Transpaco
LIMITED

June 2021
Integrated Annual Report

June 2021
Integrated Annual Report

www.transpaco.co.za

Contents

01

About this report

We are pleased to present our integrated annual report which covers the financial year ended 30 June 2021. In this report we endeavour to demonstrate Transpaco's ability to create and sustain value for shareholders in the short, medium and long-term. We aim to explain the key opportunities and risks in our markets, our financial, and non-financial performance over the year and our expectations for the year ahead.

KEY COMPANY DATA

Transpaco Limited
Registration number: 1951/000799/06
ISIN: ZAE000007480
JSE Main Board: Containers and Packaging sector
Share code: TPC
Listing date: 1987
Shares in issue (30 June 2021): 31 839 483

SCOPE OF THIS REPORT

This report presents the annual financial results and the economic, environmental, social, and governance performance of the group for the year 1 July 2020 to 30 June 2021, and follows our integrated annual report for the previous year published in October 2020. Content, including the company's consolidated financial statements as set out on pages 48 to 96, covers all divisions and subsidiaries of the company, as illustrated on pages 8 to 11, across all regions of operation in South Africa.

The report is targeted primarily at current stakeholders and potential investors. In compiling the report, we were guided by international and South African reporting guidelines and best practice including King IV™ * and the International Integrated Reporting Framework, as well as South African legislation including:

- Companies Act
- JSE Listings Requirements
- International Financial Reporting Standards (IFRS)
- SAICA Financial Reporting Guides as issued by the Accounting Practices Committee

CORPORATE INFORMATION

The group's executive directors are Phillip Abelheim (CEO), Louis Weinberg (CFO), and Charly Bouzaglou. They can be contacted at the registered office of the company.

The company secretary is Hendrik van Niekerk. For feedback regarding the content and usability of this report, you can contact the company secretary. See inside back cover of this integrated report for contact details. This integrated annual report is available online at http://www.transpaco.co.za/investors/annual-report

CAPITALS OF VALUE CREATION

The International Integrated Reporting Framework introduced the concept of reporting in terms of the six capitals which impact on value creation and contraction in a business. The group's activities and performance relating to the capitals below are covered throughout the report as indicated.

FINANCIAL CAPITAL	MANUFACTURED CAPITAL	INTELLECTUAL CAPITAL	HUMAN CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL	NATURAL CAPITAL
Relates to the financial resources deployed by a company and is covered in Who We Are, Chairman's Message, CEO's Report, Five-year Review, Business Model and the Annual Financial Statements.	Relates to the physical infrastructure used in the manufacture and distribution of our products, which is dealt with in Who We Are, Business Model, Chairman's Message and CEO's Report.	Relates to organisational knowledge, systems, protocols and intellectual property. This capital is reflected throughout the entire report and in specific in the Business Model, Chairman's Message, CEO's Report, Risk Report, Our Impacts and Corporate Governance.	Deals with the competency, capability and experience of the board, management and employees and this is featured in Directors, Chairman's Message, CEO's Report, Our Impacts, Remuneration Report and Transformation, Social & Ethics Committee Report.	Deals with stakeholder engagement and is covered in Our Impacts, Accountability and Transformation, Social & Ethics Committee Report.	Relates to the natural resources we use and is covered in Our Impacts.

ASSURANCE

We undertake the following assurance to ensure reporting integrity:

BUSINESS PROCESS	NATURE OF ASSURANCE	ASSURANCE PROVIDER
External audit	Annual financial statements	BDO South Africa Incorporated
Internal audit	System of internal controls	Audit & risk committee
B-BBEE	B-BBEE audit verification	MSCT BEE Services

BOARD RESPONSIBILITY STATEMENT

The Transpaco board confirms its responsibility for the integrity of the integrated annual report, the content of which has been collectively assessed by the directors who believe that all material issues as identified and discussed at board meetings have been addressed and are fairly presented. The board confirms that it has approved this integrated annual report and authorised its release on 14 October 2021.

The board believes that the integrated annual report was prepared in accordance with the International Intergrated Reporting Framework. The report, which remains the ultimate responsibility of the board, is prepared under the supervision of senior management, and subject to both internal and external assurance. The report is submitted to the audit & risk committee, which reviews and recommends it to the board for approval having reviewed the contents, as well as the collation process, and with reliance on the assurance provided on the various reporting elements.

The directors confirm that Transpaco is in compliance with the provisions of the Companies Act or laws of establishment, specifically relating to its incorporation and is operating in conformity with its Memorandum of Incorporation ("MOI") and/or relevant constitutional documents.

FORWARD-LOOKING STATEMENT

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 30 June 2021. Actual results may differ materially from the company's expectations if known and unknown risks or uncertainties affect the business, or if estimates or assumptions prove inaccurate. The company cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, save as required by the JSE Listings Requirements and/or any other legislation/regulations.

Phillip Abelheim
CEO

Louis Weinberg
CFO
14 October 2021

FY21 Highlights

FINANCIAL HIGHLIGHTS

NET ASSET VALUE PER SHARE
2 306c

HEADLINE EARNINGS PER SHARE
336,2c

TOTAL DIVIDEND PER SHARE
153c

GROUP REVENUE
R2,079bn

TOTAL OPERATING PROFIT
R164,9m

CLOSING MARKET CAP (30 JUNE 2021)
R508,8m

KEY FEATURES

Level 2
B-BBEE CONTRIBUTOR

8 Production
FACILITIES

4 Trading
FACILITIES

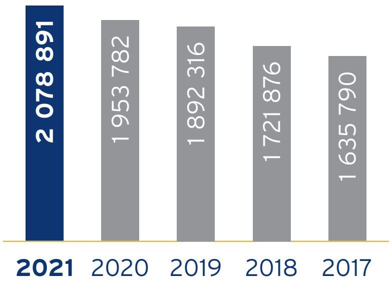
1 522
EMPLOYEES

DISTRIBUTION CAPABILITY ACROSS ALL
9 Provinces

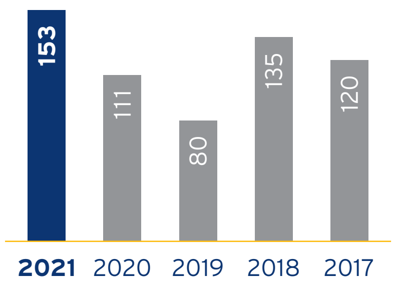
FINANCIAL STATISTICS

	2021	2020	2019	2018	2017
Current ratio (x)	**1,9**	1,9	2,0	2,1	2,1
Net interest-bearing debt: equity ratio (%)	**22,8**	13,2	10,5	11,6	Net cash positive
Operating income margin (%)	**7,9**	5,8	4,5	8,1	7,4
Net asset value per share (cents)	**2 306**	2 066	1 940	1 886	1 708

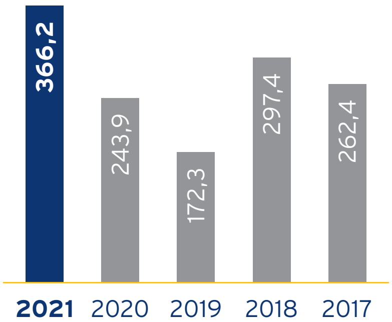
REVENUE
(RANDS)



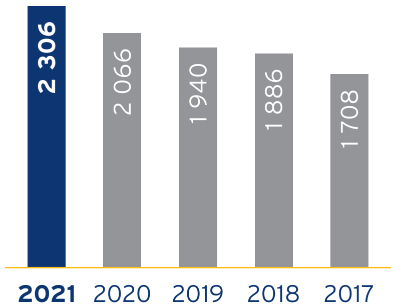
DIVIDEND PER SHARE
(CENTS)



DILUTED HEPS
(CENTS)



NET ASSET VALUE
(CENTS)



Chairman's message

As a country we have endured two horrendous years. Covid-19 remains a devastating presence affecting our personal, social and economic lives.

I support the government's efforts of getting as many South Africans vaccinated as quickly as possible. While there are clearly some vocal opposing views, the commonly accepted view amongst the world's leading scientists, expert public health officials and indeed the related health data is that mass vaccination is our best tool for overcoming this disease.

The devastating civil unrest the country experienced in July added a chilling perspective on the precarious economic existence of many South Africans. The mass destruction of economic assets was heart wrenching. It is of critical importance that the state regains control of the security situation in the country and can prevent and/or contain any further occurrences. South Africa is a country in need of investor confidence and the commitment to stay in the country on the part of skilled professionals and technical personnel. Strained race relations in KwaZulu-Natal are a potential tinder box vulnerable to exploitation by bad actors. Events such as these undermine this much needed confidence. Our country cannot continue to operate without empathy for the plight of millions of poverty-stricken South Africans. We need appropriate policies, and we need swift execution. These rely on a competent state. Let's hope that the rebuilding exercise under the current President is accelerated.

Transpaco has achieved an important milestone in revenue breaching the R2 billion mark. It has taken the firm nine years to move from R1 billion to this new level. We are confident the firm will continue to grow on this foundation. Our profit for the year was R110 million representing a 60% improvement on last year.

Normally I would describe Transpaco as a solid and reliable financial performer. We focus on the myriad of activities that lead to effective cost containment and working capital management. In this financial year I can perhaps be a bit more effusive and say that we had an incredible performance. The performance represents the aggregated commitment and actions of an experienced and entrepreneurial leadership team and 1 522 employees across all our operating divisions. While I readily acknowledge that Transpaco achieved roughly similar profits in the 2016/7 financial year, it is my view that the firm is now more mature and rests on a more solid basis to be able to reproduce this performance and indeed build from here. Time will be the arbiter.

Transpaco has enjoyed an incredible financial performance despite the tough macro trading conditions. This is especially gratifying considering South Africa's sustained low economic growth rate, the challenges with a state seemingly unable to fulfil a range of basic enabling responsibilities, and the complex and multi-year impact of Covid-19. In many ways the packaging industry is a barometer of overall GDP. Despite this, most of our divisions contributed to the outstanding results.

The performance confirms important elements of our strategic design. The first of these being that Transpaco draws great strength from being a diversified group. We seldom have a year where we are fortunate enough to experience all our businesses performing at the same positive financial performance. But the breadth of the operating divisions represents an implicit form of protection for the group. When some divisions underperform others can be relied upon to deliver outstanding results. Our operating divisions are run by a cohort of long-serving talented leadership teams afforded a fair degree of autonomy. Strategic direction setting, governance, overall company policies, and the deployment of capital is provided from the centre.

A second pillar in our strategy is the continued but prudent support by the group of our operating divisions with the provision of the capital they require to grow their businesses and to meet their changing customer requirements. Transpaco's proven strategy is to support our divisions with further acquisitions that contribute to a larger scale of operations and additional growth-enabling capital investments in equipment and the like. The group is a consistent generator of cash from operations. For the past 15 years since I've been on the board, Phil and Louis have demonstrated an expertise in the deployment of that capital into growth opportunities. The discipline extends to when, in admittedly rare circumstances, the group decides to exit from or close a division. The closure of Transpaco Recycling taken in the 2020 financial year represents an example of this discipline.

