CAXTON & CTP publishers & printers LIMITED

Integrated Annual Report 2020

Caxton and CTP Publishers and Printers Limited is a major publisher and printer, and manufacturer of packaging material in South Africa

Caxton and CTP Publishers and Printers Limited ("the Company") 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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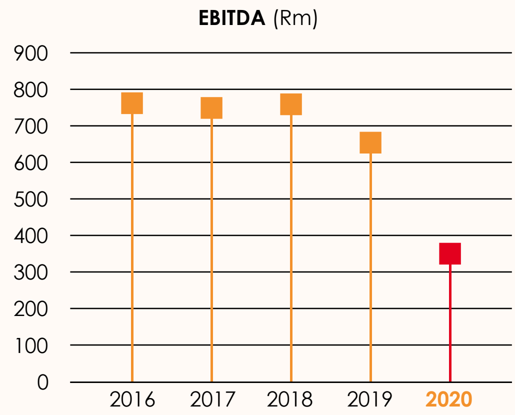
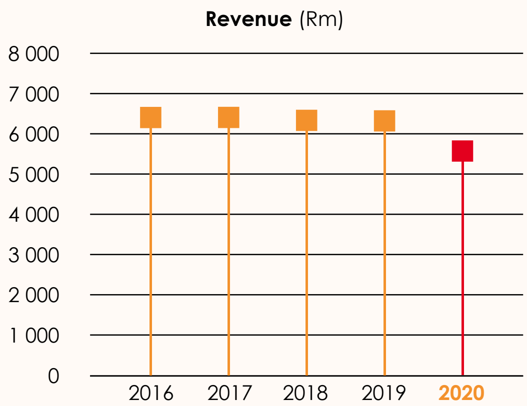
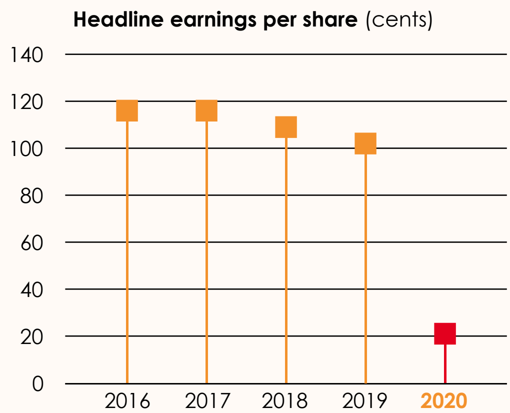
HIGHLIGHTS

- *Revenue **R5 572 million***
- *Loss before tax **R47 million***
- *Cash generated by operations **R329 million***
- *Cash resources **R1 743 million***







HIGHLIGHTS – FIVE YEARS TO 30 JUNE 2020

		2020 Rm	2019 Rm	2018 Rm	2017 Rm	2016 Rm
Revenue		**5 572**	6 321	6 334	6 407	6 405
Operating profit before depreciation and amortisation		**350**	654	759	749	762
Finance income		**127**	140	124	141	129
(Loss)/Profit attributable to equity holders of the parent		**(57)**	336	386	445	448
Headline earnings per share	(cents)	**21**	102	109	116	116
Cash generated by operations		**329**	662	740	725	738
Shareholders' equity		**5 267**	5 844	5 745	5 729	5 579
Total assets		**6 509**	7 248	7 227	7 229	7 050
Cash and cash equivalents		**1 743**	1 698	1 544	1 886	1 958
Weighted average number of shares in issue	(000's)	**382 889**	387 422	392 427	396 219	397 982
Net asset value per share	(cents)	**1 384**	1 484	1 464	1 436	1 406
Number of employees		**5 270**	6 197	6 030	6 311	6 310

DIRECTORATE

EXECUTIVE

TD Moolman (76) **(Chief Executive Officer)**
Terry is the founder of Caxton and CTP Publishers and Printers Limited.

TJW Holden (56) **(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.

L Witbooi (48) **(Managing Director: Western Cape Operations)**
MBA
Leon has an MBA from the University of Cape Town and has been with the group for 26 years in a variety of positions. He currently heads the group's Western Cape commercial print and packaging operations.

NON-EXECUTIVE

PM Jenkins* (61) **(Chairman)**
BCom, LLB
Paul qualified at Randse Afrikaanse Universiteit with BCom and LLB degrees 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* (58)
BJournalism, MA
Connie has been involved with the media industry for many years and holds a number of directorships.

NA Nemukula* (65)
Albert qualified as a teacher and has a marketing sales diploma. He has taught at various high schools and was responsible for marketing and publishing at Juta & Co. He has several business interests in publishing and printing, jewellery and retail stores.

JH Phalane* (45)
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 (Taxation) degree from the North-West University 2006. He became a partner at Fluxmans in 2007. He practices as a commercial attorney at Fluxmans, specialising in mergers and acquisitions.

T Slabbert* (53)
BA, MBA
Tania is co-founder and non-executive director of WDB Investment Holdings Proprietary Limited and previously served as its CEO for 12 years. She has held a number of directorships in both listed and non-listed entities over the past 20 years and continues to serve on several boards as a non-executive.

** Independent non-executive*

MANAGING DIRECTOR'S REPORT

EARNINGS

The difficult economic headwinds experienced in the first half of the financial year (July to December 2019) intensified in the third quarter (January to March 2020) before the COVID-19 lockdown. It was, however, the COVID-19 lockdown in April to June 2020 (despite the gradual easing of restrictions towards year-end) that had an unprecedented negative impact on the full year group results. All operating units were affected to varying degrees, ranging from complete shutdowns to, at best, curtailed operations. The demand for our products and services was severely impaired and in some of our major lines (fast-food packaging, cigarette cartons and beer and alcohol labels) the sale of the end-consumer products was totally prohibited.

During this period, the first priority was to ensure the safety of our employees and strict hygiene protocols were implemented across all the operations in line with government guidelines. In response to the operational impact of the lockdown, various mitigating actions were implemented to soften the blow, but it was impossible to fully compensate for the decline in operating activity and ultimately the Group incurred very significant losses during the fourth quarter. The mitigating actions comprised of a group-wide reduction in salaries and wages for a three-month period, coupled with appropriate annual leave being taken by employees, a freeze on annual wage and salary increases as well as implementation of flexible working hours, on a no work no pay basis, to match the reduced demand. We owe a debt of gratitude to management and staff alike, who shared the pain of the deleterious effects of the lockdown with their employer, without complaint or demur.

In light of the uncertain current and future trading environment, the group was also compelled to evaluate certain marginal operations in its portfolio. The group acted decisively in making a strategic election to close certain businesses that have been in decline for a number of years pre-COVID-19. These businesses had no chance of surviving the post-COVID-19 trading conditions, and the lockdown simply exacerbated the situation. These decisions resulted in the complete closure of the magazine publishing and distribution divisions and the CD and DVD replication plant. In addition, there has been a group-wide assessment of the likely impact of the difficult trading conditions that are expected to persist for the foreseeable future and many operations are undergoing some form of restructure in line with the reduced demand. These actions are both regrettable and unavoidable and will unfortunately lead to substantial job losses, estimated at up to 1 500 positions once completed, out of a pre-COVID-19 staff complement of some 6 000 persons. The retrenchments and closure costs associated with these decisions have been fully provided for in the reported results and further materially depressed earnings.

Revenues declined by R748.5 million or 11.8% to R5 572.4 million which has had a significant impact on profits. This decline can be attributed to the impact of the lockdown in the 4th quarter, given that from a turnover point of view, the group was trading at similar levels to the prior year, pre-lockdown. The lockdown significantly impacted all our businesses, with the major impacts being felt in our newspaper business where advertising revenues dried up, the commercial printing operations were impacted by no publication or advertising insert printing work and the packaging divisions that service the fast food, cigarette and alcohol markets were also severely affected by the bans on trade in these sectors.

Raw material input prices were impacted in the second half of the financial year by the steep devaluation in the exchange rate. With the state of the current trading environment, it has been extremely difficult to pass these increases on to customers, and they have been largely absorbed internally. The group has mitigated this through some strategic stock holdings, with the focus for the early part of the new financial year being to effect both operational savings and modest increases to recover this increased input cost.

Staff and other operating costs continue to be rigorously managed. Staff costs declined by 6.2%, notwithstanding approximately R58 million in one-off retrenchment costs having been accounted for, associated with closed operations and restructurings that have either been completed or are under way. In response to the pandemic, all staff also accepted a reduction in remuneration for the three-month period (May to July). Other operating costs ended 0.6% below the previous year, notwithstanding that these costs include approximately R50 million of additional bad debt write-offs and provisions, as the economic climate impacted a number of customers.

The reduction in turnover during the lockdown period meant profit from operating activities before depreciation and amortisation declined by R303.4 million to R350.3 million – a 46.4% reduction. Depreciation and amortisation increased by R10 million over the previous year, to R298.4 million inclusive of the IFRS 16 impact resulting in profit after depreciation and amortisation of R51.9 million.

The current trading environment and outlook for the foreseeable future has meant that the group has had to re-assess the carrying values of goodwill, investments, loans and the cash-generating ability of certain plant and equipment. Because the group has always maintained a disciplined and conservative approach to its historic acquisitions and investment in plant and equipment, its impairments have been relatively modest, when considered against the catastrophic effects of COVID-19 and the lockdown, on the economy.

This has resulted in the following impairments:

- Impairment of goodwill of R47.7 million – mainly the goodwill that arose on the acquisition of our packaging label manufacturer Boland Printers. The remaining smaller impairments were on digital investments.
- Impairment of investments of R29.0 million and loans of R70.1 million – these relate to the group's digital investments and loans made in developing these initiatives that, once assessed against the possible future cash flows, has meant that both the investment and loans recoverable needed to be impaired. The pandemic has had a significant impact on these businesses, especially those focused on the tourism industry. The focus has been on ensuring the necessary actions have been taken in each digital asset to ensure that there is no need for future funding from the group. This has in most cases been achieved and, where there are still funding commitments, these are not material and there is some certainty that all the digital businesses will be self-funding in the short term.
- Impairment of plant of R84.0 million – the increased decline in the printing markets (newspaper and commercial) and the future outlook has meant that the carrying value of certain assets had to be impaired.

During the period, the group disposed of 10% of its shareholding in an associate, Ince Proprietary Limited, in an empowerment transaction, resulting in our interest now being held as an investment and which in turn resulted in a loss on disposal of associate of R5.3 million being recognised.

The above impairments have resulted in a loss from operating activities of R184.2 million, that was to some extent compensated for by net finance income of R147.1 million, which increased by some R14 million over the prior year. In this regard, both dividends and interest received have declined over the previous year, mainly as a result of reduced dividends from our investment in Novus Holdings Limited and from the unlisted preference shares, while the reduced interest is as a result of the declining interest rate environment. This decline was more than compensated for by the deemed interest received of R25.4 million on the cancellation of the incentive share scheme for executive directors.

Net income from associates declined from R20.2 million to a loss of R9.7 million. Our associates have similarly had to deal with the same value-destructive economic circumstances and implement similar mitigation measures, to those undertaken by the Group. The Group incurred a loss before taxation of R46.8 million and with taxation of R17.3 million, this resulted in a loss after taxation of R64.1 million – representing a loss per ordinary share of 14.8 cents, but a positive headline earnings per share of 21.2 cents, reflecting a decline of 117.1% and 79.1% over the corresponding prior period.

CASH FLOW

The Group's cash and cash equivalents increased by R45.6 million to R1 743.3 million which is a remarkable achievement, taking into account the impact of the fourth quarter trading. Having said this, it is important to note that the closure costs and costs of restructure, although fully provided for in the current results, will only have a negative impact on cash in the new financial year.

Cash generated by operations declined materially in line with the reduction in profits, to R329.3 million – a decline of R332.4 million over the corresponding prior period. This decline was offset through positive management of working capital as the group focused on reducing working capital in response to the impact of the pandemic. This meant, after taxation paid of R78.0 million, substantially down on the prior year, that cash inflow from operating activities grew year on year by R58.8 million to R412.4 million.

The net investment in property, plant and equipment continues to decline and absorbed only R132.7 million as opposed to R156.9 million in the prior year. In the current environment, all requests for equipment will be critically evaluated and investment is expected to be reasonably modest for the financial year.

The group increased its investment and loans to associates by R48.3 million, which included increased investments in our newspaper associate, Capital Media, our printing associate in Cape Town and in Novus Holdings Limited and Mpact Limited. In addition, the group advanced loans to some of the digital assets, which advances will decline significantly in the future. Cash generated from interest and dividends declined marginally over the prior year as interest rates declined and certain investments declared reduced dividends.

The group increased its investment in subsidiaries by R47.2 million, mainly in Cognition Holdings Limited (through a share buyback of R23.5 million) and the buyout of a minority in our local newspaper in KwaZulu-Natal for R21.3 million.

During the period, the group paid a dividend of R243.7 million and acquired its own shares for R126.1 million, including the purchase of eight million shares pursuant to the cancellation of the executive share scheme, which also resulted in the repayment of the director's loans of R114 million.

PERFORMANCE REVIEW

PUBLISHING, PRINTING AND DISTRIBUTION

Newspaper publishing and printing

As foreshadowed in the half-year results, the group's local newspaper business continued to trade below the prior year's profitability, up to and including the third quarter. This trading environment reflects the stress in local markets which impacted classified and run of print advertising volumes. It is fortunate that the national advertising volumes were steady for the first three quarters. The above scenario was further compromised by the COVID-19 pandemic, where, although newspapers were classified as an essential service, most businesses and all consumers were in lockdown and thus the need to advertise was seriously affected. Various mitigating actions were implemented but with the fixed cost nature of our operations, these could not avoid major losses for the last quarter.

The above environment caused us to accelerate our review of all publications, which led to the decision to close several that showed no prospect of weathering the current trading environment. In addition we consolidated distribution footprints and extended the remaining publications to ensure these quality markets can still be serviced. The remaining publications also underwent restructuring in an attempt to align cost structures to an anticipated subdued demand for the medium term. Two regional newspaper printing operations were closed (Newcastle and Middleburg) and these print volumes consolidated into the remaining printing operations.

The large Gauteng newspaper printing business was trading in line with expectations to the end of March 2020, although at levels below the prior year, with a 15% decline in page impressions (print orders and paginations). Daily and weekly newspaper printing was the major contributor to this decline but this was offset to a certain extent by increased commercial printing work and tight control of costs. The lockdown resulted in customers drastically cutting print orders and paginations even further, which led to this operation posting significant losses over the period. This also resulted in some customers entering business rescue, with a concomitant increase in bad debts. In line with trading expectations the number of employees in this operation was reduced substantially and a flexible shift structure implemented that will further reduce costs in low throughput weeks and reduce overtime. On a positive note, the operation has managed to secure an extension of a major printing contract.

Magazine publishing and distribution

As is well known, the magazine publishing market has been in severe decline for a number of years, whilst battling to generate sufficient alternative revenues to offset the reduced traditional advertising and copy sale revenues. The onset of the pandemic was the final straw for much of this industry and has led to some publishers closing down and others reducing the number of titles they publish. Our publishing operation was similarly affected and the board ultimately made the decision to close the operation. This decision was not taken lightly but after careful consideration of the likely trading environment post-COVID-19. The group has decided to keep the *Farmers Weekly* title and integrate this with our local newspaper business, where there are synergies with an already published agriculture supplement called *Agri-Pulse*. In addition the digital format of *Living & Loving* has been moved to our daily publication *The Citizen* where it will be integrated into a parenting portal.

The knock-on effect of the irreversible weakness in the magazine market and the closure of our operation has meant that the group had no alternative but to close its magazine distribution business as well.

The migration of both advertising and readers to online formats has inevitably resulted in the curtailment and consolidation, worldwide, of the glossy magazine format. We continue to provide competitive printing services for clients that have remained in the market and who will be in a better position to exploit what remains of the magazine publishing industry.

The costs of closure and retrenchment have been fully provided for in the reported results.

Digital assets

The group's largest digital asset is its subsidiary, Cognition Holdings, which houses the group's investment in Private Property. Cognition continues to face difficult trading conditions in its traditional business and experienced declines in direct marketing campaigns as well as channel incentive programme volumes. This was further exacerbated by the COVID-19 impact in the fourth quarter.

Private Property experienced a solid year until the COVID-19 pandemic hit, with continued growth in users and lead generation to real estate agents. When the lockdown measures were gazetted, the business took swift action on cost reduction and also offered relief to estate agents to assist through the period and maintain market share. This obviously had a negative impact on profitability in the fourth quarter.

The other digital assets made losses for the year and have been significantly impeded by COVID-19 in achieving their expected progress towards the generation of positive revenues. With the impact of the pandemic, the group reviewed its investments and loans made and the likely future growth, which led to significant impairments. The focus now is to limit the group's exposure for future funding, without impacting on committed funding, until the business environment justifies further investment. In line with this, all of the start-up operations have taken corrective action to ensure that they are, or will soon, achieve at least cash-flow breakeven.

The portfolio of digital assets is tightly managed and operates within well-defined parameters. The group will continue to devote significant management time and assistance in ensuring that post-COVID-19, these businesses achieve sustainability.

Web and gravure printing

The commercial printing environment remained extremely competitive and with the increase in raw material pricing, margins were under pressure. Owing to the fixed cost nature of these operations, profitability was impacted significantly. The pandemic and resultant lockdown further exacerbated an already difficult trading environment and large losses were incurred in the last three months of the financial year.

As with other divisions, management has managed to finalise a restructure with some loss of employment, but also a flexible shift structure to align costs to throughput. This should also lead to a reduction in overtime. The success of this strategy will be continually reviewed as levels of demand become clearer and, if need be, further restructuring will have to take place.

The reduced demand, which is likely to continue for the medium term, has also meant a review of the installed asset base and resulted in impairment of presses that will have no future use.

Book and magazine printing

The magazine publishing market has already been in a state of decline for a number of years pre-COVID-19 and once the pandemic hit, this led to the inevitable closure of publishers and restructuring of magazine portfolios. In turn, this will mean a drastic decline in future publication printing. Combined with uncertainty in the local educational text book market, this means that this operation has had to take a drastic review of its capacity and ultimately has meant a significant number of jobs have been lost, as we right-size this operation to the market demand.

Having said this, the operation posted similar results to the prior year mainly driven by an educational printing contract into Africa, which offset the decline in magazine and local education textbook demand.

PACKAGING AND STATIONERY

Packaging

The packaging operations in the pre-COVID-19 lockdown period (nine months to end March 2020) improved profitability compared to the prior year, driven by the turnaround in our Western Cape folding carton operation, market share growth at the Western Cape flexible operation and growth in the fast food packaging units. This combined with further efficiency gains resulted in a pleasing nine-month performance.

As expected, the fourth quarter lockdown period wreaked havoc with our operations, especially those that are predominantly focused on the alcohol, cigarette and fast food markets. These products were initially banned in totality. However, with the easing of restrictions, the fast food sector has shown some signs of life, but cigarettes and alcohol continued to be materially affected, well into August 2020. Only once these restrictions are entirely removed will we have an opportunity of returning to something approaching normal levels, subject always to anticipated depressed consumer demand. Despite this, the most concerning is the cigarette market, where the ban has resulted in an increase in the unregulated environment which has been exploited by illegal operators. As a result, there is a strong likelihood that the regulated market (including the levying of excise duties that increase the cost of the end product and contribute materially to the fiscus), may take years to displace illegal cigarette sales.

