Requirements, the committee has satisfied itself that the company's financial director, Mr TJW Holden, has the appropriate expertise and experience to meet the responsibilities of his position and confirmed his suitability for the appointment as financial director in terms of the JSE Listings Requirements.

COMMITTEE ACTIVITIES

During the financial year ended 30 June 2017 the committee performed its duties in terms of its charter and a summary of the main activities is set out below:

- Nominated the appointment and retention of the external auditors, Grant Thornton with the designated partner Ms MA da Costa after satisfying itself, through enquiry, that Grant Thornton is independent.
- Managed the external audit function, including:
  - nature and scope of the audit engagement;
  - determined the fees for the audit; and
  - determined the nature and extent of any other non-audit services, ensuring they are not material and do not have any impact on their independence.
- Reviewed the going concern assumptions as prepared by management for the company and the group.
- Reviewed the accounting practices and internal controls of the company and the group.
- Reviewed the annual report and annual financial statements taken as a whole to ensure they fairly present a balanced and understandable assessment of the company's financial position, performance and prospects.
- Reviewed the external auditors' management letters and management's response to these letters.
- Received and dealt appropriately with any concerns or queries.
- Considered and satisfied itself on the appropriateness of the experience and expertise of the financial director as well as the adequacy of the finance functions and its resources.

RECOMMENDATION OF ANNUAL FINANCIAL STATEMENTS

The committee evaluated the annual financial statements for the year ended 30 June 2017 and considered that they comply in all material aspects with the requirements of the Act and International Financial Reporting Standards.

The committee has therefore recommended the approval of the annual financial statements by the Board. The Board has subsequently approved the annual financial statements which will be open for discussion at the forthcoming annual general meeting.

Grant Thornton, the external auditor, has provided the shareholders with an unmodified independent audit opinion on whether the annual financial statements for the year ended 30 June 2017 fairly present, in all material respects, the financial results for the year and the position of the company and the group as at 30 June 2017.

T Slabbert
Chairman

Audit committee
25 October 2017

STATEMENTS OF FINANCIAL POSITION

at 30 June 2017

COMPANY 2016 R000	COMPANY 2017 R000	Notes		GROUP 2017 R000	GROUP 2016 R000
			ASSETS		
			Non-current assets		
–	**–**	2	Property, plant and equipment	**2 703 216**	2 594 389
–	**–**	3	Goodwill	**78 167**	–
1 383 755	**1 370 123**	4	Interest in subsidiaries	**–**	–
146 798	**126 446**	5	Interest in associates	**354 926**	272 157
72 119	**108 019**	6	Investments	**108 019**	86 155
2 657	**–**	17	Deferred taxation	**11 363**	19 299
74 987	**80 332**	44	Loans to directors	**80 332**	74 987
1 680 316	**1 684 920**			**3 336 023**	3 046 987
			Current assets		
–	**–**	7	Inventories	**833 410**	806 229
19 134	**14 788**	8	Trade and other receivables	**1 093 663**	1 160 063
22 990	**14 456**	4	Amounts owed by group companies	**–**	–
–	**–**		Taxation	**1 512**	17 961
60 305	**58 056**	9	Preference shares – listed	**58 056**	60 305
1 050 000	**1 050 000**	10	Preference shares – unlisted	**1 050 000**	1 050 000
319 766	**183 179**	11	Bank and cash resources	**835 725**	908 020
–	**13 632**	12	Total assets held for sale	**20 358**	–
1 472 195	**1 334 111**			**3 892 724**	4 002 578
3 152 511	**3 019 031**		**Total assets**	**7 228 747**	7 049 565
			EQUITY AND LIABILITIES		
			Equity		
9 942	**9 890**	13	Ordinary share capital	**9 890**	9 942
386 381	**361 967**		Ordinary share premium	**361 967**	386 381
293 625	**313 461**	14	Non-distributable reserves	**553 803**	537 782
775 668	**662 667**	15	Retained Income	**4 756 318**	4 588 580
1 465 616	**1 347 985**		**Equity attributable to owners of the parent**	**5 681 978**	5 522 685
–	**–**	16	Non-controlling interest	**47 045**	56 608
100	**100**	13	Preference share capital	**100**	100
1 465 716	**1 348 085**		**Total equity**	**5 729 123**	5 579 393
			Non-current liabilities		
14 609	**17 678**	17	Deferred taxation	**377 390**	354 636
14 609	**17 678**			**377 390**	354 636
			Current liabilities		
8 652	**9 096**	18	Trade and other payables	**873 461**	883 677
–	**–**	19	Provisions	**219 088**	226 505
1 542 779	**1 565 357**	20	Amounts owed to group companies	**–**	–
119 047	**78 159**		Bank overdraft	**–**	–
1 708	**656**		Taxation	**24 043**	5 354
–	**–**	12	Total liabilities held for sale	**5 642**	–
1 672 186	**1 653 268**			**1 122 234**	1 115 536
3 152 511	**3 019 031**		**Total equity and liabilities**	**7 228 747**	7 049 565

STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME
for the year ended 30 June 2017

COMPANY 2016 R000	COMPANY 2017 R000	Notes		GROUP 2017 R000	GROUP 2016 R000
–	**–**		Gross turnover	**7 285 785**	7 245 970
–	**–**		*Less:* Inter-group	**878 613**	840 975
35 833	**72 071**	23	Revenue	**6 407 172**	6 404 995
–	**–**		Other operating income	**127 446**	136 430
35 833	**72 071**		**Total operating income**	**6 534 618**	6 541 425
–	**–**		Changes in inventories of finished goods and work in progress	**58 318**	44 276
–	**–**		Raw materials and consumables used	**2 820 487**	2 814 092
–	**–**	24	Staff costs	**1 495 088**	1 434 239
318	**1 236**	25	Other net operating expenses	**1 412 025**	1 486 481
318	**1 236**		**Total operating expenses**	**5 785 918**	5 779 088
35 515	**70 835**		**Profit from operating activities before depreciation**	**748 700**	762 337
–	**–**	26	Depreciation and amortisation	**285 744**	289 150
35 515	**70 835**		**Profit from operating activities after depreciation**	**462 956**	473 187
4 224	**20 000**	26	Impairment expense	**25 274**	27 583
31 291	**50 835**		**Net profit from operating activities**	**437 682**	445 604
128 867	**115 152**	28	Finance income	**141 077**	129 417
–	**–**	29	Finance costs	**(1 875)**	(1 724)
–	**–**	30	Profit/(loss) on foreign exchange	**4 848**	(4 365)
3 571	**3 749**	44	IFRS 2 deemed interest receivable on unwinding of transaction	**3 749**	3 571
–	**–**		Income from associates	**24 667**	17 636
163 729	**169 736**		**Profit before taxation**	**610 148**	590 139
7 506	**4 581**	31	Taxation	**155 146**	134 085
156 223	**165 155**		**Profit for the year**	**455 002**	456 054
48 332	**19 836**		**Other comprehensive income:**	**17 259**	93 286
			Items that will not be reclassified subsequently to profit or loss		
–	**–**		Fair value adjustment – land and buildings	**(1 050)**	44 954
			Items that will be reclassified subsequently to profit or loss		
48 332	**19 836**		Fair value adjustment – available for sale investments	**18 309**	48 332
204 555	**184 991**		**Total comprehensive income for the year**	**472 261**	549 340
			Profit attributable to:		
–	**–**		Non-controlling interests	**10 346**	8 445
156 223	**165 155**		Owners of the parent	**444 656**	447 609
156 223	**165 155**			**455 002**	456 054
			Total comprehensive income attributable to:		
–	**–**		Non-controlling interests	**10 346**	8 445
204 555	**184 991**		Owners of the parent	**461 915**	540 895
204 555	**184 991**			**472 261**	549 340
		32	Earnings per share (cents)	**112,2**	112,5
		32	Headline earnings per share (cents)	**115,6**	116,4
		33	Ordinary dividend paid per share (cents) in respect of the previous year	**70,0**	65,0
		34	Preference dividend paid per share (cents) in respect of the previous year	**570,0**	530,0

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2017

COMPANY 2016 R000	COMPANY 2017 R000	Notes		GROUP 2017 R000	GROUP 2016 R000
(105 845)	**(94 603)**		**CASH FLOW FROM OPERATING ACTIVITIES**	**527 669**	399 291
35 515	**70 835**	40.1	Cash generated by operations	**724 826**	758 050
(5 252)	**3 199**	40.2	Changes in working capital	**57 466**	(111 053)
30 263	**74 034**		Cash generated by operating activities	**782 292**	646 997
(5 990)	**(5 633)**	40.3	Taxation paid	**(94 233)**	(109 445)
22 812	**17 434**		Interest received	**55 592**	50 152
–	**–**		Interest paid	**(1 875)**	(1 724)
106 655	**97 718**		Dividends received	**85 485**	79 265
153 740	**183 553**		Net cash inflow from operating activities	**827 261**	665 245
(258 985)	**(278 156)**	40.4	Dividends paid	**(299 592)**	(265 954)
6 455	**792**		**CASH FLOW FROM INVESTING ACTIVITIES**	**(574 588)**	(368 764)
			Property, plant, equipment and intangibles		
–	**–**	2	– additions to maintain operations	**(255 321)**	(207 880)
–	**–**	2	– additions to expand operations	**(100 645)**	(145 163)
–	**–**		– proceeds from disposals	**24 459**	12 334
–	**–**			**(331 507)**	(340 709)
			Investments		
20 855	**8 534**	40.5	– Subsidiary businesses	**(157 779)**	(19 198)
(14 400)	**(7 742)**	40.6	– Associates, other investments and loans	**(85 302)**	(8 857)
6 455	**792**			**(243 081)**	(28 055)
14 154	**(1 888)**		**CASH FLOW FROM FINANCING ACTIVITIES**	**(22 939)**	(753)
–	**–**		Non-controlling minority interest disposed/(acquired)	**1 527**	(1 867)
13 040	**22 578**		Increase/(decrease) in amount owing to group companies	**–**	–
6 000	**–**		Shares issued	**–**	6 000
(4 886)	**(24 466)**		Own shares acquired	**(24 466)**	(4 886)
(85 236)	**(95 699)**		Net increase/(decrease) in cash and cash equivalents	**(69 858)**	29 774
–	**–**	40.8	Cash acquired	**(380)**	–
1 408 121	**1 322 885**		Cash and cash equivalents at beginning of year	**2 030 186**	2 000 412
1 322 885	**1 227 186**	40.7	Cash and cash equivalents at end of year	**1 959 948**	2 030 186
(11 861)	**(14 110)**		Fair value adjustment of preference shares	**(14 110)**	(11 861)
1 311 024	**1 213 076**	40.7	Fair value of cash and cash equivalents at end of year	**1 945 838**	2 018 325

STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2017

R000	Note	Ordinary share capital	Ordinary share premium	Preference share capital	Non-distributable reserves	Marked to market reserves	Distri-butable reserves	Non-controlling interest	Total
Group									
Balance at 1 July 2015		9 951	385 258	100	206 354	241 246	4 396 852	56 999	5 296 760
Total comprehensive income for the year		–	–	–	–	93 286	447 609	8 445	549 340
Non-controlling interest acquired		–	–	–	–	–	–	(1 867)	(1 867)
Shares issued		–	6 000	–	–	–	–	–	6 000
Own shares acquired		(9)	(4 877)	–	–	–	–	–	(4 886)
Ordinary dividends paid	33	–	–	–	–	–	(258 720)	(6 969)	(265 689)
Preference dividends paid	34	–	–	–	–	–	(265)	–	(265)
Realisation of land and buildings revaluation reserve		–	–	–	(3 104)	–	3 104	–	–
Balance at 30 June 2016		**9 942**	**386 381**	**100**	**203 250**	**334 532**	**4 588 580**	**56 608**	**5 579 393**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**17 259**	**444 656**	**10 346**	**472 261**
Non-controlling interest disposed		**–**	**–**	**–**	**–**	**–**	**–**	**1 527**	**1 527**
Own shares acquired		**(52)**	**(24 414)**	**–**	**–**	**–**	**–**	**–**	**(24 466)**
Ordinary dividends paid	33	**–**	**–**	**–**	**–**	**–**	**(277 871)**	**(21 436)**	**(299 307)**
Preference dividends paid	34	**–**	**–**	**–**	**–**	**–**	**(285)**	**–**	**(285)**
Realisation of land and buildings revaluation reserve		**–**	**–**	**–**	**(1 238)**	**–**	**1 238**	**–**	**–**
Balance at 30 June 2017		**9 890**	**361 967**	**100**	**202 012**	**351 791**	**4 756 318**	**47 045**	**5 729 123**
Company									
Balance at 1 July 2015		9 951	385 258	100	4 469	240 824	878 430	–	1 519 032
Total comprehensive income for the year		–	–	–	–	48 332	156 223	–	204 555
Shares allocated not issued IFRS 2		–	6 000	–	–	–	–	–	6 000
Own shares acquired		(9)	(4 877)	–	–	–	–	–	(4 886)
Ordinary dividends paid	33	–	–	–	–	–	(258 720)	–	(258 720)
Preference dividends paid	34	–	–	–	–	–	(265)	–	(265)
Balance at 30 June 2016		**9 942**	**386 381**	**100**	**4 469**	**289 156**	**775 668**	**–**	**1 465 716**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**19 836**	**165 155**	**–**	**184 991**
Own shares acquired		**(52)**	**(24 414)**	**–**	**–**	**–**	**–**	**–**	**(24 466)**
Ordinary dividends paid	33	**–**	**–**	**–**	**–**	**–**	**(277 871)**	**–**	**(277 871)**
Preference dividends paid	34	**–**	**–**	**–**	**–**	**–**	**(285)**	**–**	**(285)**
Balance at 30 June 2017		**9 890**	**361 967**	**100**	**4 469**	**308 992**	**662 667**	**–**	**1 348 085**

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 group for the year ended 30 June 2017 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 guides as issued by the Accounting Practices Committee, the financial reporting pronouncements as issued by the Financial Reporting Standards Council, the Companies Act, No 71 of 2008 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, preference shares and certain property, plant and equipment which are stated at fair value.

The accounting policies applied in all material respects are consistent with those of the prior year.

1.2 Basis of consolidation

The group financial statements consolidate those of the parent company and all of the entities over which the group has control.

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 acquisition 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.

1.3 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.

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.

1.4 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.

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

1.5 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.

1.6 Publication titles

Newspaper and magazine publication titles arise on acquisition of newspapers and magazines and are considered to have varying useful lives. Active publication titles are initially measured at cost and subsequently measured at cost less accumulated impairment and amortisation. The useful lives of publication titles are reviewed on an annual basis. Non-active publication titles are written off in the year the newspaper or magazine ceases publication.

1.7 Investments in subsidiaries

In the company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses.

1.8 Investments in associates

Investments in associates are accounted for using the equity method of accounting in the consolidated financial statements and are recognised at cost, less amounts written off and accumulated impairment losses, in the holding company's separate financial statements.

1.9 Investments in jointly controlled entities

Investments in jointly controlled entities are accounted for at cost less accumulated impairment in the holding company's seperate financial statements and using the equity method in the consolidated financial statements. The accounting policies of the joint ventures are the same as those of the group in all material respects.

1.10 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.

1.11 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. Preference shares with participation rights which are non-redeemable are classified as equity.

1.12 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.

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.

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.

1. ACCOUNTING POLICIES continued

1.13 Provisions

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.

1.14 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, loans to directors 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, excluding those measured other than at fair value through profit and loss, 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. 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

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.

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 or loss.

Accounts and loans receivable

Accounts and loans receivable are subsequently measured on the amortised cost basis using the effective rate of interest. Accounts and loans 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.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash in banks, short-term deposits, bank overdrafts and preference shares and are measured at amortised cost using effective interest rates.

Accounts and loans payable

Accounts and loans payable are subsequently measured on the amortised cost basis using the effective rate of interest.

1.15 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.

1.16 Non-current assets held for sale

Assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than continued use. This condition is regarded as met only when a sale is highly probable, it is available for immediate sale in its present condition and management is committed to the sale which is expected to be completed within one year from date of classification. Items in this category are measured at the lower of the carrying amount and fair value less costs to sell.

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.

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.

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.

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.

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 Executive members of the Board of Directors 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.

(a) 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 are given in note 36.

(b) 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.

1. ACCOUNTING POLICIES continued

1.22 Financial risk management continued

(c) 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.

(d) Cash flow and interest rate risk

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 history of default and 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 limited operational use, it is impaired to its recoverable amount. Recoverable amount is determined with reference to the assets value in use taking into account growth rates and discount rates.

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. Fair value is reviewed in each other year by the directors to determine any changes in circumstances or significant changes to fair value. 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.

1.24 Statements and interpretations not yet effective and expected to be applicable

Standard		Details of amendments	Annual periods beginning on or after
IFRS 9	Financial Instruments	• A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition: – IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. – The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets. – IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements. – IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.	1 January 2018

1. ACCOUNTING POLICIES continued

1.24 Statements and interpretations not yet effective and expected to be applicable continued

Standard		Details of amendments	Annual periods beginning on or after
IFRS 15	Revenue from Contracts with Customers	• New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. • The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The new standard supersedes: – IAS 11 Construction Contracts; – IAS 18 Revenue; – IFRIC 13 Customer Loyalty Programmes; – IFRIC 18 Transfers of Assets from Customers; and – SIC-31 Revenue – Barter Transactions Involving Advertising Services.	1 January 2018

Standard		Details of amendments	Annual periods beginning on or after
IFRS 16	Leases	• New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows. • 'IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. • IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. • IFRS 16 supersedes the following Standards and Interpretations: – IAS 17 Leases; – IFRIC 4 Determining whether an Arrangement contains a Lease; – SIC-15 Operating Leases – Incentives; and – SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.	1 January 2019

1. ACCOUNTING POLICIES continued

1.24 Statements and interpretations not yet effective and expected to be applicable continued

Standard		Details of amendments	Annual periods beginning on or after
IFRIC 22	Foreign Currency Transactions and Advance Consideration	This interpretation addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.	1 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	IFRIC 23 addresses uncertainty over how tax treatments should affect the accounting for income taxes.	1 January 2019

The impact of the adoption of these standards and interpretations in future periods has not yet been assessed.