Transpaco enhances its competitive position in the market when it deploys capital to upgrade the quality of the products we offer. Britepak received a major capital injection in 2020 and 2021. I can report that we are seeing the direct impact of this investment in the division's 2021 financial performance. The investment we made in Specialised Films, one of South Africa's leading manufacturers of pallet wrap was designed to meet increased market demand and new technology standards. These sophisticated machines typically require the original equipment manufacturers (OEMs) technicians on-site to manage the commissioning of the equipment. Transpaco was forced, given the Covid-19-restrictions on travel, to commission the new plant using its own in-house skills with remote input from the OEM technicians. At the same time, the division moved its operations from leased premises in Bronkhorstspruit to a Transpaco-owned facility in Ekurhuleni. I am pleased to report that the move went smoothly. I want to acknowledge the efforts of the team, in this incredible achievement. We are proud of you.

The third pillar of our strategy is to ensure that we review our portfolio of operating divisions to ensure that none of them enjoys a permanent financial subsidy from the group. All operating divisions must be able to demonstrate an ability to 'stand on their own feet'. Transpaco goes out of its way to have measured expectations of our various and varied operating divisions comprising the group. We are committed to our divisions, our employees, and customers. As much as we display the requisite amount of commercial caution in acquisitions and the deployment of capital investment, so too do we try to ensure that when we must close a division we do so with clarity of thought and consideration and after exhausting all reasonable initiatives to try to bring the division back to financial health. In the 2020 financial year we closed Transpaco Recycling. The full year effect of the avoided cash losses partly contributes to this year's performance. We will continue to review our portfolio with the same diligence we applied to Recycling. It is worth stating that we remain a significant recycler of own in-house factory produced waste.

The fourth pillar of our strategy is for Transpaco to sustainably secure greater exposure to export markets. This will result in a larger addressable market, and some degree of risk mitigation. It is important for Transpaco to apply the requisite resources to ensure that we succeed in this journey of learning to export consistently and sustainably. East Rand Plastics (ERP) is experiencing a sustained period of success with its export business. Transpaco will be supporting this important achievement with additional investment in plant and equipment for ERP in the 2022 financial year to ensure that our client's service and quality expectations are exceeded. This is really at the starting point of an important strategic initiative for the Group, and ERP will be able to offer in the fullness of time useful lessons which some of our other operating divisions will be able to draw on.

Transpaco's fifth strategic pillar is to operate, wherever commercially prudent to do so, out of its owned factory facilities. We enjoy being our own landlord. In the current financial year, we spent R11 million in converting a facility to host the sophisticated manufacturing operations of our newly expanded Specialised Films division. Most of the properties where our factories are located belong to the group with only two exceptions, Britepak and Transpaco Cores and Tubes. Owning the facilities means that we can expand our footprint to suit our operational requirements and add value to the premises at our group's strategic discretion and in line with our timetable. A recent example is the increase in the requirements to attain ASIB certification to allow for short term fire insurance. This has meant significant investment by the group over the last two years in expensive sprinkler systems, fed by their own water tanks. We are also seeing our operations move from industrial parks in outlying areas that were originally designed by Government as part of its policy objectives aimed at employment creation. Transpaco has witnessed the decline of the supporting utilities for the park we operated in. To ensure the Group's smooth functioning of our manufacturing operations we are locating in our own facilities in the larger municipalities with better utility infrastructure. This is an indictment on the local government sphere. We believe a host of other firms are probably at the very least considering making similar pragmatic moves.

We have consolidated our two trading divisions, Transpaco Packaging and Future Packaging and Machinery (which was purchased in March 2018). The new consolidated divisions will be headed by the current Future Packaging and Machinery MD and the new division will be branded as Transpaco and Future Packaging and Machinery. A succession plan is in place with an experienced internal candidate. The combined division will operate out of Transpaco and Future Packaging and Machinery's state of the art facilities in Honeydew. Steve Harmse, the previous MD of Transpaco Packaging has resigned after serving Transpaco with distinction for more than 30 years. I've previously related how Phil has created an environment which ensures the long service of our divisional MD's. This is no more apparent than in the case of Steve. We wish him well with his future endeavours.

Though Transpaco is committed to running a small head office with tightly controlled expenses we have decided to make two investments in senior appointments related to succession planning. The first appointment is currently being rotated through a selection of the operating divisions to ensure he can be rapidly deployed to any of those divisions should the need arise. A second similar appointment is in the works.

Transpaco has appointed BDO as its new auditors. This is in line with the anticipated compulsory rotation of audit firms. The 2021 AFS represents BDO's maiden audit of Transpaco. Transpaco wishes to thank EY for their long and distinguished service record with Transpaco.

Transpaco has, in our latest audit conducted in February 2021, maintained a Level 2 B-BBEE recognition. There are several contributing factors. In 2005 Transpaco concluded a BEE-ownership transaction which has remained essentially constant over the last 15 years, without any dilution of that original ownership. It remains a testament to a well-constructed partnership. Transpaco is invested in and committed to the Youth Employment Scheme (YES) initiative, Skills Development, and Enterprise and Supplier Development. We will continue to increase the diversity of the Board and Management of the company with respect to race, gender and skills.

Thanks go to Phil, Louis, and the Divisional Managing Directors for their achievements across a growing business operating in a complex environment. A note of appreciation to all our employees (many of whom are life-long at Transpaco), and of course our numerous customers big and small. To the non-executive directors thank you for your contributions to the board. I am regularly reminded of your hard work, attention to detail and desire to serve Transpaco to the best of your abilities.

Derek Thomas

Chairman
14 October 2021

02
Who we are

COMPANY PROFILE

Transpaco manufactures and distributes plastic and paper packaging products for sectors of the economy including retail, industrial, agriculture, mining, pharmaceutical and automotive. Our products are customised to customer requirements and distributed across the country and exported into Southern Africa. We operate through two main divisions: Plastic Products and Paper & Board (see pages 10 to 11).

Transpaco has been listed on the JSE 'Containers and Packaging' sector for over three decades and has continued delivering consistent incremental growth. Our business strategy is driven by unlocking and generating solid organic growth and identifying and pursuing earnings-enhancing acquisitions.

This key strategic objective is supported by six drivers:

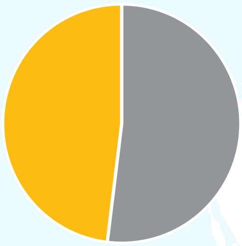
1. Organic and acquisitive growth
2. Employee security
3. Continually improved efficiencies and capacity
4. Strict cost and working capital control
5. Transformation
6. Quality products at competitive prices with requisite service delivery

OUR JOURNEY MILESTONES

34
YEARS LISTED ON THE JSE

1987	Transpaco listed on JSE
	Acquired Framen Paper (later Transpaco Cores, subsequently Transpaco Cores and Tubes)
1997	Acquired Transpaco Sheet Extrusion
1998	Acquired Silverpack group
1999	Established Transpaco Flexibles Mpumalanga
2004	Acquired Recycling Plastics (merged into Transpaco Recycling)
2005	BEE transaction. Acquired Britepak
2006	Acquired Polyfoil (now part of Transpaco Flexibles Mpumalanga)
	Established Transpaco Specialised Films
2010	Acquired Disaki Cores and Tubes, which subsequently became Transpaco Cores and Tubes
2015	Acquired East Rand Plastics
2017	Acquired Propateez 62, the property from which the Recycling operations run
2018	Acquired Future Packaging
2020	Recycling operations discontinued
2021	Acquired property from which Transpaco and Future Packaging operates

SEGMENTAL BREAKDOWN



52% PLASTIC PRODUCTS

48% PAPER & BOARD

CONTRIBUTION TO GROUP REVENUE BY DIVISION

29% PAPER & BOARD

60% PLASTIC PRODUCTS

11% GROUP SERVICES

CONTRIBUTION TO GROUP OPERATING PROFIT BY DIVISION

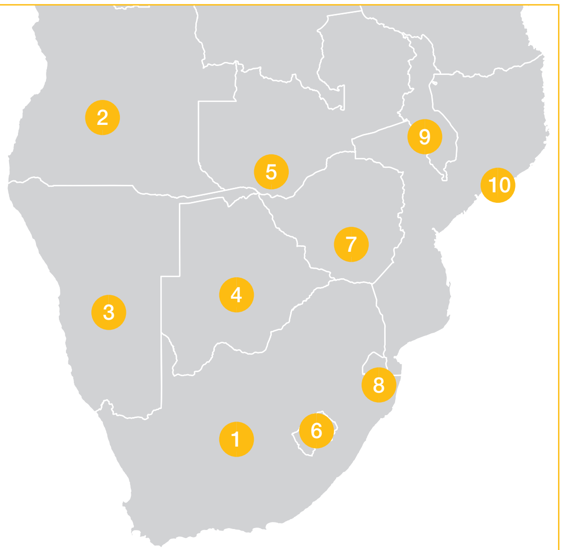
OUR MARKET REACH

Plastic Products:
4 manufacturing sites and distribution centres throughout South Africa

Paper & Board:
4 manufacturing sites, 4 trading facilities and distribution centres throughout South Africa

Properties & Group services:
Booysens Road Properties; Explosive Film Technologies; Propateez 62; Transpaco Administrative and Financial Services

DISTRIBUTION NETWORK



1. South Africa
2. Angola
3. Namibia
4. Botswana
5. Zambia
6. Lesotho
7. Zimbabwe
8. Eswatini
9. Malawi
10. Mozambique

INVESTMENT CASE

- Leading manufacturer and distributor of paper and plastic packaging products.
- Geographic footprint in all nine provinces.
- Multi-faceted business with different revenue streams.
- Diversified client base with reduced sector dependence.
- Key player in consolidation of local packaging market.
- Entrepreneurial culture with highly skilled staff.
- Deep technical expertise embedded in the long-serving leadership team.
- Stringent management of cash generation and working capital.
- Prudent balance sheet management.
- Strongly positioned and flexible to take advantage of opportunities in the packaging value chain.

Our Operations

PLASTIC PRODUCTS

EAST RAND PLASTICS

East Rand Plastics is Africa's largest manufacturer of refuse bags with an ISO 9001:2008 certified factory situated in Gauteng with national distribution. It produces different brands including Garbie and individual House Brands and includes black, clear and colour refuse bags, bin liners, sheeting and film. The products are provided in light, medium and heavy duty for local and export household, garden markets, and heavy duty industrial markets.

PRODUCTS

Refuse bags are manufactured from pre- and post-consumer recycled material protecting our environment and are also produced in flat and perforated or interleaved roll forms.

FLEXIBLES

Transpaco manufactures a range of plastic packaging solutions at two manufacturing sites in Gauteng and Western Cape (certified ISO 9001:2008) with distribution facilities throughout South Africa.

PRODUCTS

- Retail vest-type plastic bags
- Retail boutique plastic bags
- Refuse bags
- Courier bags
- Industrial plastic bags
- Tubing and sheeting
- Scholastic stationery
- High density polyethylene
- Low density polyethylene

SPECIALISED FILMS

Transpaco is a leading manufacturer of specialised films - three, five, seven and (a first in Africa) fifty-seven layer cast film products through its ISO 22000:2005 certified manufacturing facility in Bronkhorstspruit. The facility boasts state-of-the-art equipment for products of the highest quality and standard. Distribution facilities are in place throughout South Africa. During the year the operation was relocated to Elandsfontein and is now housed in a Transpaco owned property.

PRODUCTS

- Cast pallet stabilisation wrapping
- Stretch film
- Three, five, seven and fifty-seven layer cast film

PAPER & BOARD

BRITEPAK

Britepak manufactures printed folded cartons and package inserts through one manufacturing plant in Gauteng. The facility boasts a prepress service, including Suprasetter plate-setting technology, lithographic printing including offline, high quality ultra-violet varnish capabilities, sophisticated finishing including modern automatic flat-bed die-cutting and, state-of-the-art gluing and folding including braille capabilities.