Until demand returns, all operations have taken swift action to limit expenditure and implement flexible working hours. These actions are in an attempt to retain as many jobs as possible while we are in this hiatus period and until there is further easing of restrictions by the government and an increase in economic activity.

Stationery

As with the other operations, this small operation was impacted significantly in the last quarter but, to its credit, managed to limit the impact on profitability through excellent control of costs and thus ended the reporting year only marginally down on the prior corresponding period.

PROSPECTS

There is no doubt that the impact of the COVID-19 pandemic on an already precarious economy has added another layer of uncertainty, which means the outlook is extremely difficult to predict. South Africa faces tremendous social, political and economic turmoil, with a majority of our population facing increased poverty and deprivation. Even at the time of writing, there is no clear indication of the level at which stable demand will settle, and nor do we know how the COVId-19 pandemic will play itself out. It is, however, gratifying and commendable to note the manner in which the group's employees have tackled the challenges and implemented all the difficult measures to ensure the group can weather the storm. The group is fortunate that it has a strong balance sheet coupled with loyal staff and long-standing customers, which will enable it to endure these unprecedented times of great uncertainty. Our focus will continue to be on disciplined and conservative management, hard work, customer-centric service, cost controls and cash preservation in these difficult times. At the same time, the group remains attentive to opportunities for further industry consolidation and acquisitions, where these will enhance our ability to emerge at an uncertain future point, in a profitable position, to the benefit of all our stakeholders.

MANAGING DIRECTOR'S REPORT

continued

CONDOLENCES AND RECOGNITION

The board would like once again to take this opportunity to formally recognise the loyalty and enduring contribution of our dear friend and fellow director, Piet Greyling, who passed away in April this year. Piet was a doyen of the industry, is irreplaceable and sorely missed. The board wishes to extend its sincere condolences to Piet's wife, Martie, their two sons, Righardt and Armand, and their families.

It would also be remiss not to recognise all our management that have contributed to filling the huge gap that Piet has left, and to dealing with the uncertain environment that the pandemic has created, often with significant personal sacrifice. At the same time, at every level in our organisation, our employees have gone the extra mile, and have endured a time of uncertainty and sacrifice with great fortitude. It is extremely heart-warming to see all of our people at every level of our group pulling together in the interests of Caxton and its customers, and the board would like to extend its sincere gratitude for the loyalty and commitment that our employees in particular have shown and continue to show.

TJW Holden
Managing Director

Johannesburg
26 October 2020

TEN-YEAR REVIEW – SALIENT FEATURES

		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue	(Rm)	**5 572**	6 321	6 334	6 407	6 405	6 261	5 390	5 157	4 819	4 340
(Loss)/Profit before taxation	(Rm)	**(47)**	452	541	610	590	597	545	686	633	672
Profit from operating activities after depreciation before impairments	(Rm)	**52**	365	466	463	473	477	430	596	520	546
Weighted average number of shares in issue	(000's)	**382 889**	387 422	392 427	396 219	397 982	396 463	406 494	422 657	416 999	457 252
(Loss)/Earnings per share	(cents)	**(15)**	87	99	112	113	107	105	116	105	101
Headline earnings per share	(cents)	**21**	102	109	116	116	109	98	123	110	106
Dividends per share	(cents)	**60**	60	60	70	70	65	60	55	50	40
Dividend cover	(times)	**(0.3)**	1.4	1.6	1.6	1.6	1.6	1.7	2.1	2.1	2.5
Ordinary shareholders' equity	(Rm)	**5 229**	5 740	5 696	5 682	5 523	5 240	4 976	5 347	4 856	5 031
Net current assets	(Rm)	**2 723**	2 814	2 487	2 770	2 887	2 824	2 833	2 075	2 371	2 263
Net asset value per share	(cents)	**1 384**	1 484	1 462	1 436	1 406	1 337	1 283	1 277	1 175	1 107
Number of employees		**5 270**	6 197	6 030	6 311	6 310	6 434	6 053	6 025	5 910	5 850

CORPORATE GOVERNANCE AND RISK MANAGEMENT

KING CODE

The Board of Directors endorses the philosophies and principles of King IV and recognises its 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. Governance is not static, and the directors are proactive in assessing their procedures and policies against prevailing circumstances. Accordingly, 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 JSE Listings Requirements.

The analysis of the Company's King IV application can be viewed on our website.

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, in conjunction with the Board advise on, develop and implement the Company's business strategy. By virtue of Mr Moolman's control of the Company and of him being the CEO, Mr Moolman has a significant influence on the strategic direction of the Company.

While the media industry faces significant challenges and threats to traditional revenue models, the Company has achieved stability and consistency in its approach to business, with a prudent investment and growth strategy, and trust-based relationships with its internal and external stakeholders.

BOARD OF DIRECTORS

The Board

The Board of Directors meets regularly, and discloses the number of meetings held each year in this Annual Report, together with the attendance at the 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 are expected to undergo appropriate training as to the Company's business, strategic plans and objectives, and relevant laws and regulations. This is performed on an ongoing 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, all of the non-executive directors, including the chairman, are 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. In filling future vacancies, the Board will apply its gender policy. The Board is appropriately sized for the Company's business.

Attendance at Board meetings				
	Oct 19	Mar 20	May 20	Sep 20
PM Jenkins	P	P	P	P
TD Moolman	P	P	P	P
PG Greyling (Deceased 13.04.20)	P	P	–	–
TJW Holden	P	P	P	P
ACG Molusi	P	P	A	P
NA Nemukula	A	P	P	P
JH Phalane	P	P	P	P
T Slabbert	P	P	P	P
L Witbooi	–	–	P	P

A: Apology
P: Present

The Board of Directors has the following committees:

Audit and Risk Committee

The Audit and Risk 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 and Risk Committee members have considered and are of the opinion that they are adequately independent from the Company and group and management thereof.

The independent auditor has unrestricted access to the committee.

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

- 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;
- 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;
- 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;
- confirmed the 2020 financial year audit plan;
- 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;
- reviewed the effectiveness of internal controls in the group with reference to the findings of the internal and external auditors; and
- reviewed and evaluated the risks facing the group and satisfied itself that management has put plans and steps in place for the mitigation of these risks across the group.

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 Mr JH Phalane (Chairperson) and Messrs ACG Molusi and NA Nemukula.

Attendance at Audit and Risk Committee meetings			
	Oct 19	Mar 20	Sep 20
T Slabbert (Resigned Dec 2019)	P	–	–
ACG Molusi	P	P	P
NA Nemukula	P	P	P
JH Phalane (Appointed Dec 2019)	–	P	P

P: Present

Remuneration Committee

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

Remuneration policy

The Remuneration Committee continues to apply its historic remuneration policy, and has not changed it on the basis that workplace stability and consistency in the current environment is preferred over volatility and change.

It remains the policy of the Company to remunerate its employees fairly, against the background of ensuring that employees have stable and equitable prospects in the group.

While there is contraction in certain of the group's businesses, particularly the declining print market, the importance of job creation in South Africa requires no explanation. The group seeks to preserve its workforce, unless unavoidable downsizing is necessary.

Thus, 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, aims for a stable and satisfied workforce and management team.

The Company continues to review its remuneration strategies and is attentive to concerns by shareholders. Innovative retention and alignment strategies of the Company in relation to its staff are in place. This notwithstanding, traditional balanced remuneration packages have served the Company's and its staff's interests well in the past, and consistent future remuneration strategies will be applied.

The traditional media industry continues to contract. At the same time, the digital environment is a growth area, but revenues and profitability are difficult to achieve, and, where this is not possible, attendant staff reductions are unavoidable. 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 has not changed. Remuneration must take increases in cost of living into account, but packages remain conservative but competitive.

Attendance at Remuneration Committee meetings		
	Mar 20	Sep 20
TD Moolman	P	P
PM Jenkins	P	P

P: Present

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.

If 25% or more votes are cast against the remuneration policy or the implementation of the remuneration policy, the Board undertakes to actively engage with the dissenting shareholders to address all legitimate and reasonable objections and concerns.

Social and Ethics Committee

The Social and Ethics Committee is set up in accordance with section 72 of the Companies Act. Its main function is to assist the Board in overseeing social and ethical matters and to monitor the Company's performance as a responsible corporate citizen. The Board considers that the importance of a strong ethical framework in the context of current South African political and economic issues cannot be underestimated. The social responsibility and related duties of the Company are equally important. It is incumbent on all directors, management and employees to uphold the Company's value system on an ongoing basis, and the Board and management are expected to lead by example.

The committee comprises Mr PM Jenkins (chairman), Mrs J Edwards, Mr TJW Holden and Mr L Witbooi. The committee met formally once during the year under review. The committee members engaged regularly outside the structure of the formal meeting, as and when required.

In discharging its duties, the committee reviewed and considered the following:

- The Company's code of ethics and compliance with it.
- The Company's Socio-Economic Development initiatives.
- The Company's ongoing commitment to editorial freedom against the background of current challenges.
- The settlement of major litigation with other industry players.
- Stakeholder relations.
- Broad-Based Black Economic Empowerment progress made and new initiatives in this regard.
- Health and public safety.
- Training, bursaries, and skills development.
- Labour relations and working conditions.
- Global warming and carbon emission reduction.
- Monitoring, managing and improving the group's environmental impact.

The committee also reviewed and approved the report on the application of the King IV principles as published on the Company's website.

A member of the committee also acted in an advisory capacity to the CTP Bursary Programme, which has been in place since 2011, and which is primarily aimed at employees from previously disadvantaged communities who are earmarked for further development and promotion and who require academic qualifications to further their career in the group.

Attendance at Social and Ethics Committee meeting	
	Oct 19
PM Jenkins	P
J Edwards	P
TJW Holden	P
L Witbooi	P

P: Present

Promotion of gender diversity

In terms of paragraph 3.84(i) of the JSE Listings Requirements, the Board is required to have a policy on the promotion of gender diversity at Board level. The Company fully supports the inclusion of female members on its Board and has adopted a simple policy that seeks to prefer the appointment of female candidates to the 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

The Board will endeavour to seek skilled professionals in order to promote race diversity in line with the Board-approved race diversity policy as required in terms of section 3.84(j) of the JSE Listings Requirements. 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 as well as while the Company is trading under a cautionary.

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

All employees are expected to maintain the highest ethical standards in a manner that is above reproach.

The Company has an established internal audit department whose primary function is to ensure the 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 Board carefully considered the short- to medium-term possible impact of the COVID-19 pandemic and resultant lockdown on the Company and group, and is of the opinion that it does not negatively impact on the going-concern assertion for the Company and the group. Despite the current difficult economic circumstances, the group remains in a strong financial position through 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 Company Secretary has been appointed to ensure compliance with the Companies Act and JSE Listings Requirements. She 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 28.

As required by the JSE, the Board has considered the skills, qualifications and performance of the Company Secretary, Mrs Jeff Edwards. The Board is satisfied with her 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.

Conflicts 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 that 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.

KEY RISKS 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 actions taken to mitigate such risk. This process is then consolidated and reviewed by the Audit and Risk Committee. The key risks and risk mitigations are tabled below.

Key risks	Risk mitigation
Extended period of low to negative growth trading environment that has and will impact profitability. Current markets are faced with uncertainty, further exacerbated by the Covid-19 pandemic. There are structural changes facing the print media operations that has led to continued decline in these industries.	Continued readjustment of operations to align cost structures to revenue decline. Implementation of Covid-19 health and safety measures to ensure operations can continue to operate. Closure of operations that are unprofitable and have no prospect of turning around in the current environment. Continued looking for new acquisitions that complement our current businesses, and can be a source of future growth.
Exchange rate volatility.	The group hedges itself on a continuing basis against exchange rate fluctuations to provide stable pricing to customers. Some supply agreements have protections against large exchange rate swings.
Power/water outages and increasing cost of utilities.	Monitoring of power consumption at key sites has been rolled out as well as installing generators at key supply-sensitive operations. Our first pilot solar project is close to completion and will be assessed to ensure the expected benefits are achieved. In the Western Cape, water filtration plants have been installed that can provide the necessary access to potable water. In addition, water saving and awareness programmes have been implemented.
Information technology failure.	The group has well-established back-up procedures in place, with regular reviews. There is a formal IT risk assessment report that is tabled at the Audit and Risk Committee that addresses disaster recovery, unauthorised access and other technology risks.
Interruption of supply to customers from destruction of key sites or key plant breakdowns.	Adequate insurance is in place to mitigate loss. Key major operational sites undergo a third-party annual risk review to ensure adequate steps are in place to prevent loss. Contingency production sites have been identified. Critical spares are held for key equipment. Well-established preventative maintenance procedures are in place. Equipment is regularly upgraded through the group's capital expenditure programme.
Labour relations, workforce and retention of key management.	The group adheres to all relevant legislation governing employment practices. There is appropriate interaction to resolve any labour dispute. Skills development strategies are in place, including apprenticeships, learnerships and employee bursaries. The group has adequate key staff retention programmes, including short-term bonuses and share bonus incentive schemes that are reviewed on a regular basis.
Legislation and media regulatory interventions.	The group has continued engagement with government and various industry organisations.
Disruption of raw material supply.	The group holds comfortable strategic stock. Critical suppliers are insured against disruption of supply. The group has access to alternative suppliers in many instances.
B-BBEE and transformation.	Strategies are continuously being developed to address changes to the B-BBEE Codes. The transformation report is reviewed and discussed by the Audit and Risk Committee on a regular basis.

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 group's drive towards facilitating positive transformation in the group, as well as in South African society and its economy. This journey is one of continued improvement in addressing sustainability issues facing the group, 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 group can provide new talent that also contributes to the transformation of the workplace.

Sustainability performance in this report spans the year to 30 June 2020.

STANDARDS AND CERTIFICATIONS

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

FOGRA works with, and is associated with, 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 (FSC-C017578), SA Litho Label Printers (FSC-C084368), CTP Packaging (FSC-C108896), CTP Printers Johannesburg (FSC-C146398), CTP Gravure Durban (FSC-C146398), Boland Printers (FSC-C150864) and CTP Cartons and Labels (FSC-C108896 and 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. The paper manufacturers that we use are also either FSC® or PEFC™ certified and some of the paper mills have also been awarded the EU Flower for environmental excellence.

Caxton Printers is in the process of being certified as part of the FSC® Chain of Custody certification.

SA Litho is ISO FSSC 22000 certified (secondary food packaging certification) while CTP Cartons & Labels and CTP Packaging are ISO FSSC 22000 certified (primary food packaging certification). CTP Flexibles is BRC certified. The FSSC 22000 and the BRC food safety system certifications provide frameworks 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 that 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.

Thuthuka Packaging, CTP Gravure Johannesburg, CTP Cartons & Labels, and Boland Printers are ISO 9001:2015 accredited.

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 oversees developments with regard to legislative changes (compliance with the Employment Equity Act and the 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 Group Managing Director, comprises senior management who represent the main business sectors in the group. Progress with regard to transformation is reviewed later in this report.

HEALTH AND SAFETY

In order to provide and maintain, as far as possible, a work environment that is safe and without risk to our employees and the members of the public who visit our premises, all operations are responsible for ensuring that the group'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 group 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 to employees on request, with referral assistance to clinics for treatment and counselling.

All sites implemented the necessary monitoring and safety procedures in line with governmental guidelines to successfully combat the spread of the COVID-19 pandemic. This included the appropriate screening and personal protective equipment being made mandatory for all employees.

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. These committees meet at least quarterly.

ENVIRONMENT

Caxton 2030 Environmental Vision

Environmental sustainability has become an urgent issue of key concern to governments, businesses and the public throughout the world.

Caxton accepts that an environmentally sustainable industry is one which is in equilibrium with its environment; thus, Caxton is mindful of the impact of its activities on its suppliers, its customers, its staff, the wider community and the natural world.

Caxton's environmental vision 2030 is to be ranked as an indispensable supplier to its customers of technologies, products, and services that play a part in creating a better world and allow us to achieve sustainability in a circular economy.

Actions

Reduce the environmental impacts of our manufacturing processes, products and services as an overarching goal by:

- Setting short- and mid-term milestone targets, and to work solidly to bridging the gap, to achieve them.
- Establishing a Carbon Baseline Emission Measurement Report 2020 that will define the activities that can reduce our overall impact on the environment.
- Complying with legislation and regulations prescribing compliance for printing and packaging industries, and manufacturing industries of South Africa.

Baseline report – the motivation

Irrespective of the legal obligation to report general and greenhouse gas emissions, a baseline report is an integral part of the sustainability reporting of every company committed to good corporate governance, as global warming is set to become one of the highest priority issues for the world. It is incumbent on all sectors to begin the journey towards carbon footprint reduction in order to assist South Africa in reaching its carbon reduction commitment to the Paris Agreement, and to become more aware of the carbon economy.

By first measuring and understanding our carbon emissions, it becomes possible to mitigate, reduce and, where necessary, implement offset measures.

Baseline report – the Methodology

The following reported tCO_2e resulted from a verified carbon audit, in compliance with the GHG Protocol Corporate Accounting and Reporting Standard and includes data over the base year of 1 July 2019 to 30 June 2020. This period corresponds with the group's financial year and constitutes the first carbon footprint commissioned by the Caxton group, and should act as a base year report, against which future carbon footprint reports can be compared.

The Caxton and CTP Publishers and Printers Limited Group includes all entities and divisions over which Caxton exerts operational control, and in accordance with the GHG Protocol, clear organisational and operational boundaries have been defined and agreed to by the group and relevant activity data has been supplied, covering emissions from the business activities of Caxton's head offices, distribution centres, regional offices and manufacturing facilities.

We measure:

- Direct emissions (referred to as Scope 1) from fuel used directly by Caxton (stationary fuels), fleet vehicles (mobile fuels) and gas refills (air-conditioning, refrigeration and fire-suppressing);
- Indirect emissions (referred to as Scope 2) from purchased electricity; and

- Indirect emissions in the supply chain (referred to as Scope 3) from business travel activities, employee commuting, upstream distribution, and the consumption of paper, plastic and cardboard packaging.

Total production emissions by scope

	tCO_2e	Contribution %
Scope 1 Emissions	12 353	6.6
Scope 2 Emissions	85 458	45.4
Scope 3 Emissions	90 620	48.1
Total emissions	188 431	100.0

Note: Figures refer to tons of carbon dioxide equivalent, the measure of greenhouse gases.

Governance and Legal Compliance

National Atmospheric Emissions Inventory System ("NAEIS")

The Department of the Environment, Forests and Fisheries ("DEFF") has promulgated the National Greenhouse Gas Emission Reporting Regulations ("NGERs"), which stipulate who is liable to report GHG emissions to the DEFF in accordance with the NAEIS, which is a prescribed, online reporting process, applicable to emissions of an organisation and those entities which it controls, emitted during a calendar year.

We have measured the Caxton Group as an entity in compliance with the NGERs. The group's Scope 1 emissions exceed the threshold for registration in terms of the NGERs and accordingly, the group is liable for NAEIS registration and reporting and has registered and will report.