2. PROPERTY, PLANT AND EQUIPMENT

COST OR VALUATION

GROUP R000	Freehold land and buildings	Leasehold improvements	Plant and machinery	Vehicles	Furniture and equipment	Titles	Total
Year ended 30 June 2017							
Opening net book value	912 823	1 038	1 582 685	16 532	58 111	23 200	2 594 389
Additions	81 155	78	239 827	8 888	26 018	–	355 966
Disposals	(2 259)	–	(2 400)	(309)	(948)	(4 254)	(10 170)
Impairment	–	–	(5 399)	–	–	–	(5 399)
Business combination	17 788	–	32 314	1 227	1 206	3 500	56 035
Depreciation	(7 685)	(101)	(241 100)	(7 566)	(28 109)	(1 183)	(285 744)
Revaluation	(1 453)	–	–	–	–	–	(1 453)
Assets held for sale	–	–	–	–	(408)	–	(408)
Closing net book value	1 000 369	1 015	1 605 927	18 772	55 870	21 263	2 703 216
Summary							
Cost	94 889	4 477	3 909 161	86 749	295 724	48 477	4 439 477
Valuation	951 684	–	–	–	–	–	951 684
	1 046 573	4 477	3 909 161	86 749	295 724	48 477	5 391 161
Accumulated depreciation and impairment	(46 204)	(3 462)	(2 303 234)	(67 977)	(239 854)	(27 214)	(2 687 945)
Net carrying amount	1 000 369	1 015	1 605 927	18 772	55 870	21 263	2 703 216

GROUP R000	Freehold land and buildings	Leasehold improve-ments	Plant and machinery	Vehicles	Furniture and equipment	Titles	Total
Year ended 30 June 2016							
Opening net book value	800 301	1 128	1 611 079	15 813	46 946	9 647	2 484 914
Additions	61 675	–	226 713	8 487	41 103	15 065	353 043
Disposals	(621)	–	(3 917)	(341)	(1 562)	–	(6 441)
Impairment	–	–	(27 583)	–	–	–	(27 583)
Business combination	–	–	21 676	–	–	–	21 676
Depreciation	(6 462)	(90)	(245 283)	(7 427)	(28 376)	(1 512)	(289 150)
Revaluation	57 930	–	–	–	–	–	57 930
Closing net book value	912 823	1 038	1 582 685	16 532	58 111	23 200	2 594 389
Summary							
Cost	–	4 399	3 917 400	81 793	282 620	50 344	4 336 556
Valuation	951 684	–	–	–	–	–	951 684
	951 684	4 399	3 917 400	81 793	282 620	50 344	5 288 240
Accumulated depreciation and impairment	(38 861)	(3 361)	(2 334 715)	(65 261)	(224 509)	(27 144)	(2 693 851)
Net carrying amount	912 823	1 038	1 582 685	16 532	58 111	23 200	2 594 389

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 was exceeded by the carrying amounts. The plant and machinery impaired was printing, replication and ancillary equipment. Rnil million (2016: R9,1 million) was included in the publishing, printing and distribution segment, R2,0 million (2016: R17,3 million) was included in the packaging and stationery segment and R3,4 million (2016: R 1,2 million) was 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 R5,4 million (2016: R27,6 million) was recognised.

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, in June 2016. 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. The key assumptions used in the valuation were a gross monthly rental income which was adjusted by a cost ratio and using a yield between 10,75% and 12,25%.

2.4 The net carrying value of the properties would have been R740 537 359 (2016: R651 538 236) had the assets been measured using the historical cost model.

COMPANY 2016 R000	COMPANY 2017 R000			GROUP 2017 R000	GROUP 2016 R000
		3.	**GOODWILL**		
			Opening net book value	**–**	–
			Acquisition of subsidiaries	**78 167**	–
			Impairment	**–**	–
–	**–**		Closing net book value	**78 167**	–
			Summary		
			Gross carrying amount	**207 101**	128 934
			Accumulated impairment	**(128 934)**	(128 934)
			Net carrying amount	**78 167**	–

Goodwill acquired in a business combination is allocated to the cash-generating units ("CGU") that are expected to benefit from the business combination. Value in use was used as the basis to determine the recoverable amount of the CGU.

These CGUs are assessed as being operating segments expected to benefit from synergies arising from the business combination. The allocation of goodwill per CGU is set out in note 40.8.

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% to 6%.
- Discount rate of between 16% and 18%.

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

COMPANY 2016 R000	COMPANY 2017 R000			GROUP 2017 R000	GROUP 2016 R000
		4.	**INTEREST IN SUBSIDIARIES**		
1 390 843	**1 390 843**		Shares at cost	**–**	–
(7 088)	**(7 088)**		*Less:* accumulated impairment	**–**	–
–	**(13 632)**		Assets held for sale	**–**	–
1 383 755	**1 370 123**			**–**	–
22 990	**14 456**		Amount owing by subsidiaries	**–**	–
1 406 745	**1 384 579**			**–**	–
1 383 755	**1 370 123**		Shown as non-current assets	**–**	–
22 990	**14 456**		Shown as current assets	**–**	–

The amounts owing by the subsidiaries are unsecured bear interest at market related rates determined from time to time and have various repayment terms. All terms are considered to be short term.

COMPANY 2016 R000	2017 R000			GROUP 2017 R000	2016 R000
		5.	**INTEREST IN ASSOCIATES**		
			Associated companies		
130 284	**130 284**		Shares at cost	**213 868**	170 419
(9 324)	**(29 324)**		*Less:* accumulated impairment	**(20 000)**	–
–	**–**		Share of post acquisition reserves	**68 926**	59 906
120 960	**100 960**		Total carrying value	**262 794**	230 325
25 838	**25 486**		Loans	**92 132**	41 832
146 798	**126 446**			**354 926**	272 157

Associated company details are set out on page 66.
Fair value of listed investments in Cognition Holdings Limited at 30 June was R64,4 million (2016: R84,4 million) based on the share price.

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 market related rates agreed upon from time to time and have various repayment terms, but are considered to be long term.

At 30 June 2017, 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 (2016: R0,1 million).

If interest rates had been 1% lower, group post-tax profit would have decreased by approximately R0,1 million (2016:R0,1 million).

COMPANY 2016 R000	COMPANY 2017 R000		GROUP 2017 R000	GROUP 2016 R000
		6. INVESTMENTS		
		Listed Investments – available for sale		
–	**8 088**	Mpact Limited	**8 088**	–
–	**–**	Old Mutual PLC	**29**	34
–	**8 088**		**8 117**	34
–	**–**	Assets held for sale	**(29)**	–
–	**8 088**		**8 088**	34
		Unlisted investments – available for sale		
72 119	**99 931**	Thebe Convergent Technology Holdings (Pty) Ltd – preference shares	**99 931**	72 119
–	**–**	Stanlib Income Fund	**11 715**	14 002
72 119	**99 931**		**111 646**	86 121
–	**–**	Assets held for sale	**(11 715)**	–
72 119	**99 931**		**99 931**	86 121
72 119	**108 019**	**Total investments**	**108 019**	86 155
72 119	**108 019**	Fair value of investments	**108 019**	86 155

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 2017.

Fair value estimation
IFRS 13 requires disclosures of fair value measurements by level of the following fair value measurement hierarchy:

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

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

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

The level of each investment is determined as follows:
- Mpact and Old Mutual are Level 1
- Stanlib is Level 2
- Thebe Convergent Technology is Level 3

COMPANY 2016 R000	COMPANY 2017 R000		GROUP 2017 R000	GROUP 2016 R000
		7. INVENTORIES		
		Raw materials	**579 753**	559 862
		Work in progress	**79 128**	76 473
		Finished goods	**174 529**	169 894
–	**–**		**833 410**	806 229
		Comprising:		
–	**–**	Inventory at cost	**828 400**	792 293
–	**–**	Inventory at net realisable value	**5 010**	13 936
–	**–**		**833 410**	806 229
–	**–**	Write down of inventories to fair value less costs to sell as an expense	**2 260**	4 313

COMPANY 2016 R000	COMPANY 2017 R000		GROUP 2017 R000	GROUP 2016 R000
		8. TRADE AND OTHER RECEIVABLE		
–	**–**	Trade accounts receivable	**1 061 826**	1 122 341
–	**–**	Allowance for impairments	**(52 150)**	(62 776)
–	**–**	Prepayment and deferred expenditure	**26 258**	21 056
19 134	**14 788**	Other accounts receivable	**63 878**	79 442
–	**–**	Assets held for sale	**(6 149)**	–
19 134	**14 788**		**1 093 663**	1 160 063

Trade accounts receivable

Exposure to credit risk

Gross trade receivables represents the maximum credit exposure.