PRODUCTS

- Printed folded cartons and package inserts

CORES AND TUBES

Cores and Tubes is the leading manufacturer of spirally wound tubular cardboard cores, carton dividers, void fillers and angle boards with manufacturing and distribution facilities in Germiston, Durban and Cape Town. The facility is a fully automated paper board converting with a modern, sophisticated plant and equipment that is certified ISO 9001:2008.

PRODUCTS

- Heavy duty cores
- Light duty cores
- Yarn cores
- Tape cores
- Conical containers
- Void fillers
- Carton dividers
- Angle boards
- Paper straws

PACKAGING AND MACHINERY

Packaging and Machinery is the leading packaging supplier to the retail, industrial, wholesale, agricultural, automotive, construction, food & beverage and telecommunication markets. There are four distribution centres in South Africa. Future Packaging and Machinery (Pty) Ltd, Future Packaging and Machinery Cape (Pty) Ltd, Future Packaging and Machinery KwaZulu-Natal (Pty) Ltd and Transpaco Packaging (Pty) Ltd were consolidated into one company.

PRODUCTS

- Corrugated board and cartons
- Pallet and food wrap
- Paper bags
- Plastic bags, tubing and sheeting
- Tape and closures
- Cleaning materials
- Protective clothing
- Paper and board
- Packaging machinery
- General packaging
- Labels

PROPERTY AND GROUP SERVICES

Property and group services provides property owning and central administration, financial and related services to all group divisions which include Propateez 62, Booysens Road Properties, Explosive Film Technologies, and Transpaco Administrative and Financial Services.

Our Business Model

Activities

Transpaco is a manufacturer and distributor of paper and plastic packaging products for a broad range of industries within the core focus of packaging throughout South and Southern Africa.

	INPUTS
FINANCIAL CAPITAL	• Retained earnings • Debt funding • Investment funding • Cash generated from operations
MANUFACTURED CAPITAL	• 8 manufacturing sites • 4 trading operations • Distribution centres throughout South Africa
INTELLECTUAL CAPITAL	• Management employs vast knowledge and capability gained through extensive experience in the packaging industry
HUMAN CAPITAL	• 1522 employees • 80 learnerships • 47 YES programme candidates
SOCIAL AND RELATIONSHIP CAPITAL	• Relationship with employees/investors/suppliers/customers • Commitment to CSI and transformation
NATURAL CAPITAL	• Extensive use of post-consumer recycling material • Use of recycled paper and board • Extensive internal recycling • Promotion of circular economy to protect environment

OUTPUTS

- 46 000 tons of plastic converted
- 17 600 tons of paper converted
- Flexible packaging products
  - retail plastic bags
  - refuse bags
  - courier bags
  - scholastic stationery
  - pallet stabilisation film
- General packaging
  - packaging machinery
  - cleaning materials
  - protective clothing
- Pharmaceutical cartons and packaging inserts
- Cardboard cores and tubes
- Void fillers
- Carton dividers
- Angle boards
- Paper straws

OUTCOMES

- Distribution to shareholders of R39 793 million
- R2 079 million revenue
- R165 million operating profit
- R16 million distributed through the share buy-back programme
- R44 million paid to government taxes

- R156 million capital expenditure to improve manufacturing equipment and to acquire properties

- Largest South African manufacturer of:
  - retail plastic bags
  - pallet stabilisation
  - refuse bags
  - cores and tubes
  - scholastic book coverings

- R392 million distributed to employees as remuneration and benefits
- R7,7 million invested in skills development
- Deep technical expertise embedded in the long-serving leadership team
- We are funding learnerships for 80 people of which 30 are disabled
- 47 individuals under the age of 35 are part of the YES initiative

- R1,5 million invested in communities in communities through the CSI programme
- Level 2 BBBEE
- R3 million loan in support of BBBEE business development

- 24 500 tons of plastic post-consumer waste diverted from the waste streams
- 15 600 tons of paper and board diverted from the waste streams
- Promotes and encourages the reuse and recycling of resources

Key Risks

We regard risk management as central to growing a sustainable business. Risks are constantly evolving and there is a formal process of debating these annually by the board based on submissions from the audit and risk committee. Our risk management framework is set out in the risk management section on page 36. Our key risks and how we mitigate against them are outlined below:

CATEGORY	RISK	MITIGATION
COMPLIANCE	Breach of any South African laws	• A comprehensive Code of Conduct is enforced including competition regulation compliance training for all managing directors and certain employees. • A declaration of compliance with competition regulations is signed by all managing directors on a monthly basis. The company and its employees are compelled to abide by all South African laws.
	Fraud	• Comprehensive internal audit functions, and external audits are carried out. The company has zero tolerance for all forms of theft, fraud and corruption. Any employee implicated in such activity is appropriately dealt with including criminal charges laid against such individuals.
	Health and safety	• Health and safety committees are established at all factories with regular inspections conducted by the committees. Health and safety inspections are carried out regularly and conducted by external service providers. All identified risks are addressed timeously.
CUSTOMERS	Debtors	• Selected debtors are insured with stringent credit control procedures in place at all operations.
	Reliance on large customers	• Attracting additional customers to broaden the spread while developing export opportunities. Exploring diversification measures of the group by adding divisions through mergers and acquisitions.
HUMAN RESOURCES	Ethical leadership	• Comprehensive Code of Conduct in place.
	Labour unrest	• Maintaining good relationships with employees and unions. Ensuring sound and fair labour practices. CEPPWAWU a union representing many employees through its investment arm is Transpaco's BBBEEE partner.
	Succession	• Succession policy in place which is updated and reviewed regularly.
	Attracting suitably qualified employees	• Ensuring competitive remuneration, compliance with transformation strategies and formal recruitment policies are in place. Establishing favourable and secure working environment.
MARGINS	Input cost (electricity)	• Ensuring all factories operate efficient plant and machinery while minimising power usage.
	Input cost (raw materials)	• Negotiating with current raw materials suppliers while securing new suppliers locally and abroad.
	Oil prices	• Diversification into fields of operation less dependent on fossil fuels e.g. paper related products.
	Exchange rates	• Hedging of all import trade creditors in foreign currency.
	Import replacement competition	• Ensuring efficient manufacturing processes to maintain competitiveness and consulting with local raw materials suppliers to secure raw materials at competitive prices.

CATEGORY	RISK	MITIGATION
PLANTS	Technology advancement	• Executive managing directors visits to international trade fairs to keep abreast of latest technology.
	Fire, theft and floods	• Conduct independent risk analysis. Plant and machinery is insured at replacement values. These replacement values are regularly updated, ensuring that all operations are adequately insured. Adequate security at all facilities.
PRODUCTS	New product	• International research on new product development by managing directors.
	Stocks	• Conducting regular stock take at all venues to minimise redundant stock and ensure that inventory is accurately and conservatively valued.
SUPPLIERS	Dependence on few major raw materials suppliers	• Establishing relationships with new suppliers both local and foreign.
NEGATIVE PLASTIC AND PLASTIC PRODUCT SENTIMENT	Customers switch from plastic to alternative products	• Invest and expand into non-plastic packaging products and businesses while investigating alternatives to fossil based polymers (biodegradable). • Encourage a circular economy with the use of post-consumer recycled material by customers. Engage with customers, government and environmental bodies.
CYBERSECURITY	Cyberhack or data loss	• Ensuring that adequate firewall and virus protection measures are updated and in place at all times. • Complete IT backups performed hourly and housed off site. Installation of disaster recovery facilities housed off site.
SOCIAL MEDIA	Reputational damage	• Detailed social media policy in place governing employee social media behaviour.
COVID-19	Infection of employees	• Having awareness programmes, distributing masks, offices and factories sanitised measures in place. • Compliance officers in place at head office and each facility.
	Business interruption	• Classified as essential service.

* With developments in the South African insurance industry resulting in a reluctance of local insurers to provide fire insurance cover for the paper and plastic industry, Transpaco continues to invest in improving fire prevention facilities at all plants in line with insurers' requirements. The installation of ASIB certified sprinkler systems have been concluded at all Transpaco owned sites. While we await final ASIB certification full insurance cover at two divisions is restricted.

Five year review

OF THE GROUP

STATEMENTS OF COMPREHENSIVE INCOME	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000
CONTINUING OPERATIONS					
Revenue	**2 078 891**	1 905 764	1 892 316	1 721 876	1 635 790
Operating profit before net finance costs	**164 851**	135 890	96 981	139 209	121 703
Net finance costs	**(14 385)**	(10 771)	(11 062)	(4 167)	(2 358)
Profit before taxation	**150 466**	125 119	85 919	135 042	119 345
Taxation	**(40 188)**	(33 632)	(23 641)	(37 556)	(32 986)
Profit for the year from continuing operations	**110 278**	91 487	62 278	97 486	86 359
DISCONTINUED OPERATION					
Loss for the year from discontinued operation	**-**	(22 533)	(5 090)	-	-
Profit for the year	**110 278**	68 954	57 188	97 486	86 359
Other comprehensive income	**-**	-	-	-	-
Total comprehensive income for the year	**110 278**	68 954	57 188	97 486	86 359

STATEMENTS OF FINANCIAL POSITION	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000
Assets					
Non-current assets	**624 065**	549 309	435 852	432 831	382 035
Current assets	**667 281**	561 486	641 346	649 978	541 469
Disposal group assets classified as held for sale	**20 145**	10 062	-	-	-
Total assets	**1 311 491**	1 120 857	1 077 198	1 082 809	923 504
Equity and liabilities					
Capital and reserves	**734 297**	679 515	637 856	620 131	561 225
Non-current liabilities	**227 771**	143 691	117 249	158 362	106 303
Current liabilities	**349 423**	297 365	322 093	304 316	255 976
Disposal group liabilities classified as held for sale	**-**	286	-	-	-
Total equity and liabilities	**1 311 491**	1 120 857	1 077 198	1 082 809	923 504

STATEMENTS OF CASH FLOWS

	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000
Net cash inflow from operating activities	**94 311**	182 217	50 507	47 557	120 756
Net cash outflow from investing activities	**(73 168)**	(105 263)	(45 420)	(133 890)	(115 754)
Net cash (outflow)/inflow from financing activities	**(5 718)**	(52 815)	(28 852)	47 247	9 365
Net movement in cash for the year	**15 425**	24 139	(23 765)	(39 086)	14 367
Cash and cash equivalents at the beginning of the year	**60 822**	36 683	60 448	99 534	85 167
Cash and cash equivalents at the end of the year	**76 247**	60 822	36 683	60 448	99 534

SHARE STATISTICS

	2021	2020	2019	2018	2017
CONTINUING OPERATIONS					
Headline earnings per share (cents)	**336,2**	277,5	187,8	297,4	262,6
Diluted headline earnings per share (cents)	**336,2**	277,5	187,8	297,4	262,4
Basic earnings per share (cents)	**337,4**	278,2	189,4	298,8	262,8
Diluted basic earnings per share (cents)	**337,4**	278,2	189,4	298,8	262,6
TOTAL OPERATIONS					
Headline earnings per share (cents)	**336,2**	243,9	172,3	297,4	262,6
Diluted headline earnings per share (cents)	**336,2**	243,9	172,3	297,4	262,4
Basic earnings per share (cents)	**337,4**	209,7	173,9	298,8	262,8
Diluted basic earnings per share (cents)	**337,4**	209,7	173,9	298,8	262,6
Cash generated from operations per share (cents)	**598,8**	747,8	378,4	382,3	622,0
Dividends per share (cents)	**153,0**	111,0	80,0	135,0	120,0
Share price - high (cents)	**1,850**	2,079	2,500	2,750	3,440
- low (cents)	**1,300**	1,145	1,731	1,700	2,305
- year-end (cents)	**1,598**	1,400	1,950	2,100	2,650
Total value of shares traded (R'000)	**44 236**	15 491	69 297	53 465	67 175
Number of shares traded ('000)	**2 915**	1 020	3 483	2 252	2 454
Market capitalisation (R'000) at year-end	**508 795**	460 409	641 284	690 614	882 913
Ordinary shares in issue ('000)	**31 839**	32 886	32 886	32 886	33 317
Ranking number of ordinary shares ('000)	**31 839**	32 886	32 886	32 629	32 861
Weighted average ranking number of ordinary shares ('000)	**32 686**	32 886	32 886	32 629	32 858

Directors

NON-EXECUTIVE CHAIRMAN

Derek Thomas

B.Com (Hons) (Economics), M Com (Economics),
MSc (Development Economics)

Appointed: 2 June 2005 (Appointed as Chairman 1 July 2015)

Derek has over 11 years' experience working as a strategy and economics consultant. As the managing director of CEPPWAWU Investments, his contribution has been extensive towards the company's progression as a broad-based BEE investment vehicle.