Carbon tax

In South Africa it is becoming more and more important for businesses to measure their emissions as a carbon-based tax has been promulgated and is being phased in and ramped up. In this regard, the Government has promulgated the Carbon Tax Act 2019 ("CTA"), with first time registration and reporting due by end October 2020. This tax is regarded as an environmental levy in terms of the Customs and Excise Act. Therefore, there are new expectations from the South African Revenue Service ("SARS") for businesses not only to measure their emissions, but to report on those for tax purposes.

Given that the new carbon tax threshold is not applied on a group level, but on an entity-by-entity basis, we are in the process of determining whether any group companies are required to register under the CTA, and if any individual entity exceeds the Scope 1 emissions threshold in the CTA.

Air Emissions Compliance

On 7 August 2020, the Minister of Environment, Forestry and Fisheries published for comment a notice whereby she announced her intention to declare certain printing industry activities to be controlled emitters ("the Notice"), in terms of section 23 of the National Environmental Management: Air Quality Act 39 of 2004 ("NEMAQA"). If the Notice is promulgated in its current form, entities conducting a new printing industry activity with appliances installed after the commencement of the Notice will be required to comply with the set Volatile Organic Compound ("VOC") and Nitrous Oxide ("NOx") emission standards under the Notice, as from 1 April 2021. Prior installations will have five years to comply. Caxton will, upon promulgation of the Notice, and where required:

- Submit an annual emissions report to the National Air Quality Officer documenting the emission measurements produced by printing appliances.
- Adopt measurements that will use methods listed in the Notice, including a developed method it will have approved in writing by the National Air Quality Officer.
- Prepare and maintain annual solvent consumption plans and records.
- Register on NAEIS.

Extended Producer Responsibility (EPR) Schemes

EPR is a waste management policy approach founded on product stewardship and the "polluter-pays principle" captured in section 2 of the National Environmental Management Act 107 of 1998 ("NEMA"). The intention of EPR is to extend a producer's financial or physical responsibility for its product across its product's life-cycle, to the post-consumer stage (including waste disposal).

Caxton supports the principle of EPR as a component, underpinning the overall strategic approach of waste minimisation and a circular economy, and will collaborate in the value chain of producer to end user. We are developing solutions for lists of products which apply within the Priority EPR Sectors, as well as recovery, collection and recycling targets where applicable.

What we are doing

Decarbonisation

Carbon pricing, an instrument that captures the costs of GHG emissions across society, is seen as a way to spur action and innovation in support of lower carbon emissions. In FY2019, Caxton began a trial of an investment decision-making scheme that incorporates a carbon pricing approach. Based on the information from this scheme, we made a business decision to expand the use of low-carbon electricity. The issues that lie ahead involve building an organisation-wide process for making decisions on investments to address climate-related problems, quantifying the performance of each operational division, and creating a scheme for incentivising the implementation of decarbonising measures.

Energy management and control

Upgraded real-time energy monitoring system

A real-time energy monitoring system was developed in 2018/9 and implemented to monitor our production facilities and the electricity network for more effective management of energy use. From 2019 the monitoring system was upgraded to provide not only data on real-time energy use, but also analysis of daily and monthly energy consumption. This enables the Energy Management team to identify any abnormality of excessive energy use and rectify it immediately. This initiative resulted in 856 561 kWh of energy reduction in the year: 826 tCO_2e reduced. We will continue to monitor technological developments on alternative energy management and manufacturing efficiencies and are able to take decisive action where opportunities present themselves.

The table below shows electricity consumption in kWh, of our major plants:

Site	Electricity consumed – kWh	Contribution %
Caxton Works Industria 1	7 903 986	9.9
Caxton Works Industria 2	4 153 139	5.2
CTP C&L Epping	7 238 424	9.1
CTP C&L Industria	3 911 409	4.9
CTP Gravure Durban	17 336 576	21.8
CTP Parow	19 664 244	24.7
CTP Printers Isando #2	12 147 606	15.3
CTP Thuthuka Packaging	7 148 948	9.0
Total electricity consumed (kWh)	**79 504 332**	**100.0**

Green Energy

72% of the CO_2 emissions in South Africa are emitted from electricity generation through the combustion of fossil fuels. All the Caxton commercial and industrial buildings are connected to the main SA supply grid.

Caxton is adopting connected renewable microgrid solutions and the first pilot has been completed as proof of concept at one of its manufacturing entities in Industria Johannesburg.

The deployment goes hand in hand with a business decision in the growing investment in embedded renewable energy production and hybrid storage systems. These evolutions further trigger the need to:

- Decarbonise and offset carbon footprint via conversion to economically viable green energy.
- Maximise the auto consumption ratio.
- Optimise the energy bill (tariff management and demand charge management) by leveraging the local resources and load flexibility as the escalating utility prices in South Africa are not sustainable.
- Minimising business risk due to rolling load shedding and blackouts using own supply resources to cover energy demand during such events, and ensure production.
- Offset for carbon tax.

Caxton green energy path

874.4 kWp PV plant with 2 400 kWh energy storage, optimising business sustainability and security of energy supply, delivering a 1 250 tCO_2e reduction.

Looking forward, Caxton has the opportunity to generate 30 000 MWH and deliver a 29 040 tCO_2e reduction.

Water stewardship

Water is becoming more valuable and scarcer than it has ever been. Caxton aligns itself with strategies to ensure water sustainability – this natural resource must be protected and managed with the utmost care. We are implementing proper stewardship practices both inside and outside Caxton entities.

- Water management and monitoring systems are being implemented across our entities to reduce consumption and identify waste and leaks.
- Ndabeni Plant is the first water extraction plant that feeds ablutions and waste wash, and aids in better controlling supply and consumption.
- Boland Printers has the first 30 000 kℓ rain harvesting system, and this will be evaluated for a greater footprint.
- Wastewater, such as at Durban, is treated before discharge, to aquatic quality. Similar solutions for treatment of discharge water across the group are continually evaluated.
- We will set short-, medium- and long-term targets for water stewardship improvement.

Resource preservation

Although trees are a renewable resource, a stewardship approach is necessary to guarantee that the paper we purchase has come from mills that engage in responsible forestry, certifying that the paper mills and distributors manage their forests under the strictest principles of conservation. The purchase and use of wood and paper-based products can have far-reaching, long-term impacts for the forests where they are harvested, the communities supported by wood-using industries, and the places where those products are purchased and used.

We align with the importance of preserving the environment and have therefore committed to developing practices that conform to ensuring that within our supply chain, we can track paper purchased to paper issued to specific production runs, and thus our high-quality products supplied to a client can also provide the option of supporting environmental practices.

Sustainable procurement of paper for Caxton's needs is the process by which our organisation buys supplies and services, taking into consideration the best value for money and the environmental and social impacts that the product/service has over its whole life cycle.

The majority of the paper we source, both from local and international mills, includes a high percentage of recycled fibre, where appropriate.

Recycling of resources

Can we recycle all the materials we use?

We set this target and we believe and practice it. Recycling is promoted and enforced throughout manufacturing through to all our support subsidiaries. We are among the leaders in the print and packaging industry in the recycling of the materials we use in our manufacturing process, by following extremely strict recycling/reuse processes, and have invested substantial amounts in infrastructure and control systems. Our efforts revolve around a sustainability plan that focuses on conservation of resources and materials as well as taking action through our purchasing policies and investments that reduce our ecological impact.

Activities

- Printing plates: we recycle 100% of our aluminum lithographic printing plates – approximately 2.5 tons per year.
- Chemicals: we send residue inks, coatings, solvents and adhesives to be recycled and used by a licensed third-party. No hazardous wastes are ever sent to the landfill and only 6% of the total is required to be contained and sent to a hazardous site. We are investigating reduction and neutralisation processes and have trials in place at the Durban plant.
- Paper roll cores: we recycle 100% of unused material from every paper roll (nine tons).
- Pallets: pallets are kept in a closed loop system and those that are damaged are taken to local social responsibility micro manufacturers.
- Press rollers: are either refurbished in-house or returned to the manufacturer for recycling, refurbishing and reuse.
- Toluene solvent: we have a very stringent recovery process as a flagship at Durban Gravure and can report over 90% recovery.
- Paper: we recycle virtually 95% of the pure paper waste we generate, equating to more than 2.5 million kilograms of paper and paper products each year.
- Blanket wash: our presses run strict controls and use a 20% VOC blanket wash.
- Bindery and press waste: we have optimised control systems ensuring this is minimised.
- Plastic recycling: this is very strictly controlled and all waste is recycled though our partners. We intend reporting a full breakdown in the next year.
- Ink: we buy in large volume containers and decant, have ink kitchens and sophisticated filtration controls on presses.
- Non-recyclable plastics and paper pellets: we have a percentage of plastic waste and recovered pelletised paper fines which cannot be recycled, and we have a programme this year to source end-use opportunities for this waste.
- General waste: is compacted by environmental partners and safely disposed of. We are working to further improve these tonnages.

We will be participating in the Extended Paper and Packing Producer Responsibility programs introduced by government. By using partnerships strategically, we can obtain much bigger scale and scope of our sustainability activities and those of others.

Volatile organic compounds (VOCs) and air emissions

Printing and Packaging is the fourth largest industry in the world. Printing companies' impact on the environment are directly associated with energy use, waste generation and the emission of VOCs via the emissions from printing operations (gravure and heat set presses), that result primarily from the evaporation of organic solvents contained in the inks.

This requires capture and control systems that involve capturing the emissions from the source and directing the emissions to an add-on control system (air pollution control device).

Target setting in environmental improvement plans involves benchmarking against best practice, and this is the path Caxton will proceed on to ensure the stewardship and profitability are aligned, thereby ensuring that our VOC emissions comply with all the parameters established by the regulatory bodies.

VOCs and the way forward

Monitoring: The applicable monitoring approach(es) and measurement processes we have chosen:

- Documentation of compliant inks and solvents used and consumption records.
- Strict operational run time records at each unit.
- Liquid-Liquid Mass Balance (solvent recovery systems) record sheets.
- Parametric Monitoring (add-on controls) such as FIDS (Flame ionisation detection).
- Certain sophisticated presses have data reports on VOCs produced.
- Monitoring and record keeping of control systems implemented.
- Measured ability to report emissions in g/m^3.

Compliance to permits

- Register on NAEIS and comply with the Emission Reporting Regulations in terms of section 23 of the National Environmental Management: Air Quality Act 39 of 2004.

In place

- Gravure Plant – The toluene content of the inks evaporates in the dryer and is routed to the solvent recovery system. Recovery is realised with adsorption in several activated carbon rotary drums. Desorption of toluene is then achieved by passing hot steam and carbon drying with extracted air. The hot steam is cooled, advantageously with heat exchange, and toluene – as it is lighter than water – is separated in a gravitational separation system and recovered. The actual remaining emissions are <15 mg/m^3 and this is less than 0.5% of toluene input per kg of printed material.
- Heat Set Presses utilise dryers producing VOCs. Caxton has implemented afterburners at several selected presses. Thermal Afterburners (Direct Fired Thermal Oxidiser) is the simplest type of Thermal Oxidiser Environmental System used to destroy Hazardous Air Pollutants (HAPs), VOCs and industrial odours and fumes. We will be monitoring and reporting on the success of these systems.
- At the remaining presses we are investigating innovative and new End of Pipe treatment options with a pollution control approach that remediates contaminated flows of air just before the effluent can enter the environment. We aim to provide the best, but also the most economical, solution for process air emission compliance that is sustainable.

Carbon offsetting

Caxton will be registering its consolidated carbon reduction initiatives to UNFCCC. Once registered, projects are then issued Certified Emissions Reductions (CER), with each CER unit equal to a reduction of one ton of carbon dioxide equivalent. These CERs, or offsets, can be bought and used by developed countries to meet their Kyoto commitments. Companies can also purchase CERs to contribute towards their own emission reduction targets under mandatory emissions trading schemes. A broad range of projects is eligible for CDM accreditation.

Environmental sustainability pledge

Through awareness, understanding, education, and action we will continue to minimise our intrusion on the environment.

As a printing and packaging company, we choose to make responsible choices and we have built our business on sensible solutions in careful consideration of sustainability of the environment and its preservation for future generations.

Achievements

The Western Cape operations have sunk boreholes to reduce their dependence on water from local municipalities. Caxton Johannesburg Newspaper Printers also has access to borehole water when required.

Energy metering and control systems have been implemented at the large manufacturing entities and are rolled out to smaller entities. This has provided controls that facilitate energy reduction measures that will be ongoing. These entities are also considering alternate energy supplies.

Cartons & Labels Industria was chosen as the pilot site for a Renewable Energy Programme (PV and storage) to start the transition to a Clean Renewable Energy future. This involved the adoption of solar power. The first phase of the project involved the installation of 2 498 solar panels (PV cells) and 11 inverters that provides the operation with an installed capacity of 874.3 kWp. The next phase of the project involves the installation of a battery storage system of 2 000 kwh. This project will result in savings in energy costs, and will ensure security of supply.

CTP Flexibles and CTP Cartons and Labels Epping are on a load curtailment programme with Cape Town Municipality.

The Boxes for Africa factory was fitted out with LED lighting.

The Citizen building has converted to efficient lighting and green energy equipment and recycles 30 tons of paper annually.

CTP Printers Cape Town, through technology, is minimising its levels of greenhouse gas emissions. The programme of replacing lighting in the factory with energy-efficient LED lighting is ongoing.

CTP Printers Johannesburg installed two massive water tanks and has installed and implemented energy metering and control systems that facilitate energy monitoring and reduction measures, and is in the process of converting all traditional lighting in the factory production areas as well as in the paper warehouse to energy-efficient LED lighting.

Wastepaper, reel cores, plastics, effluent, copper, solvents and chrome waste used in the manufacturing process are collected, segregated and recycled.

Dust control and extraction is in place at the manufacturing entities.

Ink and solvent reuse and recycling programmes have been implemented at the manufacturing sites.

Sundry waste, pallets and bins are recycled.

Stakeholders and stewardship

Our industry is aware of our impact on paper supply, and we forge healthy stewardship relations.

As detailed above, the following businesses are certified as part of the Forest Stewardship Council chain of custody:

- SA Litho Label Printers
- CTP Cartons & Labels
- Boland Printers
- CTP Printers

Thuthuka Packaging is PEFC chain of custody certified, a sustainable sourcing accreditation similar to FSC.

The following are also members of SEDEX (the Supplier Ethical Data Exchange):

- SA Litho Label Printers
- CTP Cartons & Labels
- Boland Printers
- CTP Printers

CTP Flexibles has a BRC AA rating status – British Retail Consortium. This is one of the highest standards associated with primary food packaging.

We have good relationships with government agencies and strive to comply with relevant regulation. We are committed to responding to our climate change risks through the development and implementation of appropriate mitigation responses to enable the long-term resilience of the company's business operations.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Caxton and CTP Publishers and Printers Limited's ("CAT") subsidiaries and jointly-controlled entities are measured against the Department of Trade and Industry's ("DTI") Amended Broad-Based Black Economic Empowerment ("BEE") Codes. In November 2019, CTP Limited obtained a Level 4 BEE rating.

The Transformation Committee meets on a monthly basis and is headed by the Group Managing Director. The committee is tasked with identifying initiatives aligned with the BEE Codes and monitors progress towards reaching the group's transformation targets. Quarterly feedback is provided to the CAT Audit and Risk Committee.

Ownership and management control

Black ownership of group entities is measured using the flow-through principle from CAT. Overall black ownership remained similar in the past 12 months, with the black female shareholding increasing to 8.01% in economic interest and 5.8% in voting rights.

Driving diversity and inclusion is an integral part of the group's transformation and human resource strategies.

The group ensures that it is compliant with the Employment Equity Act as all the designated employers within the group report annually via the Department of Labour's website on progress towards reaching the individual workplace Employment Equity Plan targets. Employment Equity Committees meet on a quarterly basis where progress towards reaching Employment Equity targets is measured.

Skills development

Changes to the DTI BEE Codes, that came into effect on 1 December 2019, necessitated a review of the overall approach to skills development and training. The most important of these changes was a new target spend of 2.5% of the skills development levy that is required for bursaries at registered training institutions.

The main focus of the skills development and training opportunities for employees, as well as unemployed learners, is in the following areas: apprenticeships (employed and unemployed learners), learnerships (employed and unemployed learners), bursary programme (employed learners), various internships to provide work experience required for learners to complete their courses, and the graduate programme (unemployed learners).

Learnerships, apprenticeships and internships

The group implemented 242 learnerships for employees in the past financial year. The learnerships include National Certificate in Production at NQF 2 and 3 levels, Supervisory Management at NQF 3, Generic Management at NQF 4 and the National Diploma in Productivity at NQF 5. In addition, another 33 learnerships were implemented for the sales employees at the Newspaper divisions for the Customer Management qualification.

A total of 200 apprenticeships is currently running and are at various stages of completion in disciplines such as printer mechanics, printer electricians, lithography, carton-making, electronic origination, gravure machine-minding, rotary printing and re-reeling flexographic machine-minding, cold-set rotary offset and heat-set rotary offset machine lithography technicians, mechanised softcover bookbinding and millwrights.

In total, 78 disabled unemployed learners were provided with an opportunity to obtain a National Certificate: New Venture Creation NQF 2 or a National Certificate: Contract Centre Support NQF 2 qualification.

There are 170 previously unemployed people benefitting from various forms of training within the group, including apprenticeships, internships, work experience and learnerships.

During this reporting period, the group joined the Youth Employment Service (YES), a joint initiative between business, government and labour, created to address the youth unemployment challenge in South Africa. This initiative provides paid 12-month employment through corporate sponsorships that create much-needed work opportunities for unemployed youth. A total of 83 youth has been engaged for a 12-month period to provide them with meaningful work experience.

Bursary programme

Thirty employees furthered their education with bursaries for various courses, including Postgraduate Diploma in Management, Management Advancement Programme, New Manager Programme, Marketing Management, HR Management, Operations Management, Logistics and Supply Chain Management and Industrial Engineering.

Graduate programme

Ten graduates were offered 12-month work experience contracts. The Caxton Newspapers divisions across the country provided six months' practical work experience contracts to 37 students from the Tshwane University of Technology who require the practical work experience to complete their National Diploma in Journalism.

Enterprise and supplier development

Preferential procurement

The BEE status of suppliers is monitored on an ongoing basis. Changes to a suppliers' BEE status are reported to the Transformation Committee. Changes to the DTI Codes, effective since 1 December 2019, required an increase in spend with at least 51% black-owned suppliers with the Total Measured Procurement Spend also increasing from 40% to 50%.

Enterprise and supplier development

The group's enterprise and supplier development initiatives focus on exempted small enterprises that are at least 51% black-owned. Free advertising is provided to enterprise development beneficiaries in Gauteng through Caxton's wide local newspaper media coverage. Feedback from the beneficiaries indicates that the advertising has had a significant positive impact on their businesses. Supplier development focuses on providing qualifying beneficiaries with administrative assistance and transport. Spend on enterprise and supplier development exceeds the required targets as set out by the BEE Codes.

Socio-economic development

The group continues to support qualifying entities with support that exceeds the 1% of net profit after tax as required by the DTI Codes. The initiatives support various charities, schools within the geographical areas in which the group operates, the homeless, and HIV/Aids organisations.