	Group 2017 R000	Group 2016 R000
The maximum exposure to credit risk at the reporting date was:	**1 061 826**	1 122 341

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

	Average debtors terms (days)	Group 2017 R000	Group 2016 R000
Parastatals/government	60	**17 533**	9 128
Corporates	30 – 60	**921 014**	929 612
SMMEs	30	**113 278**	170 310
Individuals	30	**10 001**	13 291
		1 061 826	1 122 341

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

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

	Average debtors terms (days)	Group 2017 R000	Group 2016 R000
South Africa	30	**986 929**	1 064 267
Rest of Africa	60	**74 897**	58 074
		1 061 826	1 122 341

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

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

COMPANY 2016 R000	COMPANY 2017 R000		GROUP 2017 R000	GROUP 2016 R000
		8. ACCOUNTS RECEIVABLE continued		
		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	**1 023 163**	1 071 012
		Current	**452 180**	462 310
		Due 30 days and less	**344 273**	399 551
		Due 30 to 60 days	**135 219**	131 879
		Due 60 to 90 days	**61 729**	56 508
		Due 90 days +	**29 762**	20 764
		Past due	**38 663**	51 329
		Due 60 to 90 days	**8 117**	12 930
		Due 90 days +	**30 546**	38 399
			1 061 826	1 122 341
		Amounts past due and not impaired	**22 948**	25 184
		Listings of overdue customer balances are reviewed monthly and reviewed against their credit terms/limits. Customers exceeding their credit terms/limits must settle their overdue balances before any further credit is extended.		
		Appropriate action is taken to recover long overdue debts.		
		Allowance for impairment of debtors		
		Opening balance	**62 776**	45 365
		Impairment loss utilised	**(27 243)**	(11 640)
		Additional impairment loss	**16 617**	29 051
			52 150	62 776
		The following impairment losses were recognised:		
		Financial difficulties/bankruptcy	**955**	2 397
		Absconded	**80**	–
		Dispute	**9 591**	15 014
			10 626	17 411
		Analysis of impairment of debtors		
		Current trade receivables	**–**	699
		Amounts in 30 days and less	**169**	841
		Amounts in 30 to 60 days	**419**	1 366
		Amounts in 60 to 90 days	**314**	1 056
		Amounts in 90 days +	**15 715**	25 089
			16 617	29 051
		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:		
19 134	**14 788**	Other accounts receivable	**63 878**	79 442
19 134	**14 788**		**63 878**	79 442

COMPANY 2016 R000	2017 R000		GROUP 2017 R000	2016 R000
		9. PREFERENCE SHARES LISTED – AVAILABLE FOR SALE		
6 375	**6 150**	Preference shares earning a dividend of 72% of prime.	**6 150**	6 375
53 930	**51 906**	Preference shares earning a dividend of between 52,19% and 52,65% of prime	**51 906**	53 930
60 305	**58 056**		**58 056**	60 305
		10. PREFERENCE SHARES UNLISTED – AVAILABLE FOR SALE		
1 050 000	**1 050 000**	Preference shares earning a dividend of between 60% and 61% of prime.	**1 050 000**	1 050 000
1 050 000	**1 050 000**		**1 050 000**	1 050 000

- The listed preference shares are classified as Level 1 per the fair value hierarchy
- The unlisted preference shares are classified as Level 2 per the fair value hierarchy

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 2017, 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 R11,1 million (2016: R11,1 million)

If interest rates had been 1% lower group post-tax profit would have decreased by approximately R11,1 million (2016: R11,1 million)

Refer to note 28 for the amount of dividends and interest received.

COMPANY 2016 R000	COMPANY 2017 R000			GROUP 2017 R000	GROUP 2016 R000
		11.	**BANK AND CASH RESOURCES**		
–	–		Cash at bank	**548 465**	493 428
319 766	**183 179**		Cash on call and deposit	**289 317**	414 592
–	–		Assets held for sale	**(2 057)**	–
319 766	**183 179**			**835 725**	908 020

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 2017, 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 R5,4 million (2016: R5,1 million).

If interest rates had been 1% lower group post-tax profit would have decreased by approximately R5,4 million (2016: R5,1 million).

12. TOTAL ASSETS AND LIABILITIES HELD FOR SALE

As announced on SENS on 19 June 2017, the company accepted the offer made by African Media Entertainment Limited ("AME") to acquire 100% of the issued share capital of Moneyweb Holdings Limited ("Moneyweb") that AME did not already own, resulting in the company disposing of its 50,72% interest in Moneyweb in exchange for 218 627 ordinary shares in AME at an issue price of 7 000 cents per share.
At the year-end the directors classified the Moneyweb investment as held for sale.

COMPANY 2016 R000	COMPANY 2017 R000		GROUP 2017 R000	GROUP 2016 R000
		Assets		
–	–	Property, plant and equipment	**408**	–
–	**13 632**	Interest in subsidiaries	–	–
–	–	Investments	**11 744**	–
–	–	Accounts receivable	**6 149**	–
–	–	Bank and cash resources	**2 057**	–
–	**13 632**		**20 358**	–
		Liabilities		
–	–	Deferred taxation	**397**	–
–	–	Accounts payable	**4 392**	–
–	–	Provisions	**843**	–
–	–	Taxation	**10**	–
–	–		**5 642**	–

COMPANY 2016 R000	2017 R000			GROUP 2017 R000	2016 R000
		13.	**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		
9 942	**9 890**		395 597 460 (2017: 397 678 122) ordinary shares of 2,5 cents each	**9 890**	9 942
			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.		
		14.	**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)	**202 012**	205 360
289 156	**308 992**		Fair value adjustments – investments (net of tax)	**302 301**	282 932
293 625	**313 461**			**553 803**	537 782
		15.	**RETAINED INCOME**		
775 668	**662 667**		Accumulated profits	**4 756 318**	4 588 580
		16.	**NON-CONTROLLING INTEREST**		
			Balance at beginning of the year	**56 608**	56 999
			Disposal/(Acquired)	**1 527**	(1 867)
			Share of earnings	**10 346**	8 445
			Dividends	**(21 436)**	(6 969)
–	**–**		Balance at end of year	**47 045**	56 608

COMPANY 2016 R000	COMPANY 2017 R000			GROUP 2017 R000	GROUP 2016 R000
		17.	**DEFERRED TAXATION**		
(2 142)	**11 952**		Balance at beginning of year	**335 337**	281 289
–	**–**		Profit or loss transfer	**25 765**	27 021
14 094	**5 726**		Non-distributable reserves transfer – re-valuations	**5 322**	27 027
–	**–**		Liabilities held for sale	**(397)**	–
11 952	**17 678**		Balance at end of year	**366 027**	335 337
			Comprising of:		
14 609	**17 678**		Credit balances	**377 390**	354 636
(2 657)	**–**		Debit balances	**(11 363)**	(19 299)
			Deferred taxation comprises temporary differences arising on:		
–	**–**		– property, plant and equipment	**423 753**	405 350
11 952	**17 678**		– investments	**17 678**	11 952
–	**–**		– allowances for debtors impairment	**(5 394)**	(10 092)
–	**–**		– provisions	**(61 083)**	(57 347)
–	**–**		– assessed losses	**(3 337)**	(5 642)
–	**–**		– other	**(5 590)**	(8 884)
11 952	**17 678**			**366 027**	335 337
		18.	**TRADE AND OTHER PAYABLES**		
–	**–**		Trade accounts payable	**420 889**	456 734
8 652	**9 096**		Sundry accounts payable and accruals	**456 964**	426 943
–	**–**		Liabilities held for sale	**(4 392)**	–
8 652	**9 096**			**873 461**	883 677

Trade and other 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. Hedge accounting is not applied.
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 2016 R000	COMPANY 2017 R000			GROUP 2017 R000	GROUP 2016 R000
		19.	**PROVISIONS**		
			Bonus		
			Opening balance	**93 770**	67 557
			Additional provisions	**79 271**	80 853
			Utilised	**(75 680)**	(54 640)
			Liabilities held for sale	**(843)**	–
			Closing balance	**96 518**	93 770
			Leave pay		
			Opening balance	**33 017**	34 294
			Additional provisions	**27 444**	22 863
			Utilised	**(25 113)**	(24 140)
			Closing balance	**35 348**	33 017
			Volume discount allowed		
			Opening balance	**8 235**	17 253
			Additional provisions	**34 076**	38 465
			Utilised	**(29 875)**	(47 483)
			Closing balance	**12 436**	8 235
			Retrenchments		
			Opening balance	**34 424**	39 914
			Additional provisions	**9 382**	7 981
			Utilised	**(24 663)**	(13 471)
			Closing balance	**19 143**	34 424
			Other		
			Opening balance	**57 059**	65 882
			Additional provisions	**68 173**	57 035
			Utilised	**(69 589)**	(65 858)
			Closing balance	**55 643**	57 059
			Total provisions		
			Opening balance	**226 505**	224 900
			Additional provisions	**218 346**	207 197
			Utilised	**(224 920)**	(205 592)
			Liabilities held for sale	**(843)**	–
–	**–**		Closing balance	**219 088**	226 505

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.

The other provisions will be utilised after the financial year-end.

COMPANY 2016 R000	COMPANY 2017 R000			GROUP 2017 R000	GROUP 2016 R000
		20.	**AMOUNTS OWED TO GROUP COMPANIES**		
1 542 779	**1 565 357**		The amounts owed are unsecured, interest free and repayable on demand. All terms are considered to be short term.	**–**	–