CHIEF EXECUTIVE OFFICER

Phillip Abelheim

FCIS

Appointed: 12 December 1977

Philip is a seasoned plastic and packing industry specialist with experience spanning over 46 years, predominantly working with Transpaco.

CHIEF FINANCIAL OFFICER

Louis Weinberg

B.Compt. (Honours) CA(SA)

Appointed: 18 February 2004

Louis boasts more than 37 years of experience in the financial management and administration sector. He joined the group on 17 September 2002.

EXECUTIVE DIRECTOR

Shalom (Charly) Raphael Bouzaglou

M.A.P. (WITS)

Appointed: 4 June 1991

Charly has contributed immensely to the growth of Transpaco since joining the group in 1984. He has over 37 years of experience in the paper, plastic and packaging industry and is currently the managing director of Cores and Tubes.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Henry (Harry) André Botha

M.A.P. (WITS)

Appointed: 1 September 1998

Harry assumed the position of non-executive director following his retirement as executive director of the group in 2006 after spending 32 years in the plastic and packaging industry where he mainly focused on thermoforming and extrusion.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Bonge Mkhondo

MBA (GIBS), BCom Accounting (UCT), Graduate Diploma in Marketing Management (IMM)

Appointed: 19 May 2017

Bonge has experience working in senior marketing executive positions and on marketing consultation projects. Her diverse experience in the financial services sector is attributed to past collaborations with institutions such as Hollard, Clientele, LegalWise, Absa Capital and Real People Group.

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Stephen van der Linde

B.Sc Chemical Engineering

Appointed: 5 November 2002
Lead independent director (Appointed 1 July 2015)

Stephen has over 22 years working as an investment analyst with a focus on manufacturing and finance.

03
Our performance

CEO'S Report

Despite a challenging year due to a stagnant economy, it has been yet another productive and successful year for Transpaco and we are pleased to have exceeded our expectations considering the country's low economic growth rates.

R2 078,9m

REVENUE
(2020: R1 953,8m)

We have proved resilient throughout the prolonged Covid-19 pandemic, which has presented Transpaco with unprecedented operational and commercial challenges. We expect tough trading conditions to persist with the continued difficult South African business environment over the short to medium term. Future performance will be influenced by the national economic recovery.

Transpaco's revenue for total operations grew by 6,4% with operating profit up by 45,4%. The growth in revenue was as a result of plastic raw material inflation and additional market share achieved in the Printed Folded Carton and General Packaging divisions. The steep rise in operating profit is attributable to the closure of Transpaco Recycling, minimal increase in operating costs and an improved performance from the Paper and Board Products division.

Through stringent cost control and continued focus on efficiencies, operating margins for total operations increased from 5,8% last year to 7,9%.

The weighted average number of ordinary shares in issue in calculating EPS and HEPS is 32 685 588 (June 2020: 32 886 359). During the year Transpaco repurchased 1 046 876 ordinary shares on the open market. Currently there are 31 839 483 shares in issue.

WORKING CAPITAL MANAGEMENT

Cash generated from operations decreased to R189,9 million (June 2020: R245,9 million).

Cash and cash equivalents at year-end were R76,2 million (June 2020: R60,8 million).

Efficient working capital management minimised net interest paid and resulted in

FINANCIAL OVERVIEW - TOTAL OPERATIONS

	June 2021	June 2020	% change
Revenue (R'm)	2078,9	1953,8	6,4
Operating profit (R'm)	164,9	113,4	45,4
Total comprehensive income (R'm)	110,3	69,0	59,9
Headline Earnings (R'm)	109,9	80,2	37,0
HEPS (cents)	336,2	243,9	37,9
EPS (cents)	337,4	209,7	60,9
Diluted HEPS (cents)	336,2	243,9	37,9
Weighted average number of shares in issue	32 686 000	32 886 000	(0,6)
Cash generated from operations (R'm)	189,9	245,9	(22,8)
Cash and cash equivalents (R'm)	76,2	60,8	25,3
Net asset value per share	23,06 per share	20,66 per share	11,6
Net interest paid	(14,4)	(10,8)	(33,3)

Transpaco's net interest-bearing debt-to-equity position of 22,8% (June 2020: 13,2%) securing a sound balance sheet.

During the year Transpaco purchased the building housing the packaging trading division, repurchased shares, upgraded fire protection sprinkler systems at all company owned properties and invested in plant and equipment at several operations, all of which impacted Transpaco's net interest-bearing debt-to-equity position.

CAPITAL INVESTMENTS

The ability to remain competitive is key to Transpaco's success. We continuously invest in upgrading and expanding production facilities to ensure operations remain efficient and sustainable. Capital expenditure of R161, 2 million was incurred during the year with the major portion going towards the purchase of the property from which Transpaco & Future Packaging operates.

Investment of fixed property amounted to R87,2 million which included R14,0 million for upgrading and installing ASIB certified sprinkler systems at all Transpaco owned properties.

To cater for increased demand for printed folded cartons and package inserts at Britepak, R31,1 million was invested in expanding production facilities.

Future Transpaco Group capital commitments for new plant and equipment anticipated to arrive during the 2022 financial year amount to R27,8 million compared to R17,8 million in the previous year.

PLASTIC PRODUCTS

Although Covid-19 had a direct impact on several of the Plastic division's clients, the overall performance was admirable.

CEO'S REPORT CONTINUED

R164,9m
OPERATING PROFIT
(2020: R113,4m)

In the ongoing anti-plastic debate the South African Department of Environmental Affairs made a decision not to pursue a ban on retail plastic bags but rather implemented legislation that compels manufacturers to include post-consumer recycled material in bags. This recent development will benefit the industry, retailers, consumers and the environment and cemented the future of retail plastic bags in South Africa.

We continue to engage with all interested parties, including the Department of Environmental Affairs, retailers and environmental bodies in an effort to dispel the misconception relating to the overstated negative impact retail plastic bags have on the environment. A recent study dated April 2020 conducted by the CSIR indicted that reusable plastic bags produced from recycled raw material is the most favourable option when compared to bags manufactured from alternative materials such as paper, cotton, and biodegradable materials. This view is widely held by several other credible international studies on the issue such as those published by the Denmark Environmental Protection Agency, the United Kingdom Environmental Agency and the Finnish Environmental Institute. The 24 micron government regulated retail plastic bag is undeniably reusable.

Specialised Films relocated its operations from Bronkhorstspruit to a company-owned property in Johannesburg. The recently installed 57-layer cast film extruder commissioned during the previous financial year has elevated the operation to world class status and is the only local manufacturer capable of producing advanced formulated cast pallet stabilisation film.

The group's refuse manufacturing operation, East Rand Plastics', entry into the export market proved beneficial to Transpaco with further growth on the horizon.

Local demand for our Garbie branded products grew steadily during the year.

PAPER PRODUCTS

The Packaging division, comprising printed folded cartons, tubular cores and general packaging, performed well compared to the prior year despite being negatively affected by the pandemic and South Africa's economic difficulties.

Britepak, Transpaco's printed folded carton and pharmaceutical package insert business expanded capacity with the installation of additional plant to cater for several long-term contracts.

The Transpaco Packaging and Future Packaging Johannesburg operations have been combined into one packaging trading company known as Transpaco & Future Packaging situated in the newly acquired company-owned property in Laser Park. This move is expected to benefit Transpaco with anticipated operational efficiencies and cost savings.

General packaging revenue was buoyant during the year delivering a robust performance.

Transpaco Cores and Tubes was negatively impacted by global paper market demand and restricted trading in the liquor industry due to Covid-19 lock downs.

TRANSFORMATION

Transpaco's 11th black economic empowerment audit reflected the group as a level 2 value-added contributor. Transpaco remains committed to transformation and genuine empowerment which is central to our strategic objectives. In addition, Transpaco is a YES Programme employer.

We are proudly funding 80 learnerships for employees and unemployed individuals of which 30 are disabled and as a YES programme participant, employ 47 individuals under the age of 35.

DIVIDEND

The board has declared a final gross cash dividend out of income reserves of 110,0 cents per share, resulting in total dividends of 153,0 cents per share for the year ended 30 June 2021 (June 2020: 111 cents per share). After applying the dividend withholding tax of 20% a net final dividend of 88,00 cents per share will be paid to those shareholders who are not exempt from the dividends tax.

GOVERNANCE

Transpaco is committed to sound and effective governance. Our policies and procedures are reviewed on an on-going basis and are updated where necessary.

All employees are required to adhere to the principles of our Code of Good conduct, which is strictly enforced to ensure the company remains a good corporate citizen.

HEALTH, SAFETY AND ENVIRONMENT

Transpaco ensures a safe and healthy environment for all our employees and does so by employing the services of an accredited third party health and safety organisation, which conducts onsite inspections, attends health and safety meetings and provides safety related training in order to ensure a safe and healthy working environment.

We continue to apply strict Covid-19 safety protocols to minimise any negative impact the virus might have on our employees, customers, service providers and public at large. See page 15 for further detail on our response to Covid-19.

PROSPECTS AND STRATEGY

We expect trading conditions to remain challenging as the South African economic environment is anticipated to remain difficult in the short to medium term.

Management will continue its proven business strategy of maintaining strict financial control, generating revenue growth and increasing profitability. Any potential strategic acquisition opportunities, which promise to yield sustainable positive commercial results, will be pursued.

APPRECIATION

I would like to acknowledge the exceptional contribution made by Steve Harmse who retired after 35 years with Transpaco. His loyalty and commitment to the group and in particular the general packaging and pallet wrap divisions was commendable. I wish Steve all the best in his retirement.

I thank our Chairman Derek Thomas, CFO Louis Weinberg, non-executive directors, managing directors, divisional directors, and employees who again showed resilience and remained fully committed in challenging times. My appreciation also to our loyal customers, shareholders, unions and service providers for their continued support.

Phillip Abelheim

CEO

14 October 2021

Management will continue its proven business strategy of maintaining strict financial control, generating revenue growth and increasing profitability.

NET ASSET VALUE PER SHARE INCREASED

11,6%

Our impacts

OUR STAKEHOLDERS

We are committed to maintaining our status as a good corporate citizen as this is imperative for the sustainability of the business.