Some of the group's socio-economic development initiatives undertaken during the year were:

- SA Litho supports Ubuntu House, a place of safety for newborn babies who have been abandoned, orphaned or neglected, as well as babies born as a result of an unplanned or crisis pregnancy, through monthly monetary donations that contribute towards the feeding and caring of the babies. Currently SA Litho's annual financial contribution to Ubuntu is R84 000. Our sponsorship of Ubuntu House goes back almost 10 years now, and we are incredibly honoured to be able to continue to make a difference in the lives of the children cared for by this home.
- CTP Packaging Western Cape continued to support three schools, namely St Andrew's High School, Plantation Primary School, and Westville Primary School to the value of R213 300. Through the Peninsula School Feeding Association ("PSFA"), established to provide meals to hungry children in primary, secondary and special-needs schools in the Western Cape, we ensured that 474 learners were fed two wholesome meals a day.
- *The Citizen*, together with Caxton Printers, donated R35 000 to the St Laurence's Children's Haven. This will be the 10th year that we have supported this initiative.
- CTP Printers Johannesburg has supported a number of 100% Black-Owned Small Enterprises in the Logistics and Wooden Pallet industries.

CTP Printers Johannesburg also made the following donations and provided the following assistance to various organisations:

- The Little Fighters Cancer Trust, a registered NPO that provides practical and emotional support to children with cancer.
- The Jacaranda Care Centre, a registered NPO that provides destitute people with a roof over their heads, as well as meals, transport and clothing.
- Action for Blind and Disabled Children, a registered NPO that provides assistance to children who are blind and disabled.
- Jicama 89, a registered NPO that provides support to Sibonile School children who are visually impaired.
- Cebo Siloam Foundation, a registered NPO that enables individuals to translate their education into practice through the pillars of health, education, skills and bursaries.
- Bella Vista Crèche, a registered NPO that provides support to underprivileged children at the Bella Vista Crèche.
- Abused and Abandoned Kids Educational Excursions (AAAKEE), a registered NPO that provides support for abused and abandoned children.

- Oliver's House/Oliver's Village Early Childhood Development Centre, a registered NPO that provides support to underprivileged children in the form of school uniforms and school stationery starter kits when they start "Big School" (Grade 1).

Boland Printers donated R120 000 to Wamakersvallei Training Centre, a registered section 21 company based in Wellington in the Western Cape. This community-based centre provides training which is a much needed and affordable service, giving individuals who would otherwise never have had the opportunity, a new beginning in life.

Caxton Printers supports *Homeless Talk* by printing and delivering the monthly newspaper at no charge. The newspaper supports more than 150 street sellers across Johannesburg. For many, this is their only income and means to support their families.

Caxton Printers supports Itshepeng, a skills development training centre and NPO, with quarterly donations for Grade 10, 11 and 12 learners. Caxton Printers pays for extra classes and textbooks, and towards a soup kitchen. The beneficiaries are from Bosmont and surrounding areas which are close to the Caxton Printers factory. Caxton Printers also hosts two Christmas parties each year for local children and the elderly.

CTP head office made donations to 67 charitable organisations totalling R348 500.

REMUNERATION REPORT

The Remuneration Committee has reviewed senior executive remuneration on an ongoing basis during the year. The core remuneration principles of the group, as set out in the Corporate Governance and Risk Management section, remained unchanged during the year.

In the 2020 financial year, a share ownership scheme instituted at the specific instance of minority shareholders, intended to align executives' interests with the group and to retain executives, was terminated and unwound. The volatile share market and changing structure of the print industry resulted in the scheme becoming counter-productive and a disincentive. In the current environment, share-based remuneration is not appropriate for the group. Traditional remuneration retention strategies have been turned upside-down by COVID-19. The group currently prefers to remunerate its executives and staff at equitable market-related salaries and with short-term bonuses for performance. Remuneration determination remains, at its core, a subjective process. Senior executive remuneration is benchmarked against remuneration in peer companies.

The remuneration of executives and staff alike was subject to further review towards financial year-end at all levels within the group. This was necessitated by the violent economic contraction caused by the COVID-19 pandemic. The lockdown resulted in adaptive remuneration strategies being implemented across the group, at all levels, with the senior executives bearing a higher proportion of voluntary remuneration curtailment.

Whilst remuneration curtailment during the COVID-19 lockdown has been suspended, bonus remuneration has been abrogated in the short-term, and in the post-lockdown environment, a further group-wide remuneration review has been undertaken. In this process, senior executive remuneration required some benchmarking adjustments, consequent upon the sad and untimely passing of Mr Greyling, and the necessity of re-allocating his responsibilities and promoting second-line executives into more senior roles. Apart from remuneration adjustments, necessitated by the aforementioned market-related re-alignments, the abrogation of prior incentive schemes and compensation for assumption of additional responsibilities, remuneration levels have been frozen at 2020 levels.

Non-executive directors have also agreed to freeze their remuneration, despite also being required to assume greater responsibilities and work during the COVID-19 pandemic.

Executive and non-executive remuneration has been implemented in accordance with the disclosures in the Annual Financial Statements.

The composition of the remuneration committee will be augmented by an additional non-executive director in the 2021 financial year.

PM Jenkins
Non-executive Chairperson

TD Moolman
Chief Executive Officer

Remuneration Committee
26 October 2020

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 year 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, after due, careful and proper consideration of 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 2021 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, BDO South Africa Incorporated, 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 unqualified report is presented on page 29.

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 37 to 73, 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
26 October 2020

DECLARATION BY COMPANY SECRETARY

In terms of sections 88 and 89 of the South African Companies Act 2008 ("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, correct and up to date.

J Edwards
Company Secretary

Johannesburg
26 October 2020

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Caxton and CTP Publishers and Printers Limited (the group and company) set out on pages 37 to 73, which comprise the consolidated and separate statements of financial position as at 30 June 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate 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 Caxton and CTP Publishers and Printers Limited as at 30 June 2020, 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 Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board of 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 corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics do Professional Accountants (including International Independence Standards)*. 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.

Key audit matter	How our audit addressed the key audit matter
Consolidated financial statements: **Assessment of Goodwill for impairment (Note 4)** In terms of IAS 36 Impairment of Assets, goodwill is required to be reviewed annually for impairment. The assessment of goodwill for impairment was identified as a key audit matter as significant judgement is required by management in determining the recoverable amount of each cash-generating unit, which could have a significant impact on the financial results. An impairment of R47.7 million was recorded in the current financial period.	In considering the appropriateness of management's judgement used in the assessment of goodwill for impairment, we performed the following audit procedures, with the assistance of our internal valuation specialists: • Assessed the Board's determination of the group's cash-generating units. This took into account a review of the group's internal reporting and monitoring processes and our understanding of the group; • Assessed the design and tested the implementation of key controls over the impairment assessment process; • Reviewed the cash flow forecast models used for compliance with IAS 36 Impairment of Assets and assessed the reasonability of the period of forecasted cash flows; • Assessed and challenged management on the reasonability of key inputs and estimations, such as growth rates and discount rates. This took into account a review of approved forecasts and assessing the historical accuracy of the budgeting process, as well as the inclusion of specific considerations of the impact of COVID-19 on the valuations. It also took into account a comparison of growth and discount rates to market and industry data;

Key audit matter	How our audit addressed the key audit matter
	• Tested the mathematical accuracy of management's calculation and independently recalculated the value of the cash-generating units at year-end and compared these to their carrying values; and • Considered the adequacy of the disclosure made in the financial statements with reference to the disclosure requirements of IAS 36 'Impairment of Assets'.
Separate and consolidated financial statements: **Valuation of unlisted investment** As set out in note 7 to the financial statements, the group and company have 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 judgments made by management, which could have a significant impact on the financial results. The value of the investment had a downward adjustment in the current year.	In considering the appropriateness of management's judgement and estimates used in the assessment of the valuations of the unlisted investment, we performed the following audit procedures among others, with the assistance of our internal valuation specialists: • Assessed and evaluated the model used for compliance with IAS 36 'Impairment of Assets'; • Assessed the design and tested the implementation of key controls over the valuation process and calculation; • 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 analysis to key inputs; • We independently recalculated the investment value at year-end and compared this to the downward adjustment recorded by management; and • Considered the adequacy of the disclosure made in the financial statements with reference to the disclosure requirements of International Financial Reporting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Caxton and CTP Publishers and Printers Limited Integrated Annual Report for the year ended 30 June 2020", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The 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' use 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, actions taken to eliminate threats or safeguards applied.

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 BDO South Africa Incorporated has been the auditor of Caxton and CTP Publishers and Printers Limited for two years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

Paul Badrick
Director
Registered Auditor

26 October 2020

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, and in the manufacturing and distribution of packaging, stationery and labels. Further information is provided in the Managing Director's report.

REVIEW OF BUSINESS OPERATIONS

Revenue for the year decreased by R748 million to R5 572 million (2019: R6 321 million). Profit from operating activities before depreciation and impairment decreased by R303 million to R350 million (2019: R654 million). Net finance income received amounted to R124 million (2019: R139 million) with capital expenditure during the year totalling R151 million (2019: R187 million). Cash and cash equivalents amounted to R1 743 million (2019: R1 698 million).

ORDINARY DIVIDEND

An ordinary dividend of 60.00 cents (2019: 60.00 cents) (gross) (net 48.00 cents (2019: net 48.00 cents)) per ordinary share was declared on 18 September 2019, payable to shareholders registered on 15 November 2019.

PREFERENCE DIVIDEND

A preference dividend of 490.00 cents per share (2019: 490.00 cents) (gross) (net 392.00 cents (2019: net 392.00 cents)) per share was declared on 18 September 2019, payable to shareholders registered on 15 November 2019.

SHARE CAPITAL

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

SUBSIDIARY COMPANIES

Particulars of subsidiary companies are set out on page 74. The aggregate attributable interest of the Company in the after-tax profits and losses of the subsidiaries were:

	2020 R000	2019 R000
Profits	**147 444**	314 271
Losses	**(212 240)**	(6 554)
	(64 796)	307 717

DIRECTORATE AND COMPANY SECRETARY

The names of the directors and the Company Secretary are set out on pages 3 and 28 of this report. In terms of the memorandum of incorporation of the Company, no fewer than a third of the non-executive directors retire at the forthcoming annual general meeting. Mr PM Jenkins and Mr ACG Molusi retire as directors and, being eligible, offer themselves for re-election.

DIRECTORS' SHAREHOLDING

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

Directors	**2020 Direct**	2019 Direct	**2020 Indirect**	2019 Indirect
PG Greyling (Deceased 13 April 2020)	**–**	1 317 380	**–**	4 000 000
TJW Holden	**–**	–	**–**	4 000 000
TD Moolman*	**–**	–	**3 975 695**	3 975 695
PM Jenkins	**8 000**	8 000	**–**	–
Total	**8 000**	1 325 380	**3 975 695**	11 975 695

During the year, the group purchased the eight million shares pursuant to the cancellation of the executive share scheme which also resulted in the repayment of the directors' loans. There were no changes in directors' shareholding between the end of the financial year and the date of this report.

** At the date of this report, the Moolman Coburn Partnership, through various intermediate companies controlled by it, controls Caxton Holdings Proprietary Limited, which holds 43.84% (30 June 2020: 42.91%) of the issued ordinary shares of Caxton and CTP Publishers and Printers Limited. The Moolman Coburn Partnership and its intermediate companies control an additional 5.44% (30 June 2020: 5.32%), and its associates acting in concert hold a further 1.03% (30 June 2020: 3.08%) of the issued ordinary shares of Caxton and CTP Publishers and Printers Limited. The partnership therefore controls a total of 50.31% (30 June 2020: 51.31%) 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 register of shareholders, the beneficial shareholding in the company amounted to:

	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
Non-public shareholders				
Directors of the holding and subsidiary companies	**3**	**0.10**	**4 015 024**	**1.06**
Shareholders holding more than 5% of the issued ordinary shares				
• Caxton Holdings Proprietary Limited	**1**	**0.04**	**165 652 708**	**43.84**
• Alan Gray Balanced Fund	**1**	**0.04**	**27 170 518**	**7.19**
	5	**0.18**	**196 838 250**	**52.09**
Public shareholders	**2 841**	**99.82**	**181 022 861**	**47.91**
Total	**2 846**	**100.00**	**377 861 111**	**100.00**

According to the records of the Company, other than as indicated above, no shareholder held five per cent or more of the Company's shares at 30 June 2020 or at the date of this report.

SUBSEQUENT EVENTS

On 12 October 2020, Caxton announced it will dispose of its shares and claims on loan account in Octotel (Pty) Ltd and RSAWeb (Pty) Ltd to Neoma Africa Fund, a fund managed by the Actis Group (a leading growth and emerging market investor) for an estimated aggregate consideration of R493 million (R433 million in respect of the shares and R60 million in respect of the repayment of the claims on the loan amount). The fair value of the assets is R493 million.

The effective date of the disposal is expected to be 15 December 2020.

The disposal is, *inter alia*, subject to:

1. the approval by the Johannesburg Stock Exchange of the circular to the shareholders:
2. the approval by any additional regulatory authorities which may be required; and
3 the approval of the disposal by the shareholders of the Company in general meeting.

The proceeds of the disposal will be added to the existing cash reserves of the Company, pending decisions as to effective utilisation of such funds.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements, which appear on pages 37 to 73, have been approved by the Board and are signed on its behalf by:

TJW Holden
Managing Director

TD Moolman
Chief Executive Officer

Johannesburg
26 October 2020

AUDIT AND RISK COMMITTEE'S REPORT

The Audit and Risk Committee ("the committee") is pleased to present this report on its activities for the financial year ended 30 June 2020.

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 audit 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 Audit and Risk 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 practices, identification of exposure to significant risks and setting principles for recommending the use of external auditors for non-audit services.

MEMBERSHIP

The committee comprises Mr JH Phalane (Chairperson) and Messrs ACG Molusi and 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 auditors have 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 2020 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 recommended for approval at the annual general meeting of BDO South Africa Incorporated as the external auditor for the 2020 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

For the financial year ended 30 June 2020, the committee performed its duties in terms of its charter and a summary of the main activities is set out below:

- Enquired and satisfied itself regarding the auditor's compliance with section 22.15(h) of the JSE Listings Requirements.
- Nominated the appointment and retention of the external auditors, BDO South Africa Incorporated, with the designated partner Mr PR Badrick, after satisfying itself, through enquiry, that BDO South Africa Incorporated is independent.
- Managed the external audit function, including:
  - determining the nature and scope of the audit engagement;
  - determining the fees for the audit; and
  - determining 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 function and its resources.
- Considered the JSE proactive monitoring report of 2019/20 and has taken appropriate action.

RECOMMENDATION OF ANNUAL FINANCIAL STATEMENTS

The committee evaluated the annual financial statements for the year ended 30 June 2020 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.

BDO South Africa Incorporated, the external auditor, has provided the shareholders with an unqualified independent audit opinion on whether the annual financial statements for the year ended 30 June 2020 fairly present, in all material respects, the financial results for the year and the financial position of the Company and the group as at 30 June 2020.

JH Phalane
Chairperson

Audit Committee
26 October 2020

STATEMENTS OF FINANCIAL POSITION

at 30 June 2020

COMPANY 2019 R000	COMPANY 2020 R000	Notes		GROUP 2020 R000	GROUP 2019 R000
			ASSETS		
			Non-current assets		
–	**–**	2	Property, plant and equipment	**2 253 613**	2 494 612
		19	Right of use assets	**13 908**	–
–	**–**	3	Intangible assets	**37 454**	13 325
–	**–**	4	Goodwill	**85 067**	148 753
1 356 202	**1 356 202**	5	Interest in subsidiaries	**–**	–
87 270	**84 251**	6	Interest in associates	**284 036**	370 383
258 839	**149 476**	7	Investments	**149 476**	258 839
–	**23 170**	15	Deferred taxation	**66 062**	16 427
88 609	**–**	43	Loans to directors	**–**	88 609
1 790 920	**1 613 099**			**2 889 616**	3 390 948
			Current assets		
–	**–**	8	Inventories	**1 009 668**	938 924
5 925	**7 539**	9	Trade and other receivables	**849 591**	1 217 109
3 550	**3 550**	5	Amounts owed by group companies	**–**	–
375	**–**		Taxation	**17 037**	3 256
800 000	**900 000**	10	Cash equivalents	**900 000**	800 000
–	**–**	11	Cash	**843 280**	897 650
809 850	**911 089**			**3 619 576**	3 856 939
2 600 770	**2 524 188**		**TOTAL ASSETS**	**6 509 192**	7 247 887
			EQUITY AND LIABILITIES		
			Equity		
9 668	**9 443**	12	Ordinary share capital	**9 443**	9 668
261 814	**135 891**		Ordinary share premium	**135 891**	261 814
268 462	**171 952**		Non-distributable reserves	**409 264**	506 960
1 564 369	**1 436 109**		Retained Income	**4 674 204**	4 961 453
2 104 313	**1 753 395**		**Equity attributable to owners of the parent**	**5 228 802**	5 739 895
–	**–**	14	Non-controlling interest	**37 675**	104 130
100	**100**	12	Preference share capital	**100**	100
2 104 413	**1 753 495**		**TOTAL EQUITY**	**5 266 577**	5 844 125
			Non-current liabilities		
–	**–**	19	Lease liabilities	**10 621**	–
4 688	**–**	15	Deferred taxation	**330 589**	360 716
4 688	**–**			**341 210**	360 716
			Current liabilities		
9 773	**10 192**	16	Trade and other payables	**661 854**	803 268
–	**–**	17	Provisions	**207 924**	222 110
362 112	**679 289**	18	Amounts owed to group companies	**–**	–
–	**–**	19	Lease liabilities	**4 495**	–
119 784	**81 212**		Bank overdraft	**–**	–
–	**–**		Taxation	**27 132**	17 668
491 669	**770 693**			**901 405**	1 043 046
2 600 770	**2 524 188**		**TOTAL EQUITY AND LIABILITIES**	**6 509 192**	7 247 887