21. FINANCIAL ASSETS BY CATEGORY

R000	Loans and receivables	Non-financial instruments	Available for sale	Total
GROUP				
2017				
Property, plant and equipment	**–**	**2 703 216**	**–**	**2 703 216**
Goodwill	**–**	**78 167**	**–**	**78 167**
Interests in associates	**92 132**	**262 794**	**–**	**354 926**
Investments	**–**	**–**	**108 019**	**108 019**
Loans to directors	**80 332**	**–**	**–**	**80 332**
Deferred taxation	**–**	**11 363**	**–**	**11 363**
Inventories	**–**	**833 410**	**–**	**833 410**
Trade and other receivables	**1 067 405**	**26 258**	**–**	**1 093 663**
Taxation	**–**	**1 512**	**–**	**1 512**
Preference shares – listed	**–**	**–**	**58 056**	**58 056**
Preference shares – unlisted	**–**	**–**	**1 050 000**	**1 050 000**
Bank and cash resources	**835 725**	**–**	**–**	**835 725**
Total assets held for sale	**8 206**	**408**	**11 744**	**20 358**
	2 083 800	**3 917 128**	**1 227 819**	**7 228 747**
2016				
Property, plant and equipment	–	2 594 389	–	2 594 389
Interests in associates	41 832	230 325	–	272 157
Investments	–	–	86 155	86 155
Loans to directors	74 987	–	–	74 987
Deferred taxation	–	19 299	–	19 299
Inventories	–	806 229	–	806 229
Trade and other receivables	1 139 007	21 056	–	1 160 063
Taxation	–	17 961	–	17 961
Preference shares – listed	–	–	60 305	60 305
Preference shares – unlisted	–	–	1 050 000	1 050 000
Bank and cash resources	908 020	–	–	908 020
	2 163 846	3 689 259	1 196 460	7 049 565
COMPANY				
2017				
Interest in subsidiaries	**–**	**1 370 123**	**–**	**1 370 123**
Interest in associates	**25 486**	**100 960**	**–**	**126 446**
Investments	**–**	**–**	**108 019**	**108 019**
Loans to directors	**80 332**	**–**	**–**	**80 332**
Trade and other receivables	**14 788**	**–**	**–**	**14 788**
Amounts owed by group companies	**14 456**	**–**	**–**	**14 456**
Preference shares – listed	**–**	**–**	**58 056**	**58 056**
Preference shares – unlisted	**–**	**–**	**1 050 000**	**1 050 000**
Bank and cash resources	**183 179**	**–**	**–**	**183 179**
Total assets held for sale	**–**	**13 632**	**–**	**13 632**
	318 241	**1 484 715**	**1 216 075**	**3 019 031**
2016				
Interest in subsidiaries	–	1 383 755	–	1 383 755
Interest in associates	25 838	120 960	–	146 798
Investments	–	–	72 119	72 119
Loans to directors	74 987	–	–	74 987
Deferred taxation	–	2 657	–	2 657
Trade and other receivables	19 134	–	–	19 134
Amounts owed by group companies	22 990	–	–	22 990
Preference shares – listed	–	–	60 305	60 305
Preference shares – unlisted	–	–	1 050 000	1 050 000
Bank and cash resources	319 766	–	–	319 766
	462 715	1 507 372	1 182 424	3 152 511

22. FINANCIAL LIABILITIES BY CATEGORY

R000	Non-financial instruments	Amortised cost	Total
GROUP			
2017			
Deferred taxation	**377 390**	**–**	**377 390**
Trade and other payables	**–**	**873 461**	**873 461**
Taxation	**24 043**	**–**	**24 043**
Provisions	**219 088**	**–**	**219 088**
Total liabilities held for sale	**1 250**	**4 392**	**5 642**
	621 771	**877 853**	**1 499 624**
2016			
Deferred taxation	354 636	–	354 636
Trade and other payables	–	883 677	883 677
Taxation	5 354	–	5 354
Provisions	226 505	–	226 505
	586 495	883 677	1 470 172
COMPANY			
2017			
Deferred taxation	**17 678**	**–**	**17 678**
Taxation	**656**	**–**	**656**
Trade and other payables	**–**	**9 096**	**9 096**
Amounts owed to group companies	**–**	**1 565 357**	**1 565 357**
Bank overdraft	**–**	**78 159**	**78 159**
	18 344	**1 652 612**	**1 670 946**
2016			
Deferred taxation	14 609	–	14 609
Taxation	1 708	–	1 708
Trade and other payables	–	8 652	8 652
Amounts owed to group companies	–	1 542 779	1 542 779
Bank overdraft	–	119 047	119 047
	16 317	1 670 478	1 686 795

COMPANY 2016 R000	COMPANY 2017 R000		GROUP 2017 R000	GROUP 2016 R000
		23. REVENUE		
35 833	**72 071**	The group's revenue comprises invoiced sales and circulation revenue. The Company's revenue comprises dividends received from subsidiaries	**6 407 172**	6 404 995
		Change in prior year disclosure - prior period error Dividends from subsidiaries are now disclosed under revenue of the parent. In prior years it was disclosed under investment income (note 28) for the company. This re-allocation has no impact on profit or loss or comprehensive income.		
		24. STAFF COSTS		
		– salaries, wages and bonuses	**1 426 530**	1 368 176
		– retirement benefit costs	**68 558**	66 063
–	**–**		**1 495 088**	1 434 239
		25. OTHER NET OPERATING EXPENSES		
		Includes the following items:		
		Income		
		Profit on sale of property, plant and equipment	**14 289**	5 892
		Expenditure		
		Fees for:		
		– administrative, managerial and secretarial services	**11 730**	11 970
		– royalties	**2 343**	4 305
–	**–**		**14 073**	16 275
		Operating leases:		
		– buildings	**26 911**	28 410
		– equipment	**3 796**	4 038
		26. DEPRECIATION AND IMPAIRMENT		
		Depreciation and amortisation		
		– buildings and leasehold improvements	**7 786**	6 552
		– plant and machinery	**241 100**	245 283
		– motor vehicles	**7 566**	7 427
		– furniture and equipment	**28 109**	28 376
		– titles	**1 183**	1 512
–	**–**		**285 744**	289 150
		Impairment		
–	**–**	– plant and machinery	**5 399**	27 583
–	**–**	– land and buildings	**–**	–
4 224	**20 000**	– Interest in subsidiaries and associates	**19 875**	–
4 224	**20 000**		**25 274**	27 583
4 224	**20 000**		**311 018**	316 733

27. DIRECTORS' EMOLUMENTS

	Executive directors			Non-executive directors					
	TD	PG	TJW	PM	ACG	NA	J	T	
R000	Moolman	Greyling	Holden	Jenkins	Molusi	Nemukula	Phalane	Slabbert	Total
Directors' fees				**1 167**	**196**	**171**	**178**	**243**	**1 955**
Fees for services									**–**
Salary	**3 600**	**2 214**	**2 577**						**8 391**
Bonuses		**5 000**	**2 000**						**7 000**
Travel allowance			**32**						**32**
Medical funding		**12**	**16**						**28**
Retirement funding		**232**	**167**						**399**
Total 2017	**3 600**	**7 458**	**4 792**	**1 167**	**196**	**171**	**178**	**243**	**17 805**
2016	3 600	7 458	4 525	1 087	160	160	171	229	17 390

	2017 R000	2016 R000
Paid by subsidiaries	**17 805**	17 390

COMPANY 2016 R000	COMPANY 2017 R000		GROUP 2017 R000	GROUP 2016 R000
		28. FINANCE INCOME		
22 812	**17 434**	– interest	**55 592**	50 152
19 326	**5 670**	– dividends: listed companies	**5 670**	5 236
86 729	**92 048**	– dividends: unlisted companies	**79 815**	74 029
128 867	**115 152**		**141 077**	129 417
		29. FINANCE COSTS		
–	**–**	– interest on bank overdraft	**26**	20
–	**–**	– other interest	**1 849**	1 704
–	**–**		**1 875**	1 724
		30. PROFIT/(LOSS) ON FOREIGN EXCHANGE		
–	**–**	Resulting from the fair value of foreign exchange option contracts outstanding at year-end.	**4 848**	(4 365)
		31. TAXATION		
		South African normal tax		
7 661	**5 585**	– current	**135 331**	121 747
(155)	**(1 004)**	– prior year	**(5 950)**	(14 683)
		Deferred tax		
–	**–**	– current	**25 765**	21 096
–	**–**	– prior year	**–**	5 925
7 506	**4 581**	Total tax	**155 146**	134 085
45 844	**47 526**	Tax at the standard rate of 28% on income before tax (2016: 28%)	**170 841**	165 239
38 338	**42 945**	Difference	**15 695**	31 154
		Reconciled as follows:		
39 729	**47 663**	– dividend income	**23 936**	22 194
–	**–**	– other non-taxable income	**2 684**	3 164
(1 546)	**(5 722)**	– disallowable expenses	**(17 058)**	(3 441)
155	**1 004**	– effect of prior year	**5 950**	8 758
–	**–**	– associate	**6 907**	4 938
–	**–**	– tax losses not recognised	**(6 666)**	(4 288)
–	**–**	– other	**(58)**	(171)
38 338	**42 945**		**15 695**	31 154
		Estimated tax losses included in deferred tax:		
		– at the beginning of year	**5 643**	4 856
		– incurred during the year	**–**	4 761
		– utilised during year	**(2 306)**	(3 974)
–	**–**	– at end of year	**3 337**	5 643
		The group has estimated tax losses of R100,8 million available for set off against future taxable income which has not been recognised as deferred tax assets.		

32. EARNINGS PER SHARE

Reconciliation between earnings and headline earnings

R000	2017 Gross	2017 Net of tax	2016 Gross	2016 Net of tax
Earnings attributable to owners of the parent		**444 656**		447 608
Adjustments for:				
– impairment of property, plant and equipment	**5 399**	**3 887**	27 583	19 860
– profit on disposal of property, plant and equipment	**(14 289)**	**(10 288)**	(5 892)	(4 242)
– impairment of investments	**19 875**	**19 875**	–	–
Headline earnings		**458 130**		463 226
Earnings per share (cents)		**112.2**		112.5
Headline earnings per share (cents)		**115.6**		116.4

	2017 Number of shares	2016 Number of shares
Earnings per share based on weighted average number of shares in issue	**396 219 497**	397 982 185

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 2016 R000	COMPANY 2017 R000		GROUP 2017 R000	GROUP 2016 R000
		33. ORDINARY DIVIDENDS		
258 720	**277 871**	Paid	**277 871**	258 720
		34. PREFERENCE DIVIDENDS		
265	**285**	Paid	**285**	265
		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.		
		35. COMMITMENTS		
		Capital expenditure on plant and machinery – approved but not contracted	**90 000**	90 000
		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	**9 090**	20 054
		After one year, but not more than five years	**7 367**	13 197
			16 457	33 251
		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.		