The result is contributing towards driving a sustainable national economy. The transformation, social & ethics committee measures our performance and is tasked with outlining our goals and targets in this regard.

Our relationship and interactions with our stakeholders enable us to further clarify and evaluate issues that affect our business and industry, which can feed and solidify an effective growth strategy. We therefore strive for open, transparent and timeous communication with our stakeholders.

This enables us to maintain an active and continuous engagement designed specifically to keep stakeholders informed about significant decisions made by the board. Regular engagement with key stakeholders is done through means such as our website, integrated annual report, SENS, one-on-one meetings. We further host regular employment equity and health and safety committee meetings and ongoing formal and informal sessions.

Our key stakeholders and the main issues that concern them, as per our feedback, are set out below:

STAKEHOLDER	WHAT MATTERS TO THEM
Employees and trade unions	• Job security • Sustainability • Personal growth and development • Skills development • Remuneration and incentives • Working conditions • Safety
Investors	• Sustainability • Profitability • ROI (share price and dividends) • Cash generation • Corporate governance and compliance • Risk management • Remuneration practices • Growth prospects • Accessibility of leadership • Succession
Funders	• Solvency and liquidity • Capital management • Sustainability • Credit rating • Risk management
Customers	• Security of supply • Pricing • Quality • Reliability • Service
Contractors and suppliers	• Timely payment • Sales volumes • Fair business practices
Government and regulators	• Employment equity • Environmental impact • Safety • Taxation • Compliance • Adherence to the JSE Listings Requirements and company legislation
Industry associations	• Industry trends • Expertise • Collective lobbying • Industry-specific issues • Labour issues
Communities	• Job creation • CSI projects

RESPONSIBILITY
HR department, managing directors/ managers, transformation, social & ethics committee, health and safety committees
CEO, CFO
CEO, CFO
Marketing, managing directors/managers
Managing directors/managers
CEO, CFO, company secretary
CEO, managing directors/managers
Subsidiary company marketing directors, transformation, social & ethics committee, HR department

Transpaco continues to play an active role in the wider plastics industry through its membership of the industry associations and organisations such as the plastic federation, plastic convertors association and print industry federation of South Africa.

OUR IMPACTS CONTINUED

TRANSFORMATION

Transpaco achieved a Level 2 B-BBEE rating in terms of the new revised Codes (B-BBEE Codes of Good Practice issued by the Department of Trade and Industry). Our scorecard is set out below:

	SCORECARD RATING	
BEE Code	**2021**	**2020**
Ownership	**22,73**	23,00
Management Control	**7,89**	5,80
Skills Development	**13,58**	17,53
Enterprise and Supplier Development	**35,47**	30,32
Socio-Economic Development	**5,00**	5,00
Total	**84,67**	**81,65**

PREFERENTIAL PROCUREMENT

Our preferential procurement policy seeks to continually expand our B-BBEE supplier base. Managing directors are tasked with reporting on progress in this regard at monthly management meetings.

ENTERPRISE DEVELOPMENT

We are committed to enterprise development and seek to support black-owned and managed businesses.

Examples of this include:

- The awarding of contracts for the supply of services e.g. building, maintenance and cleaning to small black-owned businesses;
- Several subsidiaries contracting with small black-owned businesses to supply canteen services and providing the canteen premises, electricity and water usage at no cost to the service provider;
- R1 million interest-free loan to a SMME operating in the chemical industry. This company developed a product for Transpaco, which the group purchases. A further R2 million to a strategy services company;
- The appointment of a black-owned company to provide Transpaco with fire health and safety services including but not limited to the installation of sprinkler systems at all Transpaco owned premises; and
- The appointment of black-owned companies to provide Transpaco with transport services.

OUR PEOPLE

Our success is underpinned by our people and ensuring sustainable growth. Both these elements are critical to our business. Since inception, we have been committed to creating jobs while prioritising healthy work environments.

The company ensures a sustainable and healthy work environment through but not limited to:

- Employee relations being prioritised at every level with senior management maintaining an open door policy.
- Committing to continually investing in employee development to unlock and realise their highest potential and value add.
- Seeking to provide amenable and positive working conditions and an inclusive culture to ensure we attract and retain superior talent in a skills-scarce environment.
- Employees being remunerated in line with industry norms. All of this underpins our consistently low staff turnover.
- Supporting every employee's right to belong to a union and demonstrate this through an open and transparent relationship with all unions and their representatives. CEPPWAWU, which represents a good portion of our employees through an empowerment partnership with its investment company, is Transpaco's broad-based black empowerment shareholder.

EMPLOYMENT EQUITY AND NON-DISCRIMINATION

Group policies ensure fair treatment of all employees irrespective of diversity or disparity factors, consistent with South African employment equity requirements. We promote the recognition and reward of initiative, effort and merit and seek to recruit and promote internally wherever possible. In doing so we prioritise the appointment and advancement of black staff.

Employment equity targets are adhered to and employment equity meetings are held regularly where these objectives are communicated to staff. All of the group's subsidiaries have respective employment equity committees which report directly to the central HR department.

	2021		2020	
Category/Level	**Total number**	**HDI**	**Total number**	**HDI**
Top management	19	3	22	4
Senior management	35	13	87	27
Professionally qualified	60	33	79	50
Skilled	355	304	465	364
Semi-skilled	768	705	263	263
Unskilled	251	242	592	593
Disabled	34	32	17	16
Total	**1 522**	**1 332**	**1 525**	**1 317**

OUR IMPACTS CONTINUED

HEALTH, SAFETY AND ENVIRONMENT

The safety and wellbeing of our employees is paramount and we are committed to maintaining a safe and healthy working environment.

In order to ensure a healthy and safe work environment, Transpaco employs the services of an accredited third party health and safety organisation. The service provider conducts:

- Onsite inspections;
- Attends health and safety meetings; and
- Provides safety related training.

This provides the group with a structured approach to the health and safety process.

In addition, independent risk assessments were conducted at all locations during the year under review. Transpaco has installed ASIB certified sprinkler systems at four company owned properties.

When the Covid-19 pandemic emerged Transpaco immediately appointed a compliance officer and assigned a further four employees to report to her. In addition, compliance officers were appointed at each location, reporting to the compliance officer appointed by Transpaco.

The officers were tasked with ensuring the following:

- Regular inspections were carried out at all facilities to ensure the availability of hand sanitisers;
- Protocols of maintaining social distance and wearing masks were being adhered to; and
- Factories are regularly sanitised.

An awareness campaign was launched by SMS as well as visible signage encouraging mask wearing and hand sanitising, amongst others. Masks were distributed to all employees. All staff are subjected to a daily temperature check and are required to complete a symptom check form before commencing work. Physical distance is maintained and masks are worn.

Visitors, clients and third parties complete a health declaration and disclosure form and are screened before entering premises.

Transpaco registered all employees for Covid-19 vaccinations on EVDS and is actively encouraging all staff to get vaccinated.

Transpaco had 158 cases of Covid-19, of which regretfully two passed away. Where Covid-19 was suspected staff members were sent for testing.

SKILLS DEVELOPMENT

We are committed to providing "on-the-job" training which is supplemented with ongoing internal and external skills development programmes. We also offer a study learnership scheme.

Transpaco's skills development programme is aimed at training unemployed able and disabled individuals. The training courses and approved learnerships are designed to equip trainees with production, computer and call centre skills. Practical experience is provided by Transpaco. On completion of the training, successful learners are offered employment with Transpaco, provided positions are available. We have 80 learnerships underway (50 abled learners and 30 disabled learners) in the current year.

Our support of the Youth Employment Service (YES) programme employs 47 candidates. The YES programme is set to employ individuals under the age of 35, creating new jobs and providing young people with an opportunity for employment and work experience.

Value added statement

Value added is the value which the group has added to purchased materials and goods by process of manufacture and conversion and the sale of its products and services.

This statement shows how the value added has been distributed.

	2021 R'000	Value Added %	2020 R'000	Value Added %
Creation of wealth				
Revenue	**2 078 891**		1 953 782	
Cost of goods, services and expenses	**1 452 563**		1 380 460	
	626 328		573 322	
Distribution of wealth				
Employees:				
Salaries, wages and benefits	**392 033**	**62,6**	402 947	70,3
Government:				
Taxes	**43 961**	**7,0**	35 811	6,3
Providers of capital:				
Finance costs	**15 911**	**2,5**	12 859	2,2
Dividends	**39 793**	**6,4**	27 295	4,8
Maintenance and expansion:				
Depreciation	**24 352**	**3,9**	25 456	4,4
Retained income	**110 278**	**17,6**	68 954	12,0
	626 328	**100,0**	573 322	100,0

04 Accountability

Ethical Leadership

As a good corporate citizen, Transpaco values ethical behaviour and effective governance. It is expected that its employees and management act in the best interests of Transpaco. Respect for human rights is the general underlying principle guiding all interactions, whether internally or with external stakeholders.

The board's core values of openness, integrity and accountability are aligned with King IV™ principles and this ethos is encapsulated and governed by our comprehensive Code of Business Principles and Ethics ("the Code").

The Code is well-communicated and adhered to by all employees. All new employees receive this information in a welcome pack on commencement of employment.

The Code sets out:

- a commitment to creating diversity in the workplace;
- minimising our environmental impact; and
- providing quality products that meet consumers' needs while complying with rigorous safety standards.

We believe in robust yet fair competition and support the appropriate competition laws. Employees are compelled to conduct themselves and operations in accordance with the principles of fair competition and all applicable regulations.

Managing directors and employees receive training on the importance of compliance with legislation and the Code, which is in no way regarded as a substitute for individual judgement and discretion but rather as a guidance framework. In addition, managing directors are required to sign acknowledgment of compliance at monthly meetings. Any breaches of general compliance or adherence to the Code must be reported in accordance with the procedures specified.

Delegation of enforcing the Code is done by senior management of the divisions and operations, who are tasked with reporting back to head office. The audit & risk committee and the EXCO provide assurance of overall compliance each year to the board, which remains ultimately responsible.

OUR ETHICS COMMITMENT

BEST PRACTICE STANDARDS	LEGISLATION	GROUP POLICIES
• King IV™ • ISO 9001:2008 • ISO 22000:2005	• Companies Act • Competition Act • Employment Equity Act • Basic Conditions of Employment Act • B-BBEE Act • Consumer Protection Act • Labour Relations Act • Skills Development Act • Skills Levies Act • Safety Health and Environment (SHE) Act • National Environmental Management Act • National Water Act • Income Tax Act • VAT Act	• Employee policies • IT policies • Operational policies

The full Code is available on Transpaco's website www.transpaco.co.za

Corporate Governance

GOVERNANCE STRUCTURE

BOARD

MEMBERS

Derek Thomas* (Chairman)
Phillip Abelheim (CEO)
Louis Weinberg (CFO)
Harry Botha**
Charly Bouzaglou
Bonge Mkhondo**
Stephen van der Linde** (Lead independent director)

RESPONSIBILITY

- Performance and affairs of the group and its subsidiaries
- Internal financial and operational control
- Monitoring operational performance and management
- Determining policy and processes for the group's risk management and internal controls
- Meaningful interaction with stakeholders

COMMITTEES

AUDIT & RISK COMMITTEE

Harry Botha**
(Committee Chairman)
Bonge Mkhondo**
Stephen van der Linde**

Attended by invitation
Derek Thomas*
Phillip Abelheim
Louis Weinberg
Charly Bouzaglou

RESPONSIBILITY

- Performance and affairs of the group and its subsidiaries
- Internal financial and operational control
- Monitoring operational performance and management
- Determining policy and processes for the group's risk management and internal controls
- Meaningful interaction with stakeholders

(See page 46 for full report)

BOARD GOVERNANCE & REMUNERATION COMMITTEE

Derek Thomas*
Harry Botha**
Bonge Mkhondo**
(Committee Chairman)

Attended by invitation
Phillip Abelheim

RESPONSIBILITY

- Setting the criteria for and reviewing succession planning
- Annually reviewing the directors' credentials and independence where relevant
- Assessing executive and non-executive directors' remuneration

(See page 38 for full report)

TRANSFORMATION, SOCIAL & ETHICS COMMITTEE

Stephen van der Linde**
Phillip Abelheim
Derek Thomas*
(Committee Chairman)
Louis Weinberg
Bonge Mkhondo**

RESPONSIBILITY

- Overseeing transformation
- Compliance and sustainability related matters
- Ethical conduct by the company and its employees

(See page 40 for full report)

*** Independent non-executive*
** Non-executive*

Good governance remains a business imperative and the board sets the tone in this regard (see Ethical leadership page 31).