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020

COMPANY 2019 R000	COMPANY 2020 R000	Notes		GROUP 2020 R000	GROUP 2019 R000
–	**–**	22	Revenue	**5 572 359**	6 320 895
–	**–**	24	Other operating income	**137 363**	114 306
–	**–**		**Total operating income**	**5 709 722**	6 435 201
–	**–**		Changes in inventories of finished goods and work in progress	**43 531**	67 075
–	**–**		Raw materials and consumables used	**2 564 013**	2 860 826
–	**–**	23	Staff costs	**1 412 207**	1 505 151
2 953	**2 622**	24	Other operating expenses	**1 339 670**	1 348 489
2 953	**2 622**		**Total operating expenses**	**5 359 421**	5 781 541
(2 953)	**(2 622)**		Profit/(Loss) from operating activities before depreciation and amortisation	**350 301**	653 660
–	**–**	25	Depreciation and amortisation	**298 399**	288 560
(2 953)	**(2 622)**		**Profit/(Loss) from operating activities after depreciation and amortisation**	**51 902**	365 100
–	**–**		Impairment of goodwill	**47 686**	1 182
26 318	**–**		Impairment of interests in associates	**29 011**	–
–	**–**		Loss on step acquisition of Cognition Holdings	**–**	37 212
–	**–**		Loss on disposal of associate	**5 293**	–
3 324	**–**		Impairment of loans	**70 074**	2 105
–	**(5 187)**		Profit on disposal of investment	**–**	–
–	**–**		Impairment of plant	**84 033**	26 136
(32 595)	**2 565**		**(Loss)/Profit from operating activities**	**(184 195)**	298 465
1 310 247	**75 546**	27	Finance income	**126 864**	140 455
–	**–**	28	Finance costs	**3 116**	1 338
–	**–**	29	Loss on foreign exchange	**2 047**	10 204
4 340	**25 391**	43	Deemed interest on loans to directors	**25 391**	4 340
–	**–**		(Loss)/Income from associates	**(9 696)**	20 214
1 281 992	**103 502**		**(Loss)/Profit before taxation**	**(46 799)**	451 932
–	**–**	30	Taxation	**17 268**	96 602
1 281 992	**103 502**		**(Loss)/Profit for the year**	**(64 067)**	355 330
(25 497)	**(96 510)**		**Other comprehensive loss**	**(96 495)**	(25 497)
			Items that will not be reclassified subsequently to profit or loss		
(25 497)	**(96 510)**	13	Fair value adjustments – investments	**(96 495)**	(25 497)
1 256 495	**6 992**		**Total comprehensive (loss)/income for the year**	**(160 562)**	329 833
			Profit attributable to:		
–	**–**		Non-controlling interest	**(7 379)**	19 323
1 281 992	**103 502**		Equity holders of the parent	**(56 688)**	336 007
1 281 992	**103 502**			**(64 067)**	355 330
			Total comprehensive (loss)/income attributable to:		
–	**–**		Non-controlling interest	**(7 379)**	19 323
1 256 495	**6 992**		Equity holders of the parent	**(153 183)**	310 510
1 256 495	**6 992**			**(160 562)**	329 833
		31	(Loss)/Earnings per ordinary share (cents)	**(14.8)**	86.7
60.0	**60.0**	32	Ordinary dividend paid per share in respect of the previous year (cents)	**60.0**	60.0
490.0	**490.0**	33	Preference dividend paid per share in respect of the previous year (cents)	**490.0**	490.0

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2020

COMPANY 2019 R000	COMPANY 2020 R000	Notes		GROUP 2020 R000	GROUP 2019 R000
			CASH FLOWS FROM OPERATING ACTIVITIES		
(2 953)	**(2 622)**	39.1	Cash generated by operations	**329 255**	661 638
383	**(1 196)**	39.2	Changes in working capital	**161 183**	(183 981)
(2 570)	**(3 818)**		Cash generated by operating activities	**490 438**	477 657
818	**375**	39.3	Taxation (paid)/refunded	**(78 044)**	(124 091)
(1 752)	**(3 443)**		Cash flows from operating activities	**412 394**	353 566
			CASH FLOWS FROM INVESTING ACTIVITIES		
			Property, plant, equipment and intangibles		
–	**–**		– additions to maintain operations	**(90 987)**	(180 868)
–	**–**		– additions to expand operations	**(60 321)**	(6 478)
–	**–**		– proceeds from disposals	**18 652**	30 418
–	**–**			**(132 656)**	(156 928)
			Investments		
–	**–**	39.5	Acquisition of subsidiaries		95 498
(4 182)	**(6 798)**	39.6	Associates, other investments and loans	**(48 318)**	(10 626)
284	**452**		Interest received	**62 962**	65 859
–	**–**		Interest paid	**–**	(1 338)
–	**114 000**		Loans to directors repaid	**114 000**	–
109 963	**68 966**		Dividends received	**63 902**	74 596
106 065	**176 620**			**192 546**	223 989
106 065	**176 620**		Cash flows from investing activities	**59 890**	67 061
			CASH FLOWS FROM FINANCING ACTIVITIES		
151 296	**323 305**	39.10	Receipts from/(payments to) group companies	**–**	–
(20 732)	**(126 148)**		Own shares acquired	**(126 148)**	(20 732)
–	**–**		Acquisition on non-controlling interest	**(47 155)**	–
–	**–**		Principal paid on lease liabilities	**(6 552)**	–
–	**–**		Interest paid	**(3 116)**	–
(233 518)	**(231 762)**	39.4	Dividends paid	**(243 683)**	(246 178)
(102 954)	**(34 605)**		Cash flows from financing activities	**(426 654)**	(266 910)
1 359	**138 572**		Net increase in cash and cash equivalents	**45 630**	153 717
678 857	**680 216**		Cash and cash equivalents at beginning of year	**1 697 650**	1 543 933
680 216	**818 788**	39.7	Cash and cash equivalents at end of year	**1 743 280**	1 697 650

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2020

R000	Notes	Ordinary share capital	Ordinary share premium	Preference share capital	Non-distributable reserves	Marked to market reserves	Retained earnings	Non-controlling interest	Total
Group									
Balance at 1 July 2018		9 725	282 489	100	200 834	332 855	4 870 411	48 560	5 744 974
Total comprehensive income for the year		–	–	–	–	(25 497)	336 007	19 323	329 833
Non-controlling interest acquired		–	–	–	–	–	(12 679)	4 451	(8 228)
Non-controlling interest disposed		–	–	–	–	–	–	44 456	44 456
Own shares acquired		(57)	(20 675)	–	–	–	–	–	(20 732)
Ordinary dividends paid	32	–	–	–	–	–	(233 273)	(12 660)	(245 933)
Preference dividends paid	33	–	–	–	–	–	(245)	–	(245)
Realisation of land and buildings revaluation reserve		–	–	–	(1 232)	–	1 232	–	–
Balance at 30 June 2019		**9 668**	**261 814**	**100**	**199 602**	**307 358**	**4 961 453**	**104 130**	**5 844 125**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**(96 495)**	**(56 688)**	**(7 379)**	**(160 562)**
Non-controlling interest acquired								**(47 155)**	**(47 155)**
Own shares acquired		**(225)**	**(125 923)**	**–**	**–**	**–**	**–**	**–**	**(126 148)**
Ordinary dividends paid	32	**–**	**–**	**–**	**–**	**–**	**(231 517)**	**(11 921)**	**(243 438)**
Preference dividends paid	33	**–**	**–**	**–**	**–**	**–**	**(245)**	**–**	**(245)**
Realisation of land and buildings revaluation reserve		**–**	**–**	**–**	**(1 216)**	**15**	**1 201**	**–**	**–**
Balance at 30 June 2020		**9 443**	**135 891**	**100**	**198 386**	**210 878**	**4 674 204**	**37 675**	**5 266 577**
Company									
Balance at 1 July 2018		9 725	282 489	100	4 469	289 490	515 895	–	1 102 168
Total comprehensive income for the year		–	–	–	–	(25 497)	1 281 992	–	1 256 495
Own shares acquired		(57)	(20 675)	–	–	–	–	–	(20 732)
Ordinary dividends paid	32	–	–	–	–	–	(233 273)	–	(233 273)
Preference dividends paid	33	–	–	–	–	–	(245)	–	(245)
Balance at 30 June 2019		**9 668**	**261 814**	**100**	**4 469**	**263 993**	**1 564 369**	**–**	**2 104 413**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**(96 510)**	**103 502**	**–**	**6 992**
Own shares acquired		**(225)**	**(125 923)**	**–**	**–**	**–**	**–**	**–**	**(126 148)**
Ordinary dividends paid	32	**–**	**–**	**–**	**–**	**–**	**(231 517)**	**–**	**(231 517)**
Preference dividends paid	33	**–**	**–**	**–**	**–**	**–**	**(245)**	**–**	**(245)**
Balance at 30 June 2020		**9 443**	**135 891**	**100**	**4 469**	**167 483**	**1 436 109**	**–**	**1 753 495**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2020

1. SIGNIFICANT 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 2020 comprise the Company and its subsidiaries (together referred to as "the group") and the group's interest in associates and jointly-controlled entities.

The annual financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the requirements of the South African Companies Act and the Listings Requirements of the Johannesburg Stock Exchange.

The financial statements are prepared under the supervision of the financial director, Mr TJW Holden CA(SA).

The financial statements are prepared in thousands of South African Rands (R000) under the historical cost convention except for investments classified as at fair value through other comprehensive income, derivative instruments, and certain property, plant and equipment carried at fair value.

Except as noted below, the accounting policies applied in the preparation of these annual financial statements are consistent with those applied in the prior year.

The group adopted IFRS 16 Leases on 1 July 2019. IFRS 16 replaced IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. IFRS 16 provides a single lease accounting model requiring the recognition of assets and liabilities for all leases with options to exclude leases where the lease term is 12 months or less, and where the underlying asset is of low value. Further information on the adoption of this new standard is set out in note 1.22.

1.2 Basis of consolidation

The group financial statements consolidate those of the parent company and all of the entities over which it has control. All subsidiaries have a reporting date of 30 June.

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 Property, plant and equipment

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

Plant and equipment is carried at cost less accumulated depreciation and impairment losses. 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.

Depreciation is calculated on the straight-line method to write off the cost of assets 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. SIGNIFICANT ACCOUNTING POLICIES continued

1.4 Goodwill

Goodwill is measured as the excess of cost over the net 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.

1.5 Publication titles and intangible assets other than goodwill

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

Publication titles that are not considered to have an indefinite life are depreciated over three to eight years.

Intangible assets other than publication titles and goodwill are assessed annually regarding estimated economic useful life and impairment.

1.6 Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairments.

1.7 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 impairments in the holding company's separate financial statements.

1.8 Leases

Until the 2019 financial year, leases of plant and equipment were classified as operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in a number of leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations.

Group as a lessee

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.8 Leases continued

i) Right-of-use assets continued

If ownership of the leased asset transfers to the group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The rate is calculated using a build-up approach that starts with a risk-free interest rate adjusted for credit risk.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The group's lease liabilities are included on the face of the Statement of Financial Position.

iii) Short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of IT and office equipment that are considered to be low value.

Lease payments on short-term leases of low value assets are recognised as expense on a straight-line basis over the lease term.

1.9 Leases (comparatives for IAS 17)

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

Operating lease – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This asset or liability is not discounted.

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.
- 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. SIGNIFICANT ACCOUNTING POLICIES continued

1.11 Share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid and the directly attributable costs, are 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 recognised on taxable temporary differences, and deferred tax assets are recognised in respect of 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 deferred tax assets 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.

1.13 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.

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

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.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss ("FVTPL"); and
- fair value through other comprehensive income ("FVOCI").

The Company and the group do not have any financial assets categorised as FVTPL.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

1.14 Financial instruments continued

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The group's cash, trade and other receivables and loans receivable fall into this category of financial instruments.

When assets classified as FVOCI are disposed of, or if they are impaired, the cumulative gains or loss recognised in other comprehensive income is not reclassified subsequently from the equity reserve to profit or loss.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss ("ECL") model'.

Recognition of credit losses is no longer dependent on first identifying a credit loss event. Instead, a broader range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' covers financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second and third category.

For loans, lifetime expected credit losses represent the expected credit losses that are expected to result from all possible default events over the expected life of the loans. In contrast, 12-month expected credit losses represent the portion of lifetime expected credit losses that are expected to result from default events within 12 months after the reporting date.

In order to assess whether to apply lifetime expected credit losses or 12-month expected credit losses, in other words, whether there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

A loan is considered to be in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient funds to repay the loan. This is assessed based on a number of factors including various solvency and liquidity ratios.

A loan is considered to be credit impaired if it meets the definition of a defaulted loan.

Trade receivables

For the current year, the group makes use of a simplified approach in accounting for trade receivables, and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a probability-weighted provision matrix.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.14 Financial instruments continued

Classification and measurement of financial liabilities

The group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless designated as a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

The Company and the group do not apply hedge accounting.

1.15 Foreign currency transactions

Foreign currency transactions are recorded on initial recognition in South African Rand, by applying to the foreign currency amount the exchange rate between the Rand and the relevant 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 in profit or loss in the period in which they arise.

1.16 Foreign exchange contracts

Foreign exchange contracts are entered into in order to hedge foreign exchange exposure. Upon initial recognition, the contracts are measured at fair value. Subsequent measurement is at fair value through profit or loss with gains or losses on fair value measurements recorded in profit or loss.

1.17 Revenue

Revenue arises from the sale of newspapers, magazines, packaging and stationery, from the supply of printing work, from the sale of advertising, from the distribution of media product and rendering of services.

To determine whether to recognise revenue, a 5-step process is followed:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when performance obligations are satisfied.

Transactions involving a range of the group's products and services, for example printing and distribution, are often entered into. The total transaction price for a contract is allocated amongst the various performance obligation base on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

The group's revenue is recognised at a point in time and over time when performance obligations are satisfied by transferring the goods or services to the customer.

1.18 Other operating income

Other operating income comprises income derived from non-core activities, for example rental received from non-group companies and proceeds from the sale of waste products.

1. SIGNIFICANT ACCOUNTING POLICIES continued

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 aid), 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 Operating segments

The group's operating segments are determined by the chief operating decision-maker who regularly reviews the available financial information regarding the operating results of the identified operating segments in order to make decisions about resource allocations and performances.

1.21 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

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 asset's value in use and realisable value on sale.

Key assumption

Expected credit losses under IFRS 9

Basis for determining value assigned to key assumption:

The group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Key assumption

Revaluation of property

Basis for determining value assigned to key assumption:

The group revalue its properties every five years using an independent professional valuer. The basis applied by the valuer is determined with reference to an open-market value. Fair value is reviewed in the other years by the directors in order to determine any changes in circumstances or significant changes to fair 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.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.21 Key management assumptions continued

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 pre-tax rate taking into account relevant risk factors.

Key assumption

Goodwill

Basis for determining value assigned to key assumption:

Goodwill is tested for impairment on an annual basis. Kindly refer to note 4 for more information on estimates and assumptions used.

1.22 New standard adopted on 1 July 2019

IFRS 16 Leases

The group adopted IFRS 16 Leases on 1 July 2019. IFRS 16 replaced IAS 17 and IFRIC 4 Determining Whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model requiring the recognition of assets and liabilities for all leases, with options to exclude leases where the lease term is twelve months or less, and where the underlying asset is of low value.

Transition method and practical expedients utilised

The group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 July 2019) without restatement of comparative figures.

The group elected to apply the practical expedient to not reassess whether a contract is, or contains, a lease at the date of initial application. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 July 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- A single discount rate was applied to a portfolio of leases with reasonably similar characteristics.
- The practical expedient to not recognise right-of-use assets and liabilities for leases with less than twelve months of lease term remaining as at the date of initial application was applied.
- The practical expedient to not recognise right-of-use assets and liabilities for leases for which the underlying asset is of low value was applied.

Upon adoption of IFRS 16, right-of-use assets and lease liabilities were recognised in relation to leases of premises and equipment.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the group's incremental borrowing rate of 10.25% as at the 1 July 2019 initial application of IFRS 16.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments

Right-of-use assets amounting to R21.7 million, and lease liabilities of R21.7 million were recognised on 1 July 2019 in respect of leases previously accounted for under IAS 17.

Included in profit or loss for the year are R7.8 million of amortisation, and interest of R1.9 million. The lease expense in respect of short-term and low-value leases included in profit or loss for the year amounted to R8.2 million.

1. SIGNIFICANT ACCOUNTING POLICIES continued

The minimum operating lease commitments under non-cancellable leases disclosed in the group's 30 June 2019 annual financial statements are reconciled as follows to the lease liabilities recognised on 1 July 2019 in respect of leases previously accounted for under IAS 17:

- Minimum operating lease commitments as at 30 June 2019: R31.7 million.
- *Less:* Effect of discounting using the group's incremental borrowing rate as at the date of initial application of IFRS 16: R4.8 million.
- *Less:* Short term and low-value leases not recognised under IFRS 16: R5.2 million.
- Lease liabilities recognised on 1 July 2019 in respect of leases previously accounted for under IAS 17: R21.7 million.

1.23 Significant statements and interpretations not yet effective and expected to be applicable

The following new and amended IFRS standards that were in issue but not yet effective at company's year-end, will be adopted by the company as they become effective:

Standard		**Details of amendments**	**Annual periods beginning on**
IAS 1	*Presentation of Financial Statements*	• Amendments clarifying the definition of "material" to improve consistency in the application of that concept where it is used in IFRS statements.	1 July 2020
		• Amendments clarifying classification of debt and other liabilities as current or non-current.	1 July 2022

2. PROPERTY, PLANT AND EQUIPMENT (GROUP)

COST OR VALUATION

GROUP R000	Freehold land and buildings	Leasehold improve-ments	Plant and machinery	Vehicles	Furniture and equipment	Titles	Total
Year ended 30 June 2020							
Opening net book value	**1 032 949**	**1 015**	**1 383 338**	**18 624**	**41 043**	**17 643**	**2 494 612**
Additions	**226**	**–**	**112 687**	**4 595**	**17 981**	**–**	**135 489**
Disposals	**–**	**–**	**(9 597)**	**(829)**	**(3 648)**	**–**	**(14 074)**
Impairment	**–**	**–**	**(84 033)**	**–**	**–**	**–**	**(84 033)**
Business combination	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Depreciation	**(9 470)**	**–**	**(237 926)**	**(8 419)**	**(22 381)**	**(185)**	**(278 381)**
Closing net book value	**1 023 705**	**1 015**	**1 164 469**	**13 971**	**32 995**	**17 458**	**2 253 613**
Summary							
Cost	**145 106**	**4 477**	**4 319 639**	**102 875**	**323 853**	**48 523**	**4 944 473**
Cumulative fair value adjustment	**951 684**	**–**	**–**	**–**	**–**	**–**	**951 684**
	1 096 790	**4 477**	**4 319 639**	**102 875**	**323 853**	**48 523**	**5 896 157**
Accumulated depreciation and impairment	**(73 085)**	**(3 462)**	**(3 155 170)**	**(88 904)**	**(290 858)**	**(31 065)**	**(3 642 544)**
Net carrying amount	**1 023 705**	**1 015**	**1 164 469**	**13 971**	**32 995**	**17 458**	**2 253 613**

GROUP R000	Freehold land and buildings	Leasehold improve-ments	Plant and machinery	Vehicles	Furniture and equipment	Titles	Total
Year ended 30 June 2019							
Opening net book value	1 013 425	1 015	1 559 298	18 969	39 555	18 455	2 650 717
Additions	14 441	–	122 261	12 731	21 213	–	170 646
Disposals	–	–	(25 453)	(5 252)	(815)	–	(31 520)
Impairment	–	–	(26 136)	–	–	–	(26 136)
Business combination	14 155	–	78	–	3 006	–	17 239
Depreciation	(9 072)	–	(246 710)	(7 824)	(21 916)	(812)	(286 334)
Closing net book value	1 032 949	1 015	1 383 338	18 624	41 043	17 643	2 494 612
Summary							
Cost	144 880	4 477	4 216 549	99 109	309 520	48 523	4 823 058
Cumulative fair value adjustment	951 684	–	–	–	–	–	951 684
	1 096 564	4 477	4 216 549	99 109	309 520	48 523	5 774 742
Accumulated depreciation and impairment	(63 615)	(3 462)	(2 833 211)	(80 485)	(268 477)	(30 880)	(3 280 130)
Net carrying amount	1 032 949	1 015	1 383 338	18 624	41 043	17 643	2 494 612

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

The fair values of the group's main fixed property assets are based on June 2016 appraisals performed by the independent valuers Balme van Wyk and Tugman Proprietary Limited. The fair values of the properties were determined on an open market valuation basis. The key assumptions in the valuations were gross monthly rental income adjusted by a cost ratio, and yields of between 10.75% and 12.25%. These fair values are still considered to be reasonable.