36. FOREIGN EXCHANGE EXPOSURE

36.1 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 and Euros.

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.

COMPANY			GROUP	
2016 R000	2017 R000		2017 R000	2016 R000

36. FOREIGN EXCHANGE EXPOSURE continued

36.2 Foreign currency contracts

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

	Average rate of exchange 2017	Average rate of exchange 2016	Group 2017 R000	Group 2016 R000
Euro	**14.6502**	17.0432	**81 240**	291 190
US Dollar	**13.3717**	15.1071	**9 934**	106 114
Pound Sterling	**–**	22.1671	**–**	9 818
			91 174	407 122

37. BORROWING POWERS

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

38. 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 27 and the directors' report respectively.

Controlling shareholders
Messrs TD Moolman is a member 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 2017 amounted to R52,6 million (2016: R51,1 million).

The balance owing to the Partnership at the year end amounted to R5,6 million (2016: R4,4 million).

Subsidiaries
Details of investments in subsidiaries and jointly controlled entities are disclosed in in the annexure on page 66.

Associates
Details of income from associates are disclosed in the statement of comprehensive income, note 5 and in the annexure on page 67.

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

COMPANY 2016 R000	COMPANY 2017 R000		GROUP 2017 R000	GROUP 2016 R000
		39. 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. 5 702 (2016: 5 357) of the group's employees are covered by the plans.		
		40. NOTES TO THE STATEMENTS OF CASH FLOWS		
		40.1 Cash generated by/(utilised in) operations		
163 729	**169 736**	Profit before taxation	**610 148**	590 139
–	**–**	Associate income	**(24 667)**	(17 636)
(22 812)	**(17 434)**	Interest received (net)	**(53 717)**	(48 428)
(141 888)	**(169 789)**	Dividends received	**(85 485)**	(79 265)
		Adjustment for non-cash items:		
–	**–**	– depreciation of property, plant and equipment	**285 744**	289 150
4 224	**20 000**	– impairment	**25 274**	27 583
–	**–**	– surplus on disposal of property, plant and equipment	**(14 289)**	(5 892)
–	**–**	– unrealised foreign currency profit	**(3 011)**	–
–	**–**	– profit on currency derivatives	**(4 848)**	4 365
–	**–**	– movement in provisions	**(6 574)**	1 605
(3 571)	**(3 749)**	– deemed interest on interest-free loan in terms of the Share Purchase Scheme	**(3 749)**	(3 571)
(318)	**(1 236)**		**724 826**	758 050
		40.2 Changes in working capital		
–	**–**	Decrease/(Increase) in inventories	**(27 181)**	5 430
(5 602)	**2 755**	Decrease/(increase) in trade and other receivable	**58 655**	(108 005)
350	**444**	Decrease/(increase) in trade and other payable	**2 035**	(6 000)
–	**–**	Working capital acquired	**23 957**	(2 478)
(5 252)	**3 199**		**57 466**	(111 053)
		40.3 Taxation paid		
(192)	**(1 708)**	Opening tax	**12 607**	10 226
(7 506)	**(4 581)**	Charged in profit or loss	**(129 381)**	(107 064)
1 708	**656**	Closing tax payable/(overpaid)	**22 541**	(12 607)
(5 990)	**(5 633)**		**(94 233)**	(109 445)
		40.4 Dividends paid		
(258 985)	**(278 156)**	Charged to reserves	**(278 156)**	(258 985)
–	**–**	Dividends of non-controlling interests	**(21 436)**	(6 969)
(258 985)	**(278 156)**		**(299 592)**	(265 954)
		40.5 Investments – subsidiary businesses		
–	**–**	Acquisitions (net of cash acquired)	**(157 779)**	(19 198)
20 855	**8 534**	Advances to group companies	**–**	–
20 855	**8 534**		**(157 779)**	(19 198)
		40.6 Investments – associates and other investments		
–	**(8 094)**	Acquisitions	**(53 061)**	(8 251)
–	**–**	Proceeds from disposal of investments	**2 288**	5 678
(14 400)	**352**	(Increase)/decrease in loans	**(34 529)**	(6 284)
(14 400)	**(7 742)**		**(85 302)**	(8 857)
		40.7 Cash and cash equivalents		
200 719	**105 020**	Cash at bank and call deposits	**837 782**	908 020
1 122 166	**1 122 166**	Preference shares at cost	**1 122 166**	1 122 166
(11 861)	**(14 110)**	Fair value adjustment	**(14 110)**	(11 861)
1 311 024	**1 213 076**	Fair value of cash and cash equivalents	**1 945 838**	2 018 325

40. NOTES TO THE CASH FLOW STATEMENT continued

40.8 Business combinations

Flip File (Pty) Ltd (100%) – a stationery manufacturer – was acquired with an effective date of 1 September 2016 and has been accounted for as a business combination for the current period. The acquired business contributed revenue of R55,6 million and a net profit after tax of R7,6 million. Had this business been acquired for the full reporting period the revenue contributed would have been R79,2 million and the net profit after tax would be R7,6 million.

Boland Printers (100%) – a paper label manufacturer in the Western Cape – was acquired with an effective date of 1 October 2016 and has been accounted for as a business combination for the current period. The acquired business contributed revenue of R52,7 million and a net loss after tax of R0,8 million. Had this business been acquired for the full reporting period the revenue contributed would have been R80,0 million and the net profit after tax would be R4,3 million.

Health Spas Guide (Pty) Ltd (70%) – an online magazine website – was acquired with an effective date of 1 December 2016 and has been accounted for as a business combination for the current period. The acquired business contributed revenue of R5,2 million and a net loss after tax of R0,4 million. Had this business been acquired for the full reporting period the revenue contributed would have been R8,8 million and the net profit/loss after tax would be Rnil.

Grafton Star (100%) – a stationery distribution business was acquired with an effective date of 1 March 2017 and has been accounted for as a business combination for the current period. The acquired business contributed revenue of R4,0 million and a net loss after tax of R1,5 million. Had this business been acquired for the full reporting period the revenue contributed would have been R16,9 million and the net profit after tax would be R3,5 million.

HP Labels (100%) – a self adhesive labelling operation in the Western Cape – was acquired with an effective date of 1 June 2017 and has been accounted for as a business combination for the current period. The acquired business contributed revenue of R4,3 million and a net loss after tax of R0,5 million. Had this business been acquired for the full reporting period the revenue contributed would have been R50,0 million and the net profit after tax would be R5,0 million.

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

Details of the assets and liabilities acquired and the goodwill are as follows:	2017 Acquirees fair value	2016 Acquirees fair value
Property, plant and equipment	**56 035**	21 676
Inventories	**26 619**	7 969
Accounts receivable	**31 205**	–
Bank and cash resources	**(380)**	–
Accounts payable	**(33 867)**	(10 447)
Fair value of net assets acquired	**79 612**	19 198
Goodwill to maintain the group's position in the printing and publishing market	**78 167**	–
Total purchase consideration paid in cash	**157 779**	19 198
Total purchase consideration	**157 779**	19 198
Less: Cash and cash equivalents in subsidiary acquired	**380**	–
Cash flow on acquisition	**158 159**	19 198
The purchase consideration was made up as follows:		
– acquisition of Flip File (Pty) Ltd: R43,7 million		
– acquisition of Boland Printers: R78,2 million		
– acquisition of Health Spas Guide (Pty) Ltd: R6,4 million		
– acquisition of Grafton Star: R5,5 million		
– acquisition of HP Labels: R24,0 million		
Goodwill relates to expected synergies, the bulking up of service offerings and an expansion of product offerings in the group		
Goodwill is allocated to cash generating units which is considered to be the operating segments expected to benefit from the synergies, bulk and expansion noted above		
Goodwill per operating segment:		
– Printing, publishing and distribution	**4 557**	–
– Packaging and stationery	**73 610**	–
	78 167	–
2016		
– acquisition of Times Media's CD/DVD replication business: R19,2 million		

41. SEGMENTAL ANALYSIS

	GROUP			
	2017 R000	%	2016* R000	%
Revenue				
Publishing, printing and distribution	**4 881 388**	**76**	4 976 694	78
Packaging and stationery	**2 292 601**	**36**	2 180 326	34
Other	**111 797**	**2**	88 950	1
Inter-group sales – Publishing, printing and distribution	**(742 127)**	**(12)**	(786 572)	(12)
Inter-group sales – Packaging and stationery	**(136 487)**	**(2)**	(54 403)	(1)
	6 407 172	**100**	6 404 995	100
Net profit from operating activities after depreciation				
Publishing, printing and distribution	**280 632**	**61**	307 956	65
Packaging and stationery	**176 705**	**38**	173 472	37
Other	**5 619**	**1**	(8 241)	(2)
	462 956	**100**	473 187	100
Other information				
Total assets				
Publishing, printing and distribution	**2 856 843**	**40**	2 970 189	42
Packaging and stationery	**1 681 898**	**23**	1 330 130	19
Other	**2 690 006**	**37**	2 749 246	39
	7 228 747	**100**	7 049 565	100
Total liabilities				
Publishing, printing and distribution	**772 063**	**52**	781 859	53
Packaging and stationery	**456 504**	**30**	405 634	28
Other	**271 057**	**18**	282 679	19
	1 499 624	**100**	1 470 172	100
Capital expenditure				
Publishing, printing and distribution	**100 797**	**24**	173 388	46
Packaging and stationery	**222 274**	**54**	104 832	28
Other	**88 930**	**22**	96 499	26
	412 001	**100**	374 719	100
Depreciation and impairment				
Publishing, printing and distribution	**187 770**	**64**	208 013	66
Packaging and stationery	**81 477**	**28**	91 461	29
Other	**21 901**	**8**	17 259	5
	291 148	**100**	316 733	100

The group operates in South Africa.