The Code of Business Principles and Ethics, all internal policies and the board and committee charters are in the process of being reviewed and amended where applicable to align with the requirements of legislations such as the Companies Act, King IV™ and the JSE Listings Requirements.

Effective corporate governance is imperative to business sustainability and as such the board is committed to reporting thereon openly and transparently to stakeholders.

A disciplined reporting structure ensures that the board remains fully appraised of the activities of its subsidiaries, as well as of risks and opportunities in its operating environment. The executive directors engage in a formal monthly dialogue with divisional and operational management, and hold ongoing adhoc informal discussions. Each divisional director has an open line to the CEO, CFO, company secretary and any other relevant executives regarding matters of governance at any time.

THE BOARD

CHAIRMAN	Provides independent board leadership and guidance, facilitates suitable deliberation on matters requiring the board's attention, and ensures the efficient operation of the board as a unit.
CEO AND EXECUTIVE DIRECTORS	Provide strategic leadership and day-to-day operational decisions and business activities.
NON-EXECUTIVE DIRECTORS	Draw on their experience, skills and business acumen to ensure impartial and objective viewpoints in decision-making processes and standards of conduct.

The board comprises directors who together bring a wealth of industry and financial experience gained through a number of economic cycles. The maturity and seniority of many of the directors are well balanced by the contribution of younger directors who bring their own dynamism and perspective to board deliberations, backed by solid skills.

The role and responsibilities of the non-executive chairman and the CEO have been clearly defined and are distinct to ensure:

- checks and balances in decision-making; and
- a lead independent director has been appointed.

No single director is positioned to exercise unfettered decision-making, which protects against the influence of possible personal interests and thereby ensures that the interests of all stakeholders are protected. As set out in the board charter, the directors are empowered to delegate their authorities to the CEO or any other executive director and similarly to properly constituted board committees.

Notwithstanding this, the directors recognise that they are ultimately accountable and responsible for the performance and affairs of the company and the group and that the use of these delegated authorities in no way absolves the board of the obligation to carry out its duties and responsibilities.

In terms of the group's Memorandum of Incorporation, one-third of the board's non-executive directors must retire from office at each annual general meeting on a rotation basis. Retiring directors may make themselves available for re-election, provided that they remain eligible as required by the Memorandum of Incorporation and in compliance with the JSE Listings Requirements. Accordingly, Harry Botha, Bonge Mkhondo and Stephen van der Linde will retire by rotation at the upcoming annual general meeting, and being eligible, will offer themselves for re-election. A brief CV of each director standing for election at the annual general meeting is contained in this integrated report. In determining whether to recommend a director for re-election, the committee considers the director's past attendance at meetings, participation in and contributions to the activities of the board, and the results of the most recent board self-evaluation in addition to compliance with regulatory requirements.

Executive directors are bound by contracts of employment, which contain a three-month notice period.

SELF-EVALUATION

A self-evaluation exercise is conducted annually by the board and areas marked for improvement are addressed.

CORPORATE GOVERNANCE CONTINUED

BOARD AND COMMITTEE MEETING ATTENDANCE

Attendance at board and committee meetings during the year is set out below:

DIRECTOR	BOARD MEETINGS	AUDIT & RISK COMMITTEE MEETINGS	BOARD GOVERNANCE & REMUNERATION COMMITTEE MEETINGS	TRANSFORMATION, SOCIAL & ETHICS COMMITTEE MEETINGS
PN Abelheim (CEO)	4(4)	3(3)	1(1)	1(1)
HA Botha *#›	4(4)	3(3)	1(1)	
SR Bouzaglou	4(4)	3(3)		
B Mkhondo *›~	4(4)	3(3)	1(1)	1(1)
DJJ Thomas*~ (Chairman)	4(4)	3(3)	1(1)	1(1)
SP van der Linde *›/	4(4)	3(3)		1(1)
L Weinberg (FD)	4(4)	3(3)		1(1)

*   *Non-executive*
›   *Independent*
Chairman audit and risk committee
~   *Chairman board governance and remuneration committee*
/   *Chairman transformation, social & ethics committee*

RESTRICTION ON SHARE DEALINGS

We have a formal policy on directors' and prescribed officers' shareholdings and share dealings. All directors and senior executives with access to financial and any other price-sensitive information are prohibited from dealing in Transpaco's shares during 'closed periods', as defined by the JSE, or while the company is trading under cautionary. An appropriate communication is sent to all directors alerting them that the company is entering a closed period. 'Insiders' include directors, prescribed officers in terms of the Companies Act, immediate family members of directors and/or prescribed officers, or any person who might have obtained information from an insider.

The policy also provides guidelines to insiders who wish to trade in the company's securities at any time other than during closed periods. As we regard compliance with securities laws as a key component of good governance, disciplinary action (which may include termination of employment) could be taken against insiders who violate this policy. In line with this:

- Directors' share dealings in the company must be authorised first by written permission from the Chairman or, in the Chairman's absence, the audit and risk committee chairman, prior to any dealing taking place.
- The Chairman's dealings require the written permission of the audit and risk committee chairman.
- Directors' dealings should then be reported to the company secretary, who along with the company's sponsor ensures that such dealings are disclosed on SENS within 24 hours.

Furthermore directors and prescribe officers are:

- required to declare their dealings in securities at board meetings
- required to declare to the board and at EXCO meetings their additional directorships and shareholdings and potential conflicts of interest.

Divisional and operational directors and financial managers are further obligated to disclose any conflict or potential conflict of interest in the monthly management accounts submitted to the EXCO.

SUCCESSION PLANNING

Succession planning for the board, management team and senior executives falls to the board, assisted by the board governance & remuneration committee.

Suitable succession candidates are identified and skilled where necessary to enable them to replace the incumbents on resignation or retirement. Management training is continually undertaken in each of the group's subsidiaries with emphasis essentially on advancing suitable black candidates. The committee is responsible for an annual review of the group succession plan and for feedback thereon to the board. This year's review found that all areas of concern were being addressed and the board was comfortable with current succession plans.

Transpaco recently appointed a roaming replacement managing director who is currently undergoing intensive training at all subsidiaries to enable him to gain sufficient knowledge of all divisions.

A second candidate is currently being explored for the same purpose and once identified and considered suitable for the position they will be appointed.

NEW APPOINTMENTS

The board annually reviews the skills and characteristics required of the directors in terms of current board composition and company circumstances, and recommends, if needed, the appointment of new directors.

The board has the overall objective of constituting directors with diverse backgrounds and an array of business experience. We make use of external executive search and recruitment agencies if necessary in identifying new directors, and approve their fees. Shortlisted candidates are interviewed by the CEO and CFO. A further interview will be done by the board, followed by an offer of directorship if successful.

The board evaluates each individual in the context of the board as a whole – the objective remains having a board that can best perpetuate our success and represent shareholder interests through the exercise of sound judgment, using its diversity of experience.

Characteristics expected of all directors and potential candidates include independence, integrity, high personal and professional ethics, sound business judgment and the ability and willingness to commit sufficient time to the board and the group. They must possess a general understanding of marketing, finance and other disciplines relevant to the success of Transpaco in today's business environment; an understanding of the business and required technology; an educational and professional background and personal accomplishment; and represent demographic, gender, age and ethnic diversity.

GENDER AND RACE DIVERSITY

Transpaco supports the principles and aims of gender and racial diversity at board level.

A gender and racial diversity policy is in place.

INDEPENDENT ADVICE

All non-executive directors have unrestricted access to management at any time as well as to the group's external auditors. Further, all directors are entitled to seek independent professional advice on any matters pertaining to the group with the CEO's prior written approval and at the group's expense.

COMPANY SECRETARY

The company secretary advises the board of any relevant regulatory changes and/or updates. In addition, he provides guidance to the board, individual directors and sub-committees on how to discharge their responsibilities in the best interests of the company. The company secretary attends all board meetings and is responsible for overseeing the preparation in advance of a comprehensive agenda and board pack.

Further, responsibility lies with him for overseeing the accurate recording and dissemination of the minutes of these meetings. Whenever deemed necessary he also reviews the rules and procedures applicable to the conduct of the affairs of the board. If necessary, he involves the sponsor and other experts in this regard to ensure that the directors have adequate information to discharge their responsibilities efficiently.

He has further assumed responsibility for the induction programme which provides new appointees with a directors' handbook detailing directors' roles and responsibilities and an update on legislative and/or regulatory developments. New directors also receive a comprehensive strategy outline, operational briefing including the most recent financial results, current and future budgets as well as management accounts.

In addition, new appointees are accompanied on site visits by the CEO and have access to all executives, the internal audit function and external auditors at any time.

Existing directors benefit from briefings given at board meetings to keep abreast of new developments. Where necessary informative written updates are circulated to the board.

The board is comfortable that company secretary Hendrik van Niekerk maintains an arm's length relationship with the board at all times and is sufficiently qualified and skilled to act in accordance with, and update directors in terms of the recommendations of the King IV™ Report and other relevant local and international regulations and legislation.

APPLICATION OF KING IV™

Transpaco applies all 16 principles of King IV™. Application of each principle and disclosure thereof is available on our website http://www.transpaco.co.za/corporate-governance

Risk Management

RISK MANAGEMENT PROCESS

The board is responsible for setting the group's risk appetite, evaluating and managing key risk areas, performance indicators and relevant non-financial aspects, and assessing the effectiveness of the group-wide risk management processes. Our risk management policy aims to ensure the group is adaptable to changing circumstances and can demonstrate resilience in an uncertain economy.

The audit & risk committee, supported by the internal auditor, is tasked with:

- identifying ongoing business risks; and
- reporting thereon to the board.

Although executive directors are not members of the audit & risk committee, they attend meetings by invitation and participate in discussions. The internal auditors guide all group subsidiaries in their risk assessment processes.

The CEO and CFO primarily:

- discuss identified risks with divisional managing executives at monthly management meetings;
- ensure standing agenda items and strategies are in place to mitigate and address identified risks; and
- report any changes in risks to the board on a quarterly basis.

The CEO delegates responsibility to divisional managing executives on a daily basis in this regard, although he remains ultimately responsible for this process. We conduct independent risk assessments on a regular basis.