The current trading environment and outlook for the foreseeable future has meant that the group has had to reassess the cash-generating ability of certain plant and equipment. Due to the decline in printing markets (newspaper and commercial) certain assets were impaired.

In the prior year, a printing press that became obsolete in the publishing, printing and distribution segment was impaired by R26.1 million to fair value less costs of disposal. The fair value was obtained from an expert in the field. The input is a Level 2 input in the fair value hierarchy.

COMPANY 2019 R000	2020 R000			GROUP 2020 R000	2019 R000
		3.	**OTHER INTANGIBLE ASSETS**		
			Opening net book value	**13 325**	–
			Additions for the year	**16 066**	6 478
			Reallocation of intangible assets related to Private Property provisionally accounted as goodwill in prior year	**20 321**	–
			Recognised on acquisition of business	**–**	9 073
			Amortisation charged for the year	**(12 258)**	(2 226)
–	**–**		Closing net book value	**37 454**	13 325
			Summary		
			Gross carrying amount	**51 938**	15 551
			Amortisation	**(14 484)**	(2 226)
–	**–**		Closing net book value	**37 454**	13 325

The intangible assets comprise income-generating software applications, whose remaining useful lives range up to three years.

During the year under review, the group finalised the process to fair value of identifiable assets and liabilities of Private Property. Through this process the group identified intangible assets related to the purchase of Private Property by Cognition which resulted in an adjustment to the provisionally accounted goodwill.

COMPANY 2019 R000	COMPANY 2020 R000			GROUP 2020 R000	GROUP 2019 R000
		4.	**GOODWILL**		
			Opening net book value	**148 753**	174 463
			Recognised on acquisition of business	**4 321**	13 665
			Dilution of interest in Private Property South Africa	**–**	(38 193)
			Reallocation of intangible assets related to Private Property provisionally accounted as goodwill in prior year	**(20 321)**	–
			Impairment	**(47 686)**	(1 182)
–	**–**		Closing net book value	**85 067**	148 753
			Summary		
			Gross carrying amount	**274 945**	290 945
			Impairment	**(189 878)**	(142 192)
–	**–**		Closing net book value	**85 067**	148 753
			Goodwill is allocated to the operating segments as follows:		
			Publishing, printing and distribution	**59 067**	84 053
			Packaging and stationery	**26 000**	64 700
–	**–**		Closing net book value	**85 067**	148 753

The current trading environment and outlook for the foreseeable future has meant that the group has had to reassess the carrying values of goodwill. The impairment relate mainly to our packaging label manufacturer, Boland Printers, and smaller impairments on digital investments.

The cash flows used in the value-in-use impairment testing of the goodwill were the forecasts for five years and extrapolations of expected cash flows for the remaining life using long-term growth rates.

The following key assumptions were applied by management:

- Long-term growth rates of between 1% and 5% (2019: 3% and 6%)
- Pre-tax discount rates of between 15% and 20% (2019: 15% and 25%)

The impairment testing indicated an impairment of R47.7 million (2019 R1.2 million)

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

COMPANY 2019 R000	COMPANY 2020 R000			GROUP 2020 R000	GROUP 2019 R000
		5.	**INTEREST IN SUBSIDIARIES**		
1 356 202	**1 356 202**		Shares at cost	**–**	–
3 550	**3 550**		Owing by subsidiaries	**–**	–
1 359 752	**1 359 752**			**–**	–
1 356 202	**1 356 202**		Shown as non-current assets	**–**	–
3 550	**3 550**		Shown as current assets	**–**	–

The amounts owing by the subsidiaries are unsecured, and have various repayment terms. All terms are considered to be short-term.

Expected Credit Losses (ECL) on amounts owed by subsidiaries are immaterial.

Subsidiary company details are set out on page 74.

COMPANY 2019 R000	2020 R000			GROUP 2020 R000	2019 R000
		6.	**INTEREST IN ASSOCIATES**		
			Associated companies		
130 284	**71 697**		Shares at cost – opening balance	**187 054**	233 890
–	**(2 182)**		Acquired/(Disposed) in the current year	**32 150**	24 306
(58 587)	**–**		*Less*: accumulated impairment	**(87 529)**	(58 518)
–	**–**		Deemed disposal on step up from associate to subsidiary	**–**	(71 142)
71 697	**69 515**			**131 675**	128 536
–	**–**		Share of post-acquisition reserves	**30 112**	80 248
71 697	**69 515**		Total carrying value	**161 787**	208 784
15 573	**14 736**		Loans	**122 249**	161 599
87 270	**84 251**			**284 036**	370 383

Information relating to associates is set out on page 75.

No single associate is material and therefore does not require separate disclosure.

The investments in various associates were impaired as a result of reduced profitability and an ongoing difficult trading environment.

The cash flows used in the value-in-use impairment testing of the investment in associates were the forecasts for five years and extrapolations of expected cash flows for the remaining life using long-term growth rates. The following key assumptions were applied by management:

- Long-term growth rates of between 1% and 3%
- Pre-tax discount rates of between 20% and 24%

The impairment testing indicated an impairment of R29.0 million.

The Company's share of losses in associates exceeded the related interest by R0.3 million in 2020 (2019: R4.6 million) and these losses were not recognised.

The Company has not incurred legal or constructive obligations on behalf of those associates.

The current year profits not recognised amounted to R4.3 million (2019: R3.4 million).

Loans to associates

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 carrying value of the loans.

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-related interest rates charged on loan accounts.

The loans are unsecured, bear interest at market-related rates agreed upon from time to time, have various repayment terms, and are considered to be long-term.

Management assesses the recoverability of the loans on an ongoing basis. During the year certain loans were impaired. At year-end the Expected Credit Losses (ECL) are immaterial.

At 30 June 2020, 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 R1.0 million (2019: R1.2 million).

If interest rates had been 1% lower, group post-tax profit would have decreased by approximately R1.0 million (2019: R1.2 million).

COMPANY 2019 R000	COMPANY 2020 R000			GROUP 2020 R000	GROUP 2019 R000
		7.	**INVESTMENTS**		
			Listed Investments		
10 547	**7 706**		Mpact Limited	**7 706**	10 547
7 215	**3 803**		African Media Entertainment Limited	**3 803**	7 215
83 185	**32 699**		Novus Holdings Limited	**32 699**	83 185
53 930	**42 193**		FirstRand Limited – B Preference shares earning a dividend of 75.48% of prime	**42 193**	53 930
6 524	**4 987**		Investec Bank Limited – Preference shares earning a dividend of 83.25% of prime	**4 987**	6 524
161 401	**91 388**			**91 388**	161 401
			Unlisted investments		
97 438	**48 447**		Thebe Convergent Technology Holdings Proprietary Limited	**48 447**	97 438
–	**9 641**		INCE Proprietary Limited	**9 641**	–
97 438	**58 088**			**58 088**	97 438
258 839	**149 476**		**Total investments**	**149 476**	258 839
258 839	**149 476**		Fair value of investments	**149 476**	258 839

Ince Proprietary Limited was accounted for as an associate in prior year and now as an investment as a portion of the investment was disposed of during the year.

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

The investments are valued using fair market value at the reporting date using the following 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:

- Listed investments are categorised as Level 1.
- Thebe Convergent Technology Holdings and INCE (Pty) Ltd are categorised as Level 3.

For the Level 3 valuation of the investment in Thebe Convergent Technology Holdings, a discounted cash flow model was applied using cash flows forecast for five years and an extrapolation of expected cash flows using a long-term growth rate, with the following key assumptions applied by management:

- Long term growth rate of 1%
- Discount rate of 20.6%

COMPANY 2019 R000	COMPANY 2020 R000			GROUP 2020 R000	GROUP 2019 R000
		8.	**INVENTORIES**		
			Raw materials	**770 799**	676 512
			Work in progress	**66 794**	79 980
			Finished goods	**172 075**	182 432
–	**–**			**1 009 668**	938 924
			Comprising:		
			Inventory at cost	**1 008 512**	937 601
			Inventory at net realisable value	**1 156**	1 323
–	**–**			**1 009 668**	938 924
–	**–**		Write-down of inventories to fair value less costs to sell as an expense	**–**	4 295

COMPANY 2019 R000	COMPANY 2020 R000		GROUP 2020 R000	GROUP 2019 R000
		9. TRADE AND OTHER RECEIVABLES		
–	**–**	Trade accounts receivable	**826 426**	1 135 704
–	**–**	Credit loss allowance	**(90 714)**	(53 574)
–	**–**	Prepayments	**35 020**	45 970
5 925	**7 539**	Other accounts receivable	**78 859**	89 009
5 925	**7 539**		**849 591**	1 217 109
		Trade accounts receivable		
		Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group.		
		Trade accounts receivable (before allowance for impairments) represents the maximum exposure to credit risk.		
–	**–**	The maximum exposure to credit risk at the reporting date	**826 426**	1 135 704
		The maximum exposure to credit risk for trade accounts receivable (before credit loss allowance) at the reporting date by type of customer was:		
		Average debtors terms (days)		
		Parastatals/government — 60	**12 036**	11 036
		Corporates — 30 – 60	**694 947**	1 004 187
		SMMEs — 30	**103 273**	111 676
		Individuals — 30	**16 170**	8 805
–	**–**		**826 426**	1 135 704
		The group has a large diversity of customers and thus has a limited exposure to any one customer.		
		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.		
		Listings of overdue customer balances are reviewed monthly 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.		
		Credit loss allowance for trade accounts receivable		
		Opening balance	**53 574**	63 012
		Movement in loss allowance	**37 140**	(9 438)
–	**–**		**90 714**	53 574
		The movement in the loss allowance comprises:		
		Financial difficulties/bankruptcy	**33 938**	(11 426)
		Abscondments	**–**	189
		Disputes	**3 202**	1 799
–	**–**		**37 140**	(9 438)

9. TRADE AND OTHER RECEIVABLES continued

Trade receivables

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables that have been written off are not subject to enforcement activities.

The group measures the loss allowance for trade receivables by applying the simplified approach prescribed by IFRS 9. In accordance with the approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a probability-weighted provision matrix, plus specifically identified credit losses. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information, in particular general economic conditions including economic growth rates and business confidence levels, as at the reporting date.

The probability-weighted provision matrix is set out below for the current and prior years:

	Current	30 days	60 days	90 days	120 days and over	Total
2020						
Gross carrying value of trade accounts receivable	**371 515**	**170 238**	**40 741**	**115 104**	**128 264**	**825 862**
Less: Specific allowance	**413**	**844**	**212**	**14 513**	**67 133**	**83 115**
	371 102	**169 394**	**40 529**	**100 591**	**61 131**	**742 747**
Expected credit loss rate (%)	**0.26**	**0.52**	**0.98**	**3.18**	**3.55**	
Lifetime expected credit loss	**955**	**884**	**397**	**3 195**	**2 168**	**7 599**
Total expected credit loss (including specific allowance)						**90 714**
2019						
Gross carrying value of trade accounts receivable	525 293	299 049	163 189	66 906	81 267	1 135 704
Less: Specific allowance	–	–	9 355	14 033	23 390	46 778
	525 293	299 049	153 834	52 873	57 877	1 088 926
Expected credit loss rate (%)	0.21	0.43	0.82	2.65	2.96	
Lifetime expected credit loss	1 127	1 301	1 258	1 399	1 711	6 796
Total expected credit loss (including specific allowance)						53 574

COMPANY				GROUP	
2019 R000	**2020 R000**			**2020 R000**	2019 R000
		9.	**TRADE AND OTHER RECEIVABLES** continued **Other receivables** The carrying amount of the following financial assets represents the maximum credit exposure:		
5 925	**7 539**		Other accounts receivable	**78 859**	89 009

Listings of other receivables are reviewed on a monthly basis. Other receivables are only raised when there is a contractual obligation due to the group, e.g. rebates receivable, interest receivable or insurance claims due to the Company. The credit risk associated with these are considered to be minimal.

Management evaluated the expected credit losses for other receivables on an item-by-item basis, and determined that there are no significant increases in credit risk and the recovery scenarios indicate no expected credit losses.

COMPANY 2019 R000	COMPANY 2020 R000			GROUP 2020 R000	GROUP 2019 R000
		10.	**CASH EQUIVALENTS**		
800 000	**900 000**		Unlisted preference shares earning a dividend of between 55.5% and 59.7% of prime	**900 000**	800 000

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

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

At 30 June 2020, if the dividend rate had been 1% higher with all other variables held constant, group post-tax profit for the year would have increased by approximately R8.0 million (2019: R8.0 million).

If the dividend rate had been 1% lower, group post-tax profit for the year would have decreased by approximately R8.0 million (2019: R8.0 million).

COMPANY 2019 R000	COMPANY 2020 R000			GROUP 2020 R000	GROUP 2019 R000
		11.	**CASH**		
			Cash at bank	**607 293**	564 194
			Cash on call and deposit	**235 987**	333 456
–	**–**			**843 280**	897 650

The group's cash at bank and on call and deposit is placed with financial institutions that have high credit ratings. As a result, the group has insignificant credit risk with respect to its cash. The group's cash deposits are for short periods at fluctuating market-related rates, and exposure to interest rate risk therefore exists.

At 30 June 2020, if interest rates had been 1% higher with all other variables held constant, group post-tax profit for the year would have increased by approximately R6.3 million (2019: R5.9 million).

If interest rates had been 1% lower group post-tax profit for the year would have decreased by approximately R6.2 million (2019: R5.9 million).

COMPANY 2019 R000	COMPANY 2020 R000			GROUP 2020 R000	GROUP 2019 R000
		12.	**SHARE CAPITAL**		
			AUTHORISED		
			Ordinary shares		
30 000	**30 000**		1 200 000 000 ordinary shares of 2.5 cents each	**30 000**	30 000
			Preference shares		
200	**200**		100 000 6% cumulative participating preference shares of R2 each	**200**	200
			ISSUED		
			Ordinary shares		
9 668	**9 443**		377 861 111 (2019: 386 713 640) ordinary shares of 2.5 cents each	**9 443**	9 668
389 686 374	**386 713 640**		Opening balance of ordinary shares in issue	**386 713 640**	389 686 374
(2 972 734)	**(8 852 529)**		Shares repurchased	**(8 852 529)**	(2 972 734)
386 713 640	**377 861 111**		Closing balance of ordinary shares in issue	**377 861 111**	386 713 640
			Preference shares		
100	**100**		50 000 6% cumulative participating preference shares of R2 each	**100**	100
			The unissued shares are under the control of the directors until the next annual general meeting.		
		13.	**FAIR VALUE ADJUSTMENTS**		
(32 857)	**(124 368)**		Fair value adjustments before tax	**(124 349)**	(32 857)
7 360	**27 857**		Deferred tax	**27 854**	7 360
(25 497)	**(96 510)**		Fair value adjustments after tax	**(96 495)**	(25 497)
		14.	**NON-CONTROLLING INTEREST**		
			Balance at beginning of the year	**104 130**	48 560
			Effect of acquisitions	**(47 155)**	48 907
			Share of (losses)/earnings	**(7 379)**	19 323
			Dividends paid	**(11 921)**	(12 660)
–	**–**		Balance at end of year	**37 675**	104 130
		15.	**DEFERRED TAXATION**		
12 048	**4 688**		Balance at beginning of year	**344 289**	364 882
–	**–**		Profit or loss transfer	**(56 459)**	(13 362)
(7 360)	**(27 858)**		Non-distributable reserves transfer – revaluations	**(27 858)**	(7 360)
–	**–**		Acquisition of business	**4 555**	129
4 688	**(23 170)**		Balance at end of year	**264 527**	344 289
			Comprising		
4 688	**–**		Credit balances	**330 589**	360 716
–	**(23 170)**		Debit balances	**(66 062)**	(16 427)
4 688	**(23 170)**			**264 527**	344 289
			Deferred taxation comprises temporary differences arising on:		
–	**–**		– property, plant and equipment	**385 113**	425 497
4 688	**(23 170)**		– investments	**(27 859)**	4 688
–	**–**		– allowance for debtors impairment	**(20 191)**	(11 237)
–	**–**		– provisions	**(59 190)**	(63 198)
–	**–**		– assessed losses	**(11 093)**	(9 557)
–	**–**		– other	**(2 253)**	(1 904)
4 688	**(23 170)**			**264 526**	344 289

COMPANY 2019 R000	COMPANY 2020 R000			GROUP 2020 R000	GROUP 2019 R000
		16.	**TRADE AND OTHER PAYABLES**		
–	–		Trade accounts payable	**384 719**	507 338
9 773	10 192		Sundry accounts payable and accruals	**277 135**	295 930
9 773	10 192			**661 854**	803 268

Trade accounts payable

Liquidity risk

The group has negotiated favourable credit terms with suppliers that 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 that suppliers are paid when due.

Currency risk

The group has clearly defined policies for the management of foreign currency risks. Transactions that give rise to foreign currency cash flows are hedged with forward exchange contracts. Hedge accounting is not applied. There are no other foreign currency risks.

Interest rate risk

The group has no material exposure to interest rate risk as suppliers do not charge interest.

COMPANY 2019 R000	COMPANY 2020 R000			GROUP 2020 R000	GROUP 2019 R000
		17.	**PROVISIONS**		
			Bonus		
			Opening balance	**97 366**	95 874
			Additional provisions	**73 998**	80 506
			Utilised	**(112 078)**	(79 014)
–	–		Closing balance	**59 286**	97 366
			Leave pay		
			Opening balance	**37 425**	35 941
			Additional provisions	**38 629**	28 843
			Acquired	**–**	1 866
			Utilised	**(47 997)**	(29 225)
–	–		Closing balance	**28 057**	37 425
			Volume discount allowed		
			Opening balance	**26 607**	18 513
			Additional provisions	**44 135**	56 992
			Utilised	**(39 485)**	(48 898)
–	–		Closing balance	**31 257**	26 607
			Retrenchments		
			Opening balance	**2 569**	12 117
			Additional provisions	**20 976**	7 996
			Utilised	**(4 277)**	(17 544)
–	–		Closing balance	**19 268**	2 569
			Other		
			Opening balance	**58 143**	47 336
			Additional provisions	**81 851**	94 004
			Utilised	**(69 938)**	(83 197)
–	–		Closing balance	**70 056**	58 143
			Total provisions		
			Opening balance	**222 110**	209 781
			Additional provisions	**259 589**	268 341
			Acquired	**–**	1 866
			Utilised	**(273 775)**	(257 878)
–	–		Closing balance	**207 924**	222 110

COMPANY				GROUP	
2019 R000	**2020 R000**			**2020 R000**	2019 R000
		17.	**PROVISIONS** continued		
			Bonuses are generally paid in December and, for management, upon approval by the Board of the annual financial statements.		
			The timing of the leave pay provision is uncertain as leave pay is only payable when an employee leaves the employ of the group or is utilised when an employee takes leave.		
			Volume discounts are paid after the financial year-end.		
			The retrenchment provision is for costs relating to the termination of employees' services as a result of restructuring and discontinuation of certain divisions. The payments are made when the employees' services are terminated.		
			The other provisions will be utilised after the financial year-end.		
		18.	**AMOUNTS OWED TO GROUP COMPANIES**		
362 112	**679 289**		The amounts owed are unsecured, interest-free and repayable on demand. All terms are considered to be short-term.	**–**	–
		19.	**LEASES**		
			Right-of-use assets		
			Adoption of IFRS 16	**21 668**	
			Amortisation	**(7 760)**	
–	**–**		Net carrying amount	**13 908**	–
			Lease liabilities		
			Adoption of IFRS 16	**21 668**	
			Interest expense	**1 923**	
			Lease payments	**(8 475)**	
–	**–**		Total liability at 30 June 2020	**15 116**	–
			Current liabilities	**4 495**	
–	**–**		Non-current liabilities	**10 621**	–
			Right-of-use assets and lease liabilities were recognised in relation to leases of premises and equipment.		