* The segmental analysis for the prior year was adjusted to better reflect the business segments.

42. 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 2017 and 30 June 2016. The company had no debt during the years under review other than bank overdraft.

43. SHARE-BASED PAYMENTS – CASH SETTLED

In 2015, the group implemented a staff share incentive scheme whereby share appreciation rights have been allocated to selected employees. This gave rise to a charge of R21,3 million in 2015. The current year charge is Rnil (2016: Rnil.)

This scheme operates as a cash bonus scheme where the bonus is calculated with reference to the share price based on a unit allocation. The allocation period is spread equally over three years, and the bonuses will be determined over a further four years.

	Date of grant:	Number of share appre-ciation rights
Grant 1	**1 July 2014**	5 650 000
Grant 2	**30 June 2016**	5 650 000
Grant 3	**30 June 2017**	5 650 000

The total number of share appreciation rights has decreased by 550 000 from 17 500 000 rights (2016) to 16 950 000 rights as a results of employees leaving the company and thereby forfeiting their share appreciation rights.

The first grant was issued at R15 a share, in line with the share price around the date of the grant.

The second grant was issued at R13,54 a share, being the 30 day weighted average Caxton share price on the JSE as at the issue date (30 June 2016).

The third grant was issued at R11,44 a share, being the 30 day weighted average Caxton share price on the JSE as at the issue date (30 June 2017).

The share appreciation rights vests as follows:

– 25% will vest on 30 June 2018

– 25% will vest on 30 June 2019

– 25% will vest on 30 June 2020

– 25% will vest on 30 June 2021

The values of the share appreciation rights were determined using the Black-Scholes Merton Option Valuation Model, for cash settled instruments. The model inputs were as follows:

2017	Grant 3
Share price at reporting date	**R12,00**
Exercise price	**R13,33**
Expected volatility	**31,39%**
Risk-free interest rate	**8,75%**
Dividend yield	**5,83%**
Fair value	**R1,81**
Market to market value	**(R1,33)**
Intrinsic value (R000)	**(R5 354)**

2016	Grant 2
Share price at reporting date	R13,63
Exercise price	R15,00
Expected volatility	29,55%
Risk-free interest rate	8,7%
Dividend yield	4,8%
Fair value	R2,63
Market to market value	(R1,64)
Intrinsic value (R000)	(R2 272)

43. SHARE-BASED PAYMENTS – CASH SETTLED continued

2015	Grant 1
Share price at reporting date	R18,65
Exercise price	R19,33
Expected volatility	44,93%
Risk-free interest rate	8,43%
Dividend yield	3,08%
Fair value	R7,47
Market to market value	R3,65
Intrinsic value (R000)	R5 057

The exercise price is calculated on the weighted average price across all 3 issues as at 30 June 2017.

The volatility is based on statistical analysis of the daily share prices over the last five years, prior to the reporting date.

The group expects the future volatility of its share price to be in line with the historical volatility.

44. SHARE-BASED PAYMENTS – EQUITY SETTLED

In 2015 the Company entered into share subscription agreements with the Greyling Family Trust and the Holden Family Trust.

The salient features of these agreements are summarised as follows:

- T Holden and P Greyling (collectively referred to as the directors) will each set up a trust which will subscribe for 4 000 000 Caxton shares at a subscription price of R15 per share.
- The directors will loan each of the respective trusts R3 000 000 while Caxton will loan the trust R57 000 000 to facilitate the above purchase of shares.
- The loan between the trusts and Company will be interest free and is only repayable on the basis that if the trust sells any portion of the Caxton shares, the trust will be required to repay a portion of the loan with the Company equivalent to R14,25 per Caxton share sold.
- The loan will be repayable 25 years after advance date, or 10 years after the termination of either of the directors employment contract, which ever date is the earliest.

The IFRS 2 charge has been calculated as the difference between 95% of the fair value of the shares and the present value of the R57 000 000 loan on the effective date of the transaction, with the present value of the loan being calculated using the assumed repayment period of the loan.

The following assumptions were applied in calculating the IFRS 2 charge:

- Fair value of the shares – R14,79, being the share price at 10 November 2014
- Repayment term of 10 years
- Discount rate of 5%, being the opportunity cost of lost interest for the Group as a result of the loans advanced to the trusts.

The value of the IFRS 2 charge amounted to R43 187 641 in 2015

Based on the assumption that the loans unwind over a ten year period, interest income of R3 749 346 (2016: R3 570 806) has been credited to the statement of comprehensive income during the year under review.

INFORMATION RELATING TO SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

Name	Nature of operations	Holding 2017 %	Holding 2016 %	Cost less accumulated impairment 2017 R000	Cost less accumulated impairment 2016 R000	Owing 2017 R000	Owing 2016 R000
Directly held							
Caxton Publishers and Printers	Holding company	**100**	100	**1 351 490**	1 351 490	**12 469**	20 640
Caxton Share Investments	Investments	**100**	100				
Capricorn Books	Printing	**90**	90	**565**	565		
Darwain Investments	Printing	**60**	60	**494**	494		
Highway Mail	Publishing	**67**	67	**471**	471		
Moneyweb Holdings	Integrated media	**51**	51	**13 632**	13 632		
Noordwes Koerante	Publishing	**90**	90				
Northwest Web Printers	Printing	**90**	90				
Ramsay Media	Publishing	**100**	100	**13 921**	13 921		
Ridge Times	Publishing	**67**	67	**512**	512		
Saxton Investments	Investments	**100**	100				
Ukhozi Press	Printing	**86**	86	**173**	173		
Zululand Observer	Publishing	**60**	60	**2 497**	2 497		
Indirectly held							
Bucket Full	Packaging	**100**	100				
CTP Digital Services	CD and DVD replication	**100**	100				
CTP Limited	Publishing and printing	**100**	100				
Deliwise	Printing	**75**	–				
Erfrad 13	Property owning	**100**	100				
Flipfile	Stationery manufacturer	**100**	–				
Habari Media	Publishing	**100**	100				
Health Spa's Guide	Digital Publishing	**70**	–				
Highway Printers	Printing	**100**	100				
Hozi Holdings	Publishing	**100**	100				
Impala Stationery Manufacturers	Stationery manufacturer	**100**	100				
Kagiso Publishers	Printing	**100**	100				
Magscene	Magazine distributors	**100**	100				
Mega Digital	Printing	**100**	100				
Perskor News Agency	Magazine distributors	**100**	100				
Project Northwards	Property owning	**100**	100				
The Citizen (1978)	Publishing	**100**	100				
The Citizen Limited	Holding company	**100**	100				
Thornbird Trade and Invest 100	Printing	**67**	67				
Tight Lines	Publishing	**100**	100				
Umlingo	Stationery Distributors	**100**	100				
				1 383 755	1 383 755	**12 469**	20 640
Less: Assets held-for-sale – Moneyweb Holdings				**(13 632)**	–	**–**	–
				1 370 123	1 383 755	**12 649**	20 640
Jointly Controlled Entities							
Guzzle Media	Digital retail advertising	**50**	50			**–**	–
Levain	Publishing	**50**	50			**–**	–
Mahareng Publishing	Publishing	**50**	50			**1 487**	1 850
MCS Caxton International Press	Distribution	**50**	50			**–**	–
Remade Recycling	Recycling	**50**	50			**–**	–
Safeway Publishing	Publishing	**50**	50			**500**	500
				–	–	**1 987**	2 350
				1 370 123	1 383 755	**14 456**	22 990

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

There is no individual subsidiary with a material non-controlling interest.