INTERNAL CONTROL FRAMEWORK

The board is responsible for the group's systems of internal control and risk management. The audit & risk committee, CFO and internal auditor assist in this regard. Together they evaluate the adequacy and effectiveness of internal control systems and processes, and monitor whether internal control recommendations made by the CFO, external auditors and internal auditor have been implemented. The internal control framework together with the required assurance is formally documented and reviewed by the audit & risk committee annually.

The systems are designed to manage rather than eliminate risk. Thereby:

- safeguarding and maintaining accountability of the group's assets;
- identifying and curtailing significant fraud, potential liability, loss and material misstatement; and
- ensuring compliance with statutory laws and regulations.

Absolute assurance cannot be provided. The internal control systems are designed to provide only reasonable assurance as to the integrity and reliability of the annual financial statements. There are inherent limitations to the systems' effectiveness given the possibility of human error and circumvention or overriding of controls. Internal audit, based on the field work undertaken during the year, has provided reasonable assurance on the adequacy of the internal systems of control. The directors are not aware of any material breakdown/s in the systems of internal control during the year.

Our Internal Audit Charter sets out the role and scope of the internal audit function hereby:

- contributing to improved operations by examining and evaluating operational activities;
- identifying relevant risks; and
- affirming the accuracy and effectiveness of internal control systems with respect to normal financial control issues.

Internal audit therefore monitors financial-related risk, the accuracy of financial-related information within the group, compliance with standard operating procedures, regulatory compliance, the economic and efficient use of group resources and output quality control.

The Internal Audit Charter was reviewed during the year and no amendments were made.

Standard operating procedures are reviewed regularly and updated where necessary.

EXTERNAL AUDIT

The external auditors are responsible for reporting on whether the financial statements are fairly presented in compliance with IFRS. The preparation of the annual financial statements remains the responsibility of the directors.

The audit & risk committee meets regularly with the external auditors and in this way ascertains their efficacy and independence. Recommendations thereon are then made to the board. The responsible audit partners rotate in accordance with legislation and audit firm requirements. Where the external auditors are appointed for non-audit services, the board, assisted by the audit & risk committee, ensures that the non-audit services do not impair the auditors, independence.

LEGAL COMPLIANCE

The company secretary, together with the group's sponsor, monitors compliance with the recommendations set out in King IV™, the JSE Listings Requirements, and the Companies Act. The appointment of a dedicated compliance officer is not deemed necessary.

The CEO assumes ultimate responsibility to the board. The board and each director have working understandings of the effects of applicable laws, rules, codes and standards on the company and its business. Directors are encouraged to question anything that may be unclear, and if necessary an expert will be invited to explain and elaborate further.

IT GOVERNANCE AND RISK MANAGEMENT

The CFO assumes the responsibilities of Chief Information Officer, delegating responsibility to divisional financial managers as necessary. IT is outsourced and a service level agreement is in place with the provider.

The IT Governance Charter encompasses a detailed account of group IT systems as well as governance of information. The charter is reviewed annually and for the year under review no changes were required.

The overarching goal is to ensure that the IT policy is implemented and maintained, ensuring security, confidentiality, integrity and availability of information. We aim to integrate the IT policy with group strategic and business processes, and to align IT operations with business operations and translate business requirements into effective IT solutions. Good governance principles apply to all parties in the supply chain in respect of the acquisition and disposal of IT goods and services, and IT forms a part of our risk management process.

The personal and other information of suppliers, customers, employees and other stakeholders are identified and treated as company assets.

Regular demonstration to the board is required that the group has adequate business resilience arrangements in the event of an IT incident. A disaster recovery plan is in place which includes:

- an assessment of potential risks
- anticipated recovery times; and
- contingency plans in case of disaster.

Currently critical data is backed up on a daily basis and stored in secure off-site locations, with different servers used to mitigate risk. Hardware and software is purchased from reputable suppliers and only licensed software is used. A disaster recovery plan is also being put in place.

The use of Transpaco's IT facilities is governed by a strict IT and social media policy.

Remuneration report

BACKGROUND STATEMENT

The board governance and remuneration committee is chaired by non-executive group Chairman Derek Thomas and further comprises independent non-executive directors Harry Botha and Bonge Mkhondo. CEO Phillip Abelheim attends meetings by invitation and is excluded from deliberations in respect of his own remuneration. The committee is governed by a formal charter, which is reviewed annually.

The committee is an independent and objective body responsible for assessing the divisional managing directors and Transpaco Limited's executive and non-executive directors' remuneration including determining short and long term incentive pay structures for group executives. Attendance at committee meetings is set out on page 34.

Specific responsibilities include:

- Evaluating the board, subsidiary boards' and individual director's performances annually;
- Evaluating existing board committees;
- Establishing new board committees and related subsidiary structures when necessary;
- Ensuring that executive directors are fairly rewarded for their respective contributions to the group's performance;
- Devising an appropriate group remuneration policy that aligns with the strategic objectives of the company; and
- Assessing Transpaco's succession strategy and policies.

In order to fulfil its responsibilities, the committee in conjunction with the CEO is authorised by the board to obtain information required from any employee and may further obtain external legal or other independent professional advice if deemed necessary at, with prior approval from the CEO, the expense of the group.

Remuneration of executive directors is set by an independent forum whose members have no personal interest in the outcome of their decisions and who will give due regard to the interests of all stakeholders balanced against the financial health of the group.

The CEO makes recommendations to the committee on executive and non-executive directors' remuneration, save in respect of his own, for the committee's consideration.

In terms of King IV™, the remuneration report has been separated into three sections:

- the background statement;
- overview of the policy;
- an implementation report which provides a detailed account of the current provisions as they pertain to executives. This can be seen in the notes to financial statements.

The overview of the policy and the implementation report will be put to non-binding advisory shareholder votes at the upcoming annual general meeting of the company.

Should either the remuneration report or implementation report or both be voted against by 25% or more of the voting rights exercised, the board undertakes to engage actively with dissenting shareholders in order to address all legitimate and reasonable objections and concerns.

We invite our shareholders to engage with us regarding our policy and reporting.

At the annual general meeting on 4 December 2020, the non-binding advisory vote on the company's remuneration policy received 84,47% vote in support of the policy.

USE OF REMUNERATION ADVISERS

No remuneration consultants were used during the year.

OVERVIEW OF REMUNERATION POLICY

The full remuneration policy is available on our website http://www.transpaco.co.za/investors. Our remuneration policy reflects our intention to attract and retain critical talent as well as to motivate current employees to perform to their best ability and in the best interests of the company and stakeholders.

It provides a basis to determine:

- An appropriate and fair rate of pay for each function and to apply it consistently across the group.
- A guideline to establish a balance between fixed and variable pay and between short and long term incentives.

The board governance and remuneration committee ensures an appropriate level of transparency and monitors a level of equity and consistency across the group.

EXECUTIVE DIRECTORS

Executive directors' remuneration is split between fixed and variable portions. The fixed portion is determined based on the size of the division, experience, skills and length of service. The cost to company package includes employee benefits such as pension fund and insured benefits contributions. The variable portion is based on the performance of the division and is detailed under Remuneration Component point 2 Bonuses.

Bonuses paid in the reported financial year are based on group performance in the prior financial year.

REMUNERATION COMPONENTS

1. BASE PAY

All employees receive a base pay that is comparable to the labour market peer group. Annual increases for employees excluded from collective bargaining units are determined with reference to the subsidiary's performance, the nature of the employee's role, personal performance and competence, and consumer price index (CPI) figures. Annual increases for employees included in collective bargaining units are determined in accordance with agreements reached with the collective bargaining units and are awarded across- the-board to the members. Executive managing directors receive a cost-to- company package determined and approved by the board governance & remuneration committee. Their annual increases are determined with reference to the above plus financial and non-financial benchmarks and subsidiary size and performance.

2. BONUSES

Employees who are not part of a collective bargaining unit can earn an annual bonus of up to 100% of their monthly base salary. These bonuses are normally paid in December at the discretion of the respective subsidiary's management, based on the individual performance of the employee and of the subsidiary. Employees on a cost-to-company package have the option to structure their package in such a manner as to include a 13th payment during December of every year.

Executive managing directors do not receive annual bonuses. They have the option to structure their cost-to-company package in such a manner as to include a 13th payment during December of every year.

Annual bonuses for employees included in collective bargaining units are determined in accordance with agreements reached with the collective bargaining units and are mostly awarded across-the-board to the members.

Incentive bonuses are linked to comprehensive financial and non-financial targets. Targets are determined each year by the board, based on historical performance, the operational and strategic outlook of the company in the short term and expectations of the company's management, amongst other factors. An objective set of criteria is established which applies a variable percentage entitlement depending on the level of net profit before head office administration and interest costs achieved by the division.

The amount is adjusted according to a set weighting using further pre-determined considerations such as:

- Return on funds employed;
- Gross profit percentage achieved against the budgeted amount;
- Control of operating expenses;
- Working capital management;
- Transformation.

The resulting value is used as a guide in determining a final incentive bonus which is presented to the board governance & remuneration committee by the CEO.

The CEO makes no recommendation for his own remuneration, which is determined solely by the committee.

The committee debates each award prior to finalisation.

The incentive bonus expense is provided for on a monthly basis during the financial year.

As the performance of the group, on which the bonuses are based, is determined at the end of the financial year, they are paid out as soon as possible at the start of the following financial year.

The incentive bonuses reflected in the annual financial statements are for the performance of Transpaco for the previous financial year.

3. RETIREMENT BENEFITS

It is compulsory for all employees to be members of either of the following retirement employee benefit funds:

- Transpaco Provident/Pension Fund,
- Approved Fund
- Industry Fund
- Union Fund.

The employer and employee contribute to the respective funds for the duration of their employment with Transpaco.

All funds are defined contribution funds.

Non-executive directors do not participate in the Transpaco Provident /Pension Fund and the company makes no contribution towards their retirement employee benefit arrangements.

4. MEDICAL AID COSTS

Employee medical aid contributions are not funded by Transpaco. Where employees are members of a medical aid, the company facilitates the payments to certain service providers.

5. SHARE OPTIONS

Transpaco does not award share option to employees. The Share Option Scheme was replaced several years ago by long term bonuses which vest over a five year period.

TERMS OF EMPLOYMENT

Transpaco's employees terms and conditions of employment are governed by formal contracts of employment drafted by the groups labour attorneys and updated regularly to keep abreast of current labour laws.

Terms of notice for fixed- term contract and permanent employees are as follows:

- One week if employed by Transpaco for less than six months;
- Two weeks if employed by Transpaco for more than six months but less than 12 months; and
- One month if employed by Transpaco for more than 12 months.

Executive directors contracts may be terminated on three months' notice.

Severance arrangements for employees and directors are governed by union agreements or the Labour Relations Act.

No provision is made for severance payments as a result of change in control of the company.

Notice payments on termination are considered where notice periods are waived by mutual agreement between the employer and employee.

IMPLEMENTATION REPORT

Please see note 5 to the annual financial statements on page 61 for the implementation report.

NON-EXECUTIVE DIRECTORS' FEES

The group is of the opinion that the recommended fees are appropriate for services rendered. The fees for next year including an 8% increase to be approved at the 2021 annual general meeting are set out below:

NON-EXECUTIVE DIRECTORS	FEE (2020/2021) R	PROPOSED FEE (2021/2022) R	BOARD	AUDIT & RISK COMMITTEE	BOARD GOVERNANCE & REMUNERATION COMMITTEE	TRANSFORMATION, SOCIAL & ETHICS COMMITTEE
HA Botha	338 142	365 193	Member	Chairman	Member	
B Mkhondo	325 871	351 940	Member	Member	Member	
DJJ Thomas	470 399	508 031	Chairman		Chairman	Member
SP van der Linde	325 871	351 940	Member	Member		Chairman

DJJ Thomas

Chairman board governance & remuneration committee
14 October 2021

Transformation, Social & Ethics Committee Report

The committee executes duties assigned to it by the board of directors of Transpaco and duties in line with the South African Companies Act. Management ensures that the day-to-day operations of the business are sustainable while the board remains ultimately responsible for the group's long-term sustainability. In this regard, the board delegated key duties to the transformation, social & ethics committee.