20. FINANCIAL ASSETS BY CATEGORY

R000	At amortised cost	Non-financial assets	At fair value through other comprehensive income	Total
GROUP				
2020				
Property, plant and equipment	**–**	**2 253 612**	**–**	**2 253 612**
Right-of-use assets	**–**	**13 908**	**–**	**13 908**
Intangible assets	**–**	**37 454**	**–**	**37 454**
Goodwill	**–**	**85 067**	**–**	**85 067**
Interest in associates	**–**	**284 037**	**–**	**284 037**
Investments	**–**	**–**	**149 476**	**149 476**
Deferred taxation	**–**	**66 062**	**–**	**66 062**
Loans to directors	**–**	**–**	**–**	**–**
Inventories	**–**	**1 009 669**	**–**	**1 009 669**
Trade and other receivables	**735 689**	**113 902**	**–**	**849 591**
Taxation	**–**	**17 037**	**–**	**17 037**
Cash equivalents	**900 000**	**–**	**–**	**900 000**
Cash	**843 281**	**–**	**–**	**843 281**
	2 478 970	**3 880 748**	**149 476**	**6 509 194**
2019				
Property, plant and equipment	–	2 494 612	–	2 494 612
Intangible assets	–	13 325	–	13 325
Goodwill	–	148 753	–	148 753
Interest in associates	–	370 383	–	370 383
Investments	–	–	258 839	258 839
Deferred taxation	–	16 427	–	16 427
Loans to directors	88 609	–	–	88 609
Inventories	–	938 924	–	938 924
Trade and other receivables	1 171 139	45 970	–	1 217 109
Taxation	–	3 256	–	3 256
Cash equivalents	800 000	–	–	800 000
Cash	897 650	–	–	897 650
	2 957 398	4 031 650	258 839	7 247 887

R000	At amortised cost	Non-financial assets	At fair value through other comprehensive income	Total
COMPANY				
2020				
Interest in subsidiaries	**–**	**1 356 202**	**–**	**1 356 202**
Interest in associates	**–**	**84 251**	**–**	**84 251**
Investments	**–**	**–**	**149 476**	**149 476**
Deferred taxation	**–**	**23 170**	**–**	**23 170**
Loans to directors	**–**	**–**	**–**	**–**
Trade and other receivables	**7 539**	**–**	**–**	**7 539**
Amounts owed by group companies	**3 550**	**–**	**–**	**3 550**
Taxation	**–**	**–**	**–**	**–**
Cash equivalents	**900 000**	**–**	**–**	**900 000**
	911 089	**1 463 623**	**149 476**	**2 524 188**
2019				
Interest in subsidiaries	–	1 356 202	–	1 356 202
Interest in associates	–	87 270	–	87 270
Investments	–	–	258 839	258 839
Loans to directors	88 609	–	–	88 609
Trade and other receivables	5 925	–	–	5 925
Amounts owed by group companies	3 550	–	–	3 550
Taxation	–	375	–	375
Cash equivalents	800 000	–	–	800 000
	898 084	1 443 847	258 839	2 600 770

21. FINANCIAL LIABILITIES BY CATEGORY

R000	Non-financial liabilities	At amortised cost	Total
GROUP			
2020			
Lease liabilities	**15 116**	**–**	**15 116**
Deferred taxation	**330 589**	**–**	**330 589**
Trade and other payables	**–**	**661 854**	**661 854**
Provisions	**207 924**	**–**	**207 924**
Taxation	**27 132**	**–**	**27 132**
	580 761	**661 854**	**1 242 615**
2019			
Deferred taxation	360 716	–	360 716
Trade and other payables	–	803 268	803 268
Provisions	222 110	–	222 110
Taxation	17 668	–	17 668
	600 494	803 268	1 403 762
COMPANY			
2020			
Deferred taxation	**–**	**–**	**–**
Trade and other payables	**–**	**10 192**	**10 192**
Amounts owed to group companies	**–**	**679 289**	**679 289**
Bank overdraft	**–**	**81 212**	**81 212**
	–	**770 693**	**770 693**
2019			
Deferred taxation	4 688	–	4 688
Trade and other payables	–	9 773	9 773
Amounts owed to group companies	–	362 112	362 112
Bank overdraft	–	119 784	119 784
	4 688	491 669	496 357

COMPANY 2019 R000	COMPANY 2020 R000			GROUP 2020 R000	GROUP 2019 R000
		22.	**REVENUE**		
–	**–**		Contracts with customers are all fixed-price contracts recognised at a point-in-time and over time	**5 572 359**	6 320 895
			The group's operations are based in South Africa, with almost all revenue being generated in South Africa.		
			Revenue is therefore subject to a stagnant economy, a retail sector currently in decline, and a highly competitive media business environment. Revenue disaggregated by reporting segment is shown in the Segmental Reporting (note 40).		
		23.	**STAFF COSTS**		
			Salaries, wages and bonuses	**1 356 834**	1 441 127
			Retirement benefit costs	**55 373**	64 024
–	**–**			**1 412 207**	1 505 151
		24.	**OTHER OPERATING (INCOME)/EXPENSES**		
			Includes the following items:		
–	**–**		(Profit)/Loss on sale of property, plant and equipment (net)	**(4 578)**	351
			Leases		
			– buildings	**7 880**	16 710
			– equipment	**337**	435
–	**–**			**8 217**	17 145
			Prior year operational lease expenses accounted according to IAS 17. Current year lease expenses in respect of short-term and low-value leases according to IFRS 16.		
		25.	**DEPRECIATION AND AMORTISATION**		
			– buildings	**9 470**	9 072
			– plant and machinery	**237 926**	246 710
			– right-of-use assets	**7 760**	–
			– motor vehicles	**8 419**	7 824
			– furniture and equipment	**22 381**	21 916
			– titles	**185**	812
			– other intangible assets	**12 258**	2 226
–	**–**			**298 399**	288 560

26. DIRECTORS' EMOLUMENTS

	Executive directors				Non-executive directors					
R000	TD Moolman	PG Greyling	TJW Holden	LR Witbooi	PM Jenkins	ACG Molusi	NA Nemukula	J Phalane	T Slabbert	Total
2020										
Directors' fees					**1 263**	**196**	**196**	**233**	**231**	**2 119**
Fees for services										**–**
Salary	**3 570**	**1 845**	**2 726**	**256**						**8 397**
Bonus		**5 000**	**2 000**	**–**						**7 000**
Travel allowance		**–**	**65**	**19**						**84**
Medical funding		**10**	**16**	**10**						**36**
Retirement funding		**134**	**179**	**7**						**320**
	3 570	**6 989**	**4 986**	**292**	**1 263**	**196**	**196**	**233**	**231**	**17 956**
Paid by subsidiaries										**17 956**
2019										
Directors' fees					1 306	186	186	196	275	2 149
Fees for services										–
Salary	3 780	2 216	2 897	–						8 893
Bonus		5 000	2 000	–						7 000
Travel allowance		–	56	–						56
Medical funding		12	16	–						28
Retirement funding		161	210	–						371
	3 780	7 389	5 179	–	1 306	186	186	196	275	18 497
Paid by subsidiaries										18 497

COMPANY 2019 R000	COMPANY 2020 R000			GROUP 2020 R000	GROUP 2019 R000
		27.	**FINANCE INCOME**		
284	**452**		– interest	**62 962**	65 859
17 876	**7 164**		– dividends: listed companies	**7 164**	17 876
63 907	**61 802**		– dividends: unlisted companies	**56 738**	56 720
1 228 180	**6 128**		– dividends: subsidiary	**–**	–
1 310 247	**75 546**			**126 864**	140 455
		28.	**FINANCE COSTS**		
			– interest on bank overdraft	**–**	5
			– lease liability	**1 923**	–
			– other interest	**1 193**	1 333
–	**–**			**3 116**	1 338
		29.	**LOSS ON FOREIGN EXCHANGE**		
–	**–**		Resulting from the fair value of forward exchange contracts outstanding at year end	**(2 047)**	(10 204)
		30.	**TAXATION**		
			South African normal tax		
			– current	**72 953**	114 950
			– prior year	**774**	(4 986)
			Deferred tax		
			– current	**(55 483)**	(2 679)
			– prior year	**(976)**	(10 683)
–	**–**		Total tax	**17 268**	96 602
358 958	**28 981**		Tax at the standard rate of 28% on profit before taxation (2019: 28%)	**(13 104)**	126 541
358 958	**28 981**		Difference	**(30 372)**	29 939
			The difference is reconciled as follows:		
366 753	**21 026**		– dividend income	**17 893**	20 887
1 215	**–**		– not subject to tax	**287**	2 112
–	**–**		– loss on step acquisition of Cognition Holdings	**–**	(10 419)
–	**7 109**		– Interest on director loans	**7 040**	–
–	**1 452**		– loss on sale of INCE	**(1 482)**	–
–	**–**		– Goodwill written off	**(13 352)**	–
(8 300)	**–**		– impairments	**(27 743)**	(920)
(552)	**(430)**		– disallowable expenses	**(3 722)**	(3 449)
–	**–**		– deferred tax asset raised on assessed losses	**–**	11 411
–	**–**		– overprovision of tax	**202**	4 735
–	**–**		– associates	**(2 715)**	5 660
(158)	**(178)**		– tax losses not utilised	**(6 775)**	(627)
–	**–**		– other	**(3)**	549
358 958	**28 980**			**(30 370)**	29 939
			Estimated tax losses included in deferred tax		
			– at beginning of year	**9 557**	205
			– acquired during year	**3 248**	–
			– raised during year	**1 743**	11 411
			– utilised during year	**(3 455)**	(2 059)
–	**–**		– at end of year	**11 093**	9 557
			The group has estimated tax losses of R49.3 million available for set-off against future taxable income which has not been recognised as deferred tax assets (2019: R48.0 million).		

31. EARNINGS PER ORDINARY SHARE

Reconciliation between earnings and headline earnings

	2020 Gross R000	2020 Net of tax R000	2019 Gross R000	2019 Net of tax R000
(Loss)/earnings attributable to equity holders of the parent		**(56 688)**		336 007
Adjustments				
– impairment of plant	**84 033**	**60 504**	26 136	18 818
– (profit)/loss on disposal of property, plant and equipment	**(4 578)**	**(3 296)**	351	253
– impairment of interests in associates	**29 011**	**29 011**	–	–
– impairment of goodwill	**47 686**	**47 686**	1 182	1 182
– loss on disposal of subsidiaries			–	–
– loss on disposal of associate	**5 293**	**4 107**		
– loss on step acquisition of Cognition Holdings			37 212	37 212
Headline earnings		**81 324**		393 472
(Loss)/earnings per ordinary share (cents)		**(14.8)**		86.7
Headline earnings per ordinary share (cents)		**21.2**		101.6

	2020 Number of shares	2019 Number of shares
Weighted average number of ordinary shares in issue	**382 888 967**	387 422 175

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

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

COMPANY 2019 R000	COMPANY 2020 R000			GROUP 2020 R000	GROUP 2019 R000
		32.	**ORDINARY DIVIDENDS**		
233 273	**231 517**		Paid	**231 517**	233 273
		33.	**PREFERENCE DIVIDENDS**		
245	**245**		Paid	**245**	245

The preference dividend consists of a fixed cumulative dividend of 6% per annum together with an additional dividend. An additional dividend is payable only if the value of the ordinary dividend declared exceeds 10% of the nominal value of the ordinary share. In such cases the additional dividend is calculated as follows:

- The nominal value of the ordinary share is calculated as a percentage of the amount by which the ordinary dividend declared exceeds 10% of the nominal value of the ordinary share.
- For every completed 5% calculated, a 1/2% is added to the preference share dividend as an additional dividend.

COMPANY 2019 R000	COMPANY 2020 R000			GROUP 2020 R000	GROUP 2019 R000
		34.	**COMMITMENTS**		
			Capital expenditure on plant and machinery		
–	**–**		Approved but not contracted	**15 993**	70 000

The capital expenditure will be financed from existing resources.

COMPANY 2019 R000	COMPANY 2020 R000		GROUP 2020 R000	GROUP 2019 R000
		Operating lease commitments		
		Future minimum rentals under non-cancellable leases are as follows:		
		Within one year		14 541
		After one year, but not more than five years		17 172
–	**–**		**–**	31 713

The lease commitments relate substantially to land and buildings.

Operating lease commitments accounted according to IAS 17, Refer note 19 for lease liabilities accounted according to IFRS 16.

35. FOREIGN EXCHANGE EXPOSURE

Currency risk

The group incurs currency risk as a result of transactions that are denominated in a currency other than the group's functional currency.

The currencies in which the group primarily deals that give rise to currency risk are Pound Sterling, US Dollars and Euros.

The group hedges its 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 that create foreign currency cash flows are hedged with forward exchange 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 the periods presented.

COMPANY 2019 R000	COMPANY 2020 R000					GROUP 2020 R000	GROUP 2019 R000
		35.	**FOREIGN EXCHANGE EXPOSURE** continued				
			Foreign currency contracts				
			The principal or contract amounts of foreign exchange contracts (in South African Rands) outstanding at the reporting date were:				
				Average rate of exchange 2020	Average rate of exchange 2019		
			Euro	**19.4717**	16.2743	**33 241**	104 637
			US Dollar	**17.4080**	14.4742	**30 748**	6 038
–	**–**					**63 989**	110 675

At year-end, there were no material foreign currency-denominated assets or liabilities not covered by forward exchange contracts. Accordingly, there was no material sensitivity to exchange rate fluctuations.

36. BORROWING POWERS

In terms of its memorandum of incorporation, the Company's and group's borrowing powers are unlimited.

37. RELATED PARTIES

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

Directors

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

Controlling shareholders

Mr 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 2020 amounted to R39.9 million (2019: R42.2 million).

The balance owing to the partnership at the year end amounted to R2.3 million (2019: R3.8 million).

Subsidiaries

Details of investments in subsidiaries and jointly-controlled entities are disclosed in the annexure on page 74.

Associates

Details of income from associates are disclosed in the statement of profit or loss and other comprehensive income, in note 6 and in the annexure on page 75.

Shareholders

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

COMPANY 2019 R000	2020 R000			GROUP 2020 R000	2019 R000
		38.	**RETIREMENT BENEFIT PLANS**		
			The group's main retirement benefit plans, the Hortors Group Pension and Provident Funds, are governed by the Pension Funds Act. The plans are structured as defined contribution plans as opposed to defined benefit plans. 4 209 (2019: 5 130) of the group's employees are covered by the plans.		
		39.	**NOTES TO THE STATEMENTS OF CASH FLOWS**		
		39.1	**Cash generated by/(utilised in) operations**		
1 281 992	**103 502**		(Loss)/profit before taxation	**(46 799)**	451 932
–	**–**		Associate income	**9 696**	(20 214)
(284)	**(452)**		Interest received (net)	**(59 846)**	(64 521)
(1 309 963)	**(75 094)**		Dividends received	**(63 902)**	(74 596)
			Adjustment for non-cash items:		
–	**–**		– depreciation and amortisation	**298 399**	288 560
29 642	**–**		– impairments	**230 804**	66 635
–	**–**		– (profit)/loss on disposal of property, plant and equipment	**(4 578)**	351
–	**–**		– loss on disposal of associate	**5 293**	–
–	**(5 187)**		– loss/(profit) on disposal investment	**–**	–
–	**–**		– unrealised foreign currency profit	**(2 282)**	(2 836)
–	**–**		– loss on foreign exchange contracts	**2 047**	10 204
–	**–**		– movement in provisions	**(14 186)**	10 463
(4 340)	**(25 391)**		– Deemed interest on loans to directors	**(25 391)**	(4 340)
(2 953)	**(2 622)**			**329 255**	661 638
		39.2	**Changes in working capital**		
–	**–**		(Increase)/decrease in inventories	**(70 744)**	12 216
90	**(1 614)**		(Increase)/decrease in trade and other receivables	**373 779**	(127 257)
293	**418**		Increase/(decrease) in trade and other payables	**(141 852)**	(69 363)
–	**–**		Working capital acquired	**–**	423
383	**(1 196)**			**161 183**	(183 981)
		39.3	**Taxation paid**		
1 193	**375**		Opening tax	**(14 412)**	(24 706)
–	**–**		Charged in profit or loss	**(73 727)**	(109 964)
–	**–**		Taxation acquired	**–**	(3 833)
(375)	**–**		Closing tax payable/(receivable)	**10 095**	14 412
818	**375**			**(78 044)**	(124 091)
		39.4	**Dividends paid**		
(233 518)	**(231 762)**		Charged to reserves	**(231 762)**	(233 518)
–	**–**		Dividends of non-controlling interests	**(11 921)**	(12 660)
(233 518)	**(231 762)**			**(243 683)**	(246 178)
		39.5	**Investments – subsidiaries**		
			Acquisitions	**–**	95 498
			Advances to group companies	**–**	–
–	**–**			**–**	95 498
		39.6	**Investments – associates, investments and loans**		
(4 918)	**(7 635)**		Acquisitions	**(47 993)**	(18 397)
–	**–**		Dividends received	**28 300**	–
–	**–**		Disposals	**–**	–
736	**837**		Loans (raised)/repaid	**(28 625)**	7 771
(4 182)	**(6 798)**			**(48 318)**	(10 626)
		39.7	**Cash and cash equivalents**		
(119 784)	**(81 212)**		Cash and bank overdraft	**843 280**	897 650
800 000	**900 000**		Cash equivalents	**900 000**	800 000
680 216	**818 788**		Fair value of cash and cash equivalents	**1 743 280**	1 697 650

COMPANY 2019 R000	COMPANY 2020 R000			GROUP 2020 R000	GROUP 2019 R000
		39.	**NOTES TO THE STATEMENTS OF CASH FLOWS continued**		
		39.8	**Acquisition of businesses**		
			Current year		
			There were no material business acquisitions during the year.		
			Prior year		
			The group acquired an additional investment in Cognition Holdings (which, together with the 34% interest already held, yielded a 63% stake) in exchange for Private Property South Africa shares, with effect from 1 February 2019. This transaction gave the group control of Cognition Holdings.		
			Details of the assets and liabilities acquired are:		
			Non-current assets		30 717
			Current assets		50 844
			Non-current liabilities		(1 178)
			Current liabilities		(54 915)
			Cash and cash equivalents		95 498
			Total net assets		120 966
			Attributable to non-controlling interest		(44 456)
			Net assets acquired		76 510
			Consideration – dilution of interest in Private Property South Africa		(40 717)
			Consideration – Cognition Holdings investment prior to acquisition of control		(49 458)
			Goodwill arising on acquisition		(13 665)
			Cash inflow arising on acquisition		95 498
		39.9	**Disposal of businesses**		
			Current year		
			There were no business disposals during the year.		
			Prior year		
			There were no business disposals in prior year		
		39.10	**Receipts from/(payments to) group companies**		
(1 048 704)	**317 177**		Net decrease in amounts owed to group companies		
1 200 000	**6 128**		Add back: non-cash dividends received		
151 296	**323 305**			**–**	–

	GROUP 2020 R000	%	2019 R000	%
40. SEGMENTAL				
Revenue				
Publishing, printing and distribution	**3 350 063**	**60**	3 898 163	62
Packaging and stationery	**2 194 582**	**39**	2 367 392	37
Other	**27 714**	**0**	55 340	1
	5 572 359	**100**	6 320 895	100
Profit from operating activities before depreciation and amortisation				
Publishing, printing and distribution	**69 996**	**20**	347 246	53
Packaging and stationery	**231 921**	**66**	257 607	39
Other	**48 384**	**14**	48 807	8
	350 301	**100**	653 660	100
Profit from operating activities after depreciation and amortisation				
Publishing, printing and distribution	**(96 768)**	**(186)**	184 309	50
Packaging and stationery	**123 646**	**238**	148 269	41
Other	**25 024**	**48**	32 522	9
	51 902	**100**	365 100	100
Total assets				
Publishing, printing and distribution	**2 522 791**	**39**	2 879 849	40
Packaging and stationery	**1 760 317**	**27**	1 784 497	25
Other	**2 226 084**	**34**	2 583 541	35
	6 509 192	**100**	7 247 887	100
Total liabilities				
Publishing, printing and distribution	**571 948**	**46**	707 673	51
Packaging and stationery	**413 724**	**33**	437 823	31
Other	**256 943**	**21**	258 266	18
	1 242 615	**100**	1 403 762	100
Capital expenditure on property, plant and equipment				
Publishing, printing and distribution	**30 430**	**22**	59 342	35
Packaging and stationery	**102 726**	**76**	108 218	63
Other	**2 333**	**2**	3 086	2
	135 489	**100**	170 646	100
Depreciation and amortisation				
Publishing, printing and distribution	**166 764**	**56**	162 938	56
Packaging and stationery	**108 274**	**36**	109 338	38
Other	**23 361**	**8**	16 284	6
	298 399	**100**	288 560	100

The group operates in South Africa.

41. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure, and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2020 and 30 June 2019. The Company had no debt during the years under review, other than the bank overdraft.

The group's activities expose it to a variety of financial risks, namely currency risk, credit risk, liquidity risk and 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 South African Rands. These transactions, mainly for the import of capital equipment and inventory are substantially hedged by using forward exchange contracts. Further information regarding currency risk is provided in the trade and other payables note (note 16) and in the foreign exchange exposure note (note 35).

(b) Credit risk

The group has no significant concentrations of credit risk due to the diversity of its customers. Policies are in place to ensure that sales are made to customers with appropriate credit records. The credit risk on liquid funds is limited because the counterparties are financial institutions with high credit ratings. Further information regarding credit risk is provided in the interest in associates note (note 6), in the trade and other receivables note (note 9) and in the cash note (note 11).

(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. Further information regarding liquidity risk is provided in the trade and other payables note (note 16).

(d) Interest rate risk

The group has significant interest-bearing assets, and interest is earned at competitive market-related rates. Further information regarding interest rate risk is provided in the interest in associates note (note 6) and in the cash equivalents note (note 10).

42. CASH-SETTLED SHARE-BASED PAYMENTS

In the 2015 financial year, the group implemented a staff share incentive scheme whereby share appreciation rights were allocated to selected employees.

R21.3 million was charged to income in 2015. The current year charge is Rnil (2018: Rnil). The cash-settled share-based payment liability is carried in the bonus provision. This provision was reversed in 2020.

This scheme operates as a cash bonus scheme with the bonus calculated with reference to the share price based on share appreciation rights in issue.

The share appreciation rights will be redeemed at the 30-day weighted average Caxton share price on the JSE at the redemption date subject to a maximum redemption price of R13.33. The maximum gain equates to the difference between the redemption price of R13.33 and the weighted average issue price of R11.42.

The vesting of the share appreciation rights is as follows:

- The one third that was scheduled to vest on 30 June 2019 lapsed as the market price on that date was below the R11.42 issue price.
- The one third that was scheduled to vest on 30 June 2020 lapsed as the market price on that date was below the R11.42 issue price.
- The final third vests on 30 June 2021, and it is unlikely that the market price will reach R11.42.

43. EQUITY-SETTLED SHARE-BASED PAYMENTS

On 8 October 2015, the shareholders of the Company approved the issue of shares to TJW Holden and PG Greyling (collectively referred to as the directors) at an issue price of R15 per share in terms of a proposed retention incentive scheme for the directors.

In addition, financial assistance was granted to the directors to enable them to acquire the shares.

Since then, the share price of the Shares of the Company has ranged between R19.00 and R6.71 per share, and the issue of shares has therefore not achieved the desired objective of the Company.

The Board has accordingly determined that the Company cancel the retention incentive scheme with effect 19 December 2019.

The shares were bought back from the directors and the loans to the directors were subsequently repaid.

44. EVENTS AFTER THE REPORTING PERIOD

The Covid-19 national lockdown restrictions gradually eased further after year-end and are currently at level 1. The total prohibition on the sale of alcohol, cigarette end-consumer products was finally lifted after year-end which resulted in increased activity in our packaging operations.

On 12 October 2020, Caxton announced it will dispose of its shares and claims on loan account in Octotel (Pty) Ltd and RSAWeb (Pty) Ltd, to Neoma Africa Fund, a fund managed by the Actis Group (a leading growth and emerging market investor) for an estimated aggregate consideration of R493 million (R433 million in respect of the shares and R60 million in respect of the repayment of the claims on the loan account). The fair value of the assets is R493 million.

The effective date of the disposal is expected to be 15 December 2020.

The disposal is, *inter alia*, subject to:

1. the approval by the Johannesburg Stock Exchange of the circular to the shareholders;
2. the approval by any additional regulatory authorities which may be required, and
3. the approval of the disposal by the shareholders of the company in general meeting.

The proceeds of the disposal will be added to the existing cash reserves of the company, pending decisions as to effective utilisation of such funds.

INFORMATION RELATING TO SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES

		Holding		Cost less impairment		Owing	
		2020	2019	**2020**	2019	**2020**	2019
Name	**Nature of operations**	**%**	%	**R000**	R000	**R000**	R000
Directly held							
Caxton Publishers and Printers	Holding company	**100**	100	**1 351 490**	1 351 490		
Caxton Share Investments	Investments	**100**	100				
Capricorn Books	Printing	**90**	90	**565**	565		
Cognition Holdings (Public)	Digital & telecommunication solutions	**20**	20				
Darwain Investments	Printing	**60**	60	**494**	494		
Highway Mail	Publishing	**100**	67	**471**	471		
Noordwes Koerante	Publishing	**90**	90				
Northwest Web Printers	Printing	**90**	90				
Ridge Times	Publishing	**67**	67	**512**	512		
Saxton Investments	Investments	**100**	100				
Ukhozi Press	Printing	**89**	86	**173**	173		
Zululand Observer	Publishing	**60**	60	**2 497**	2 497		
Indirectly held							
Bucket Full	Packaging	**100**	100				
Cognition Holdings	Digital & telecommunication solutions	**47**	43				
CTP Digital Services	CD and DVD replication	**100**	100				
CTP Limited	Publishing & printing	**100**	100				
Deliwise	Printing	**75**	75				
Erfrad 13	Property owning	**100**	100				
Flipfile	Stationery manufacturer	**100**	100				
Fusion Digital	Printing	**50**	50				
Habari Media	Publishing	**–**	–				
Health Spa's Guide	Digital Publishing	**70**	70				
Highway Printers	Printing	**100**	100				
Hozi Holdings	Publishing	**100**	100				
Impala Stationery Manufacturers	Stationery manufacturer	**100**	100				
Kagiso Publishers	Printing	**100**	100				
Perskor News Agency	Magazine distributors	**100**	100				
Private Property	Property portal	**–**	32				
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				
Tysflo	Television channel development	**65**	–				
Umlingo	Stationery Distributors	**–**	100				
				1 356 202	1 356 202	**–**	–
Jointly-controlled							
Guzzle Media	Digital retail advertising	**50**	50			**–**	–
Levain	Publishing	**50**	50			**2 000**	2 000
Mahareng Publishing	Publishing	**50**	50			**1 050**	1 050
MCS Caxton International Press	Distribution	**50**	50			**–**	–
Remade Publishing	Recycling	**50**	50			**–**	–
Safeway Publishing	Publishing	**50**	50			**500**	500
				–	–	**3 550**	3 550
				1 356 202	1 356 202	**3 550**	3 550

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

20% of the group's 67% interest in Cognition Holdings is directly held by the Company, with the 47% balance indirectly held through CTP Limited.

INFORMATION RELATING TO ASSOCIATES

Name	Nature of operations	Holding 2020 %	Holding 2019 %	Cost less impairment 2020 R000	Cost less impairment 2019 R000	Owing 2020 R000	Owing 2019 R000
Directly held							
Capital Media (Feb)	Newspaper publisher	**67**	50	**11 333**	–	**–**	–
Carpe Diem	Magazine publisher	**–**	30	**–**	–	**–**	–
FBC Properties	Property owning	**50**	50	**–**	–	**–**	–
Fordsburg Mayfair Media	Newspaper publisher	**50**	50	**–**	–	**3**	–
Heraut Publiseerders	Newspaper publisher	**50**	50	**189**	189	**(935)**	683
Hutton Trading	Advert delivery	**50**	50	**250**	250	**2 650**	2 650
Ince Holdings	Printer	**–**	26	**–**	2 181	**–**	–
Leo Kantoor Meubels	Property owning	**50**	50	**–**	–	**–**	–
Lincroft Books (March)	Newspaper publisher	**49**	49	**8 381**	8 381	**733**	733
Lonehill Trading(March)	Magazine publisher	**50**	50	**–**	–	**(98)**	(62)
Mooivaal Media (March)	Newspaper publisher	**50**	50	**1 565**	1 565	**–**	–
Overdrive Publishing	Magazine publisher	**25**	25	**–**	–	**1 915**	1 965
Rising Sun Community Newspapers	Newspaper publisher	**45**	45	**–**	–	**(9 031)**	(8 483)
Ronain Investments	Property owning	**50**	50	**33**	33	**10 299**	11 042
Rowaga Properties	Property owning	**50**	50	**1 175**	1 175	**–**	–
Sentrale Makelaars	Dormant	**50**	50	**56**	56	**–**	–
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							
Afritrip Group	Web-based travel agency	**50**	50	**–**	23 000	**–**	–
Afristay Group	Web-based travel agency	**50**	–	**–**	–	**–**	–
BM Management	Consumable supplier	**30**	30	**–**	–	**–**	–
Capital Newspapers	Newspaper publisher	**45**	45	**–**	–	**2 762**	2 763
Die Pos	Newspaper publisher	**40**	40	**2 400**	2 400	**–**	–
Highbury Media	Magazine publisher	**49**	49	**–**	–	**–**	1 790
Kathorus Media	Newspaper publisher	**49**	49	**550**	550	**–**	–
Octotel (Feb)	Fibre to the home	**23**	23	**–**	–	**67 526**	87 816
RSA Web (Feb)	Internet service provider	**23**	23	**20 090**	20 090	**4 539**	12 723
911 Rapid Response		**50**	–	**–**	–	**–**	–
Shumani Mills Communication	Printer	**71**	71	**21 159**	21 159	**–**	5 304
Tysflo	Television channel development	**–**	34	**–**	3 614	**–**	7 800
Universal Labels	Label printing	**30**	30	**40 000**	40 000	**30 378**	34 418
Vizirama		**66**	–	**20 601**	–	**11 508**	–
Vehicle Traders Limited Edition	Digital subscription sales	**50**	50	**–**	–	**–**	457
				131 675	128 536	**122 249**	161 599

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

The financial year ends are June unless otherwise stated.

The holding in Shumani Mills Communication is equity-accounted as an associate as the Company and its subsidiaries exercise significant influence, but not control.

No single associate is material and therefore require separate disclosure.

INFORMATION RELATING TO ASSOCIATES *continued*

The group's proportional interest in associates and jointly-controlled entities is:

	Associates		Jointly controlled entities	
	2020	2019	**2020**	2019
Statement of financial position	**R000**	R000	**R000**	R000
Property, plant and equipment	**124 976**	139 481	**2 405**	2 501
Investments and long-term receivables	**52 602**	34 184	**–**	–
Current assets	**125 817**	183 671	**9 116**	12 153
Total assets	**303 395**	357 336	**11 521**	14 654
Long-term liabilities	**13 881**	39 393	**2 468**	2 432
Deferred taxation	**82 112**	12 669	**(20)**	37
Current liabilities	**100 838**	85 376	**3 343**	6 905
Total liabilities	**196 831**	137 438	**5 791**	9 374
Attributable net asset value	**106 564**	219 898	**5 730**	5 280
Statement of profit or loss and other comprehensive Income				
Revenue	**370 642**	419 366	**19 879**	29 823
Income before taxation	**(15 044)**	26 297	**1 394**	6 641
Taxation	**5 348**	(6 083)	**(294)**	(1 840)
Net income for the year	**(9 696)**	20 214	**1 100**	4 801

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE OF MEETING

Notice is hereby given that the annual general meeting of shareholders of the Company will be held in the boardroom, Caxton House, 368 Jan Smuts Avenue, Craighall Park, Johannesburg, at 10:00 on Monday, 7 December 2020.

RECORD DATE, ATTENDANCE AND VOTING

The record date for determining which shareholders are entitled to notice of the meeting is Monday, 26 October 2020 and the record date for determining which shareholders are entitled to participate in and vote at the meeting is Friday, 27 November 2020. The last day to trade in order to be eligible to vote at the meeting is accordingly Tuesday, 24 November 2020.

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 purposes or thereafter to the Company by hand no later than 9:30 on Monday, 7 December 2020; alternatively, it 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 pass, with or without modification, the ordinary and special resolutions set out below.

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

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

1. ORDINARY RESOLUTION NUMBER 1: ADOPTION OF ANNUAL FINANCIAL STATEMENTS

"Resolved that:

The annual financial statements of the Company and the group for the year ended 30 June 2020 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 2020.

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

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

Explanation: The reason for ordinary resolution number 3 is that the Memorandum of Incorporation requires that no fewer than 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:

BDO South Africa Incorporated be and is hereby reappointed as independent auditors of the Company and Mr PR Badrick is appointed 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: ELECTION OF THE AUDIT AND RISK COMMITTEE CHAIRMAN AND MEMBERS

"Resolved that:

5.1 Mr JH Phalane be and is hereby 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 Mr JH Phalane, Mr ACG Molusi and Mr NA Nemukula who are recommended by the Board and whose appointments automatically terminate 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 passed at the meeting."

Explanation: The reason for ordinary resolution number 6 is to give any director of the company or company secretary the authority to sign all documentation required to give effect to resolutions which have been passed 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 in the Listings Requirements of the JSE;
- this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- a paid press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue, at the time of passing of this special resolution, and any 3% (three percent) increments thereafter, which announcements shall contain full details of such acquisitions;
- acquisitions of ordinary shares by the Company in terms of this general authority in the aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued ordinary share capital nor may any subsidiary hold more than 10% (ten percent) of the Company's issued share capital at any one time; 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:

- the Company and the group will be able in the ordinary course of business to pay its debts;
- the assets of the Company 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 the Company and the group will be adequate for the purposes of the Company's and the group's businesses, respectively; and the working capital of the Company 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 2021 to 31 December 2021 to be as follows:

PM Jenkins	R1 390 000
ACG Molusi	R225 000
NA Nemukula	R225 000
JH Phalane	R290 000
T Slabbert	R205 000."

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 AND INTER-RELATED ENTITIES OF 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 the Company."

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 AND INTER-RELATED ENTITIES OF 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 the Company 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 for or purchase of securities to any entity that 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 and risk management report be and is hereby approved."

Explanation: The remuneration policy is tabled to enable shareholders to express their views on the remuneration policy adopted. This resolution is advisory in nature, but will be taken into consideration when considering the Company's remuneration policy in the future.

12. NON-BINDING ADVISORY RESOLUTION NUMBER 2: APPROVAL OF IMPLEMENTATION OF THE REMUNERATION POLICY

"Resolved that:

The implementation of the Company's remuneration policy for the year ended 30 June 2020 be and is hereby approved."

Explanation: The resolution is tabled to enable shareholders to express their views on the implementation of the remuneration policy adopted. This resolution is advisory in nature, but will be taken into consideration when considering the Company's remuneration policy in the future.

Shareholders are reminded that, in terms of King IV, the passing of this advisory resolution is by way of a non-binding vote. Should 25% or more of the votes be cast against this resolution, the Company undertakes to engage with shareholders as to the reasons therefor.

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 meeting is attached:

- Details of directors on page 3;
- Directors' interests in securities on page 33 (there are no non-beneficial interests);
- Major shareholders on page 34; and
- The share capital note 12 on page 58.

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

J Edwards
Company Secretary

26 October 2020

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

Private Bag X9000, Saxonwold, 2132

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 otherwise (section 58(4)(b)); and

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

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

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

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

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

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

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

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

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

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

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

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

FORM OF PROXY

CAXTON&CTP publishers & printers LIMITED

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

For use by certificated shareholders and dematerialised shareholders with own name registration at the annual general meeting of the holders of ordinary shares in the Company ("Caxton shareholders") to be held in the boardroom, Caxton House, 368 Jan Smuts Avenue, Craighall Park, Johannesburg at 10:00 on Monday, 7 December 2020.

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 2020			
2.	To place the unissued ordinary shares of the Company under the control of the directors			
3.1	To re-elect Mr PM Jenkins as a director of the company			
3.2	To re-elect Mr ACG Molusi as a director of the company			
4.	To re-appoint BDO South Africa Incorporated as the independent auditors and to register Mr PR Badrick as the designated auditor			
5.1	To re-elect Mr J Phalane 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 the 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			
	Non-binding advisory resolutions			
1.	To approve the remuneration policy as set out in the corporate governance and risk management report			
2.	To approve the implementation of the remuneration policy as set out in the corporate governance and risk management report			

Signed at on 2020

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 Private Bag X9000, Saxonwold, 2132), to be received by no later than 10:00 on Thursday, 3 December 2020 for administrative purposes or thereafter to the Company by hand no later than 9:30 on Monday, 7 December 2020; alternatively it 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 on Thursday, 3 December 2020 for administrative purposes or thereafter to the Company by hand no later than 9:30 on Monday, 7 December 2020; alternatively it 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 authority to do so, or carry out their instructions.
9. The chairman of the annual general meeting may reject or accept any form of proxy that 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
PO Box 43587
Industria, 2042

Company Secretary
J Edwards

Auditors
BDO South Africa Incorporated
The Wanderers Office Park
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Illovo
Johannesburg, 2196

Attorneys
Fluxmans Inc.
30 Jellicoe Avenue
Rosebank
Johannesburg, 2196

Bankers
First National Bank
Bank City, Johannesburg, 2001

Sponsor
AcaciaCap Advisors 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,
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CAXTON&CTP publishers & printers LIMITED