INFORMATION RELATING TO ASSOCIATES

Name	Nature of operations	Holding 2017 %	Holding 2016 %	Cost less accumulated impairment 2017 R000	Cost less accumulated impairment 2016 R000	Owing 2017 R000	Owing 2016 R000
Directly held							
Capital Media (Feb)	Newspaper publisher	**50**	50	**–**	–		
Carpe Diem	Magazine publisher	**30**	30	**4 728**	4 728		
Cognition Holdings	Digital and telecommunication solutions	**34**	34	**88 746**	108 747		
FBC Properties	Property owning	**50**	50	**1 352**	1 352		
Fordsburg Mayfair Media	Newspaper publisher	**50**	50	**–**	–		
Heraut Publiseerders	Newspaper publisher	**50**	50	**189**	189	**1 871**	1 469
Hutton Trading	Advert delivery	**50**	50	**250**	250	**2 650**	2 650
Ince Holdings	Printer	**26**	26	**2 181**	2 181		
Leo Kantoor Meubels	Property owning	**50**	50	**–**	–		
Lincroft Books (March)	Newspaper publisher	**49**	49	**8 381**	8 381	**727**	727
Lonehill Trading(March)	Magazine publisher	**50**	50	**1 170**	1 170	**1 910**	1 902
Mooivaal Media (March)	Newspaper publisher	**50**	50	**1 565**	1 565		
Overdrive Publishing	Magazine publisher	**25**	25	**1 250**	1 250	**3 058**	2 947
Rising Sun Community Newspapers	Newspaper publisher	**45**	45	**–**	–	**(12 311)**	(11 443)
Ronain Investments	Property owning	**50**	50	**33**	33	**13 419**	14 219
Rowaga Properties	Property owning	**50**	50	**1 175**	1 175		
Sentrale Makelaars	Dormant	**50**	50	**56**	56		
Shumani Print Services	Printer	**49**	49	**3 159**	3 159	**4 486**	4 120
Tambuti Brits	Property owning	**50**	50	**–**	–		
Tambuti Enterprise	Property owning	**50**	50	**143**	143		
Tambuti Upington	Property owning	**50**	50	**–**	–		
Tambuti Vryburg	Property owning	**50**	50	**–**	–		
Wordsmiths	Newspaper publisher	**50**	50	**3 750**	3 750		
Indirectly held							
BM Management	Consumable supplier	**30**	30				
Capital Newspapers	Newspaper publisher	**45**	45	**–**	–	**3 325**	3 325
Die Pos	Newspaper publisher	**40**	–	**2 400**	–		
Kathorus Media	Newspaper publisher	**49**	–	**550**	–		
Octotel (Feb)	Fibre to the home	**23**	25	**–**	–	**35 867**	–
RSA Web (Feb)	Internet service provider	**23**	25	**20 090**	20 090	**16 812**	20 189
Tysflo	Television channel development	**17**	–	**500**	–	**1 160**	–
Universal Labels	Label printing	**30**	–	**40 000**	–	**15 589**	–
Vehicle Traders Limited Edition	Digital subscription sales	**50**	50	**12 200**	12 200	**3 569**	1 727
				193 868	170 419	**92 132**	41 832

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

The financial year ends are June unless otherwise stated.

Investments of between 17% and 50% are accounted as associates, unless there is some other indication that control exist.

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

	Associated companies		Jointly controlled entities	
	2017	2016	**2017**	2016
Statement of Financial Position	**R000**	R000	**R000**	R000
Property, plant and equipment	**118 805**	96 023	**667**	934
Investments and long-term receivables	**24 532**	4 491	**–**	–
Current assets	**112 299**	110 701	**10 782**	8 692
Total assets	**255 636**	211 215	**11 449**	9 626
Long-term liabilities	**38 730**	13 862	**3 475**	4 200
Deferred taxation	**5 235**	4 580	**11**	(64)
Current liabilities	**70 790**	63 707	**3 785**	4 784
Total liabilities	**114 755**	82 149	**7 271**	8 920
Attributable net asset value	**140 881**	129 066	**4 178**	706
Statement of Comprehensive Income				
Turnover	**309 678**	287 351	**27 386**	25 721
Income before taxation	**36 291**	25 058	**7 033**	6 076
Taxation	**(11 624)**	(7 422)	**(1 818)**	(1 705)
Net income for the year	**24 667**	17 636	**5 215**	4 371

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, 6 December 2017 at 10:00.

RECORD DATE, ATTENDANCE AND VOTING

The record date for determining which shareholders are entitled to notice of the meeting is Friday, 27 October 2017 and the record date for determining which shareholders are entitled to participate in and vote at the meeting is Friday, 1 December 2017. The last day to trade in order to be eligible to vote at the meeting is accordingly Tuesday, 28 November 2017.

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, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (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 for administrative purpose or thereafter to the company by hand no later than 9:30am on Wednesday, 6 December 2017; alternatively, may be handed to the Chairman of the meeting immediately prior to the commencement of voting at 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; and
- 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 approve, 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 2017 be and are hereby approved."

Explanation: The reason for and effect of ordinary resolution number 1 is to receive and approve the annual financial statements for the company and the group for the year ended 30 June 2017.

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 and 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 to issue shares in terms of the Act, the authority given at the previous annual general meeting needs to be renewed.

3. ORDINARY RESOLUTION NUMBER 3: RE-ELECTION OF DIRECTORS

"Resolved that:

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

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

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

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

4. ORDINARY RESOLUTION NUMBER 4: REAPPOINTMENT OF INDEPENDENT AUDITORS

"Resolved that:

Grant Thornton Johannesburg Partnership be and is hereby reappointed as independent auditors of the company and Ms MA da Costa is reappointed as the designated auditor, 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 independent auditors and have its annual financial statements audited.

5. ORDINARY RESOLUTION NUMBER 5: RE-ELECTION OF THE AUDIT AND RISK COMMITTEE CHAIRMAN AND MEMBERS

"Resolved that:

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

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

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

Explanation: To elect Ms T Slabbert, Mr ACG Molusi and Mr NA Nemukula who are recommended by the Board and whose re-appointment automatically terminates on the day of the 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, all of whom must be independent non-executive directors.

Brief biographies of these directors appear on page 3.

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

6. ORDINARY RESOLUTION NUMBER 6: AUTHORITY TO SIGN DOCUMENTATION

"Resolved that:

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

Special resolutions

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

Voting requirement: 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 share capital of the company.

7. SPECIAL RESOLUTION NUMBER 1: GENERAL AUTHORITY FOR COMPANY AND/OR SUBSIDIARY TO ACQUIRE THE COMPANY'S OWN SHARES

"Resolved that:

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

- the repurchase of securities must be 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 of 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; and
- in determining the price at which ordinary shares issued by the company are acquired in terms of this general authority, the maximum price at which such ordinary shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market price at which such ordinary shares traded on the JSE over the 5 (five) business days immediately preceding the date on which the transaction is effected."

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

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

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

8. SPECIAL RESOLUTION NUMBER 2: APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES

"Resolved that:

The remuneration of the non-executive directors for the year 1 January 2018 to 31 December 2018 be as follows:

PM Jenkins	R1 273 860
T Slabbert	R264 860
ACG Molusi	R186 375
NA Nemukula	R186 375
J Phalane	R186 375

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

9. SPECIAL RESOLUTION NUMBER 3: FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED ENTITIES TO THE COMPANY

"Resolved that:

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

Explanation: The reason for and effect of special resolution number 3 is to grant the directors of the company the authority to cause the company to provide financial assistance to any entity which is related or inter-related to the company. This special resolution does not authorise the provision of financial assistance to a director or prescribed officer of the company.

10. SPECIAL RESOLUTION NUMBER 4: FINANCIAL ASSISTANCE FOR SUBSCRIPTION FOR OR PURCHASE OF SECURITIES BY RELATED OR INTER-RELATED ENTITIES TO THE COMPANY

"Resolved that:

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

Explanation: The reason for and effect of special resolution number 4 is to grant the directors of the company the authority to cause the company to provide financial assistance 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.

11. NON-BINDING 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: The policy is tabled to enable shareholders to express their views on the remuneration policies adopted and on their implementation. This ordinary resolution is advisory in nature only, but will be taken into consideration when considering the company's remuneration policy in the future.

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 the meeting is attached:

- Details of directors on page 3;
- Directors' interests in securities on page 24 (there are no non-beneficial interests);
- Major shareholders on page 25;
- Material changes in the nature of the company's trading or financial position post-30 June 2017 on page 25; and
- The share capital note 13 on page 49.

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.

By order of the Board

N Sooka
Company Secretary

25 October 2017

Registered office
28 Wright Street
Industria West
Johannesburg, 2093

PO Box 43587
Industria, 2042
Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers,
15 Biermann Avenue
Rosebank, 2196
Johannesburg
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 am on Wednesday, 6 December 2017.

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 2017			
2.	To place unissued ordinary shares of the company under the control of the directors			
3.1	To re-elect Mr J Phalane as director of the company			
3.2	To re-elect Mr NA Nemukula as director of the company			
4.	To re-appoint Grant Thornton Johannesburg Partnership as the independent auditors and to re-appoint Ms MA da Costa as the designated auditor			
5.1	To re-elect Ms T Slabbert as member and Chairman of the Audit and Risk Committee			
5.2	To re-elect Mr ACG Molusi as member of the Audit and Risk Committee			
5.3	To re-elect Mr NA Nemukula as member of the Audit and Risk Committee			
6.	To authorise any director or the 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 2017

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 Proprietary Limited (Rosebank Towers,15 Biermann Avenue Rosebank, Johannesburg, 2196 or PO Box 61051, Marshalltown, 2107), to be received by no later than 10:00 am on Monday, 4 December 2017 for administrative purpose or thereafter to the company by hand no later than 9:30am on Wednesday, 6 December 2017; alternatively, may be handed to the chairman of the meeting immediately prior to the commencement of voting at the meeting.
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 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 am on Monday, 4 December 2017 for administrative purpose or thereafter to the company by hand no later than 9:30am on Wednesday, 6 December 2017; alternatively, may be handed to the chairman of the meeting immediately prior to the commencement of voting at the meeting. 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 letters of representation 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.

CORPORATE INFORMATION

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 Johannesburg Partnership
52 Corlett Drive
Wanderers Office Park
Illovo
Johannesburg, 2196

Attorneys
Fluxmans Inc.
30 Jellicoe Avenue
Rosebank
Johannesburg, 2196

Bankers
First National Bank
Bank City, Johannesburg, 2001

Sponsor
Arbor Capital Sponsors Proprietary Limited
Registration number 2006/033725/07
20 Stirrup Lane
Woodmead Office Park
Corner Woodmead Drive and Van Reenens Avenue
Woodmead, 2191

(Suite # 439, Private Bag X29, Gallo Manor, 2052)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers,
15 Biermann Avenue
Rosebank,
Johannesburg, 2196

(PO Box 61051, Marshalltown, 2107)

Telephone: +27 11 370 5000

CAXTON&CTP publishers & printers LIMITED