The committee is chaired by lead independent director Stephen van der Linde and further comprises CEO Phillip Abelheim, CFO Louis Weinberg, non-executive Chairman Derek Thomas and independent non-executive director Bonge Mkhondo. Details of meeting attendance are on page 34.

The core purpose of the committee is to regularly monitor the group's activities primarily focusing on any relevant legislation, other legal requirements or prevailing codes of best practice. During the reporting period, the committee accordingly reviewed the following:

- Progress in addressing the principles of the UN Global Compact Principles and the OECD.
- Performance in respect of BEE as measured against the Construction Sector Charter scorecard employment equity plans for the group.
- Skills and other development programmes aimed at the educational development of employees.
- Corporate social investment programmes.
- Labour practices and policies.
- Code of Business Principles and Ethics.
- SHEQ performance.

The above mentioned is brought to the attention of the board by the committee and is subsequently reported to shareholders at the annual general meeting.

Please see pages 24 to 28 for reporting on the committee's areas of focus.

No human rights infringements were reported in the year.

Stephen van der Linde

Transformation, social & ethics committee chairman
14 October 2021

05

Audited Annual Financial Statements

PREPARATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The preparation of the audited annual financial statements for the year ended 30 June 2021, which appear on pages 48 to 96, has been supervised by Louis Weinberg, CFO of Transpaco Limited.

DIRECTORS' STATEMENT OF RESPONSIBILITY

These annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the Companies Act of South Africa and are supported by reasonable and prudent judgements and estimates.

The directors are responsible for the group's systems of internal control. These controls are designed to provide reasonable, but not absolute assurance as to the integrity and reliability of the annual financial statements, that transactions are conducted in accordance with management's authority and that the assets are adequately safeguarded against loss. These controls are monitored throughout the group by management. Nothing has come to the directors' attention to indicate that there were any material breakdowns in the functioning of these controls during the year under review.

The annual financial statements have been prepared on the going concern basis since the directors have every reason to believe that the company and the group have adequate resources to continue in operation for the year ahead.

The annual financial statements support the viability of the company and the group. The auditors BDO South Africa Incorporated Inc. are responsible for reporting on the fair presentation of the annual financial statements and their report is presented on pages 43 to 45.

CEO AND CFO RESPONSIBILITY STATEMENT IN TERMS OF SECTION 3.84 (K) OF THE JSE LISTINGS REQUIREMENTS

The directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 48 to 96, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involve directors, and have taken the necessary remedial action.

The annual results were approved by the directors on 14 October 2021 and are signed on their behalf by:

PN Abelheim
CEO

L Weinberg
CFO
14 October 2021

DECLARATION BY COMPANY SECRETARY

In my capacity as company secretary, I declare that for the year ended 30 June 2021 the company has lodged with the Registrar of Companies all such returns and notices as are required of a public company in terms of the Companies Act, 2008 as amended, and that such returns and notices are true, correct and up to date.

H van Niekerk

Company Secretary
Johannesburg
14 October 2021

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRANSPACO LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Transpaco Limited (the group and company) set out on pages 48 to 96, which comprise the consolidated and separate statements of financial position as at 30 June 2021, 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 Transpaco Limited as at 30 June 2021, 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 for 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.

The following key audit matters relate to the consolidated financial statements. We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

Key audit matter	How our audit addressed the key audit matter
ASSESSMENT OF CARRYING VALUE OF GOODWILL AND INTANGIBLE ASSETS (CONSOLIDATED FINANCIAL STATEMENTS) (refer notes 10 and 11) Included in non-current assets are intangible assets with indefinite useful lives amounting to R17,9 million and goodwill amounting to R64.2 million respectively. The intangible assets relate to the Jiffy and Garbie brands. The goodwill arose on the acquisition of Future Packaging and Machinery, East Rand Plastics and Britepak Trading. On an annual basis, management prepares a goodwill and intangible assets impairment in accordance with IAS 36, to assess if any impairment is required. Management furthermore determines whether there are indicators of impairment. We considered the assessment of carrying value of goodwill and intangible assets as a matter of most significance to our current year audit of the consolidated financial statements, as significant judgement and estimates is required by management in determining the recoverable amount of each cash-generating unit, the growth rates and discount rates applied, which could have a significant impact on the financial results.	In considering the appropriateness of management's judgement and estimates used in the testing of goodwill and intangible assets for impairment, our audit procedures included amongst others: • We obtained an understanding of the key controls and processes around the impairment assessment calculation performed by management. • We assessed the determination of cash generating units based on our understanding of how management monitors the group's operations and assets that generate the cash flows. • With the assistance of our internal valuation specialists, we assessed the budgeted cashflow forecasts, discount rates and growth rates used to evaluate if there was adequate support for the assumptions underlying the calculations. This was performed by comparing discount rates to other companies operating in similar sectors. • We compared the financial forecasts used in the value in use calculations against historical performance to evaluate the reliability of the data used. • We re-performed the calculations in the impairment models and performed sensitivity analysis of the key assumptions in the model to determine the impact thereon should the assumptions change. • We assessed management's assumptions and judgements in determining the continued applicability of the Jiffy and Garbie trademarks having an indefinite useful life. • We assessed the adequacy of the disclosures in the financial statements for compliance with International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRANSPACO LIMITED (CONTINUED)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Transpaco Limited June 2021 Integrated Annual Report", 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, 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 Transpaco Limited for 1 year.

BDO South Africa Inc

BDO South Africa Incorporated
Registered Auditors

Serena Ho
Director
Registered Auditor

14 October 2021

Wanderers Office Park
52 Corlett Drive, Illovo, 2196

AUDIT & RISK COMMITTEE REPORT

The information below constitutes the report of the audit & risk committee in respect of the year under review, as required by the South African Companies Act. The audit & risk committee is chaired by HA Botha and comprises further of SP van der Linde and B Mkhondo, all of whom are independent non-executive directors. The CEO and CFO attend by invitation and subsidiary management is invited to attend where appropriate. Representing the audit & risk committee, HA Botha attends the annual general meeting to answer any questions relating to matters in the ambit of the committee. The committee also meets with the external and internal auditors. The committee meets three times a year with additional meetings if required. Attendance at committee meetings is set out on page 34.

The formal audit & risk committee charter sets out the committee's responsibilities.

It is reviewed annually to confirm compliance with the Companies Act to assess whether King IV principles have been applied and to ensure the incorporation of further best practice developments.

The charter tasks the committee with reviewing the interim and annual financial statements. Further, the committee assumes the responsibility of monitoring internal control procedures including IT security and control, accounting policies, legislative compliance and regulatory matters. The committee also recommends the appointment of external auditors for approval by shareholders and monitors and evaluates their independence, while setting the principles for recommending the external auditors for non-audit purposes.

It is further the responsibility of the committee to advise and update the board on issues ranging from accounting standards through published financial information to the implications of major transactions.

The internal auditor has direct access to the committee. The committee has an understanding of management's accounting processes, the method by which it compiles interim financial information, as well as the nature and extent of the external auditors' involvement in these processes.

The committee has reviewed and is satisfied with the scope, independence and objectivity of the external auditors, BDO South Africa Incorporated with Serena Ho as designated auditor. The committee has obtained a statement from the auditor that its independence was not impaired. The committee has confirmed the appropriateness of the expertise, experience and resources of the external auditor and the external audit partner. The committee reviews and approves the fees proposed by the external auditors. In addition, the nature and extent of the non-audit services provided by the external auditors has been reviewed to ensure that the fees for such services do not become so significant as to call into question their independence.

The audit & risk committee also determines the key risk areas facing the group and recommends mitigation measures. The audit & risk committee is satisfied that the appropriate risk management processes are in place.

The committee has satisfied itself that appropriate financial reporting procedures are in place and that these are operational.

The effectiveness of the committee is assessed annually by the board governance & remuneration committee. It was found that the audit & risk committee has duly completed its responsibilities during the year in accordance with its written terms of reference.

The committee considered and is satisfied with the competence, expertise and experience of the company's CFO, Louis Weinberg.

HA Botha
Audit & risk committee Chairman
14 October 2021

DIRECTORS' REPORT

The directors of Transpaco have pleasure in submitting their report for the group and the company for the year.

FINANCIAL RESULTS AND DIVIDENDS

The annual financial results of the group and company for the year are set out in the annual financial statements and accompanying notes.

The directors are pleased to confirm the declaration to shareholders of a final dividend for the year of 110 cents per share.

This, together with the interim dividend of 43 cents per share paid to shareholders in March 2021, brings the total dividend for the year to 153 cents per share (2020: 111 cents).

ACCOUNTING POLICIES

The group and company's annual financial statements set out on pages 48 to 96 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the South African Companies Act.

NATURE OF BUSINESS

Transpaco is listed in the 'Containers and Packaging' sector of the JSE Main Board.

The group's subsidiaries manufacture and distribute plastic and paper packaging products. Transpaco specialises in:

- packaging for the retail, industrial, agricultural, mining, pharmaceutical, motor sectors and packing materials:
- scholastic stationery;
- cardboard tubes and cores, dividers, dufaylite, paper slitting and yarn carriers;
- plastic recycling;
- printed pharmaceutical packaging and inserts;
- pallet wrap; and
- refuse bags.

Details of the group's operations and their performance in the year are set out in the Chair's & CEO's reports, which form part of this integrated annual report.

CORPORATE GOVERNANCE, MEMORANDUM OF INCORPORATION AND SUSTAINABILITY

Transpaco continued improving corporate governance policies and procedures in line with the King IV™ Report and Companies Act requirements. Transpaco also operated in conformity with its Memorandum of Incorporation. Sustainability is viewed as an essential operational and strategic imperative.

DIRECTORATE

The directors of the company at the date of this integrated annual report are:

Executive directors
Phillip Abelheim (CEO)
Louis Weinberg (CFO)
Charly Bouzaglou

Independent non-executive directors
Harry Botha
Bonge Mkhondo
Stephen van der Linde
(Lead independent director)

Non-executive director
Derek Thomas (Chairman)

In terms of the Memorandum of Incorporation Harry Botha, Bonge Mkhondo and Stephen van der Linde retire at the upcoming annual general meeting and being eligible, will offer themselves for re-election.

SUBSEQUENT EVENTS

The property that houses the only external tenant has been sold to that tenant. The property is situated at 69 Serenade Road, Elandsfontein and was sold for R26,5 million. The transfer of that property is pending.

DIRECTORS' SHAREHOLDING

The aggregate direct and indirect interests of the directors in the issued share capital of the company are as follows:

	2021				2020			
	Beneficial		Non-beneficial		Beneficial		Non-beneficial	
Director	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
PN Abelheim	3 515 871	-	-	2 054 639	3 515 871	-	-	2 054 639
HA Botha *›	200 000	-	-	49 837	200 000	-	-	49 837
SR Bouzaglou	1 019 562	-	-	-	1 019 562	-	-	-
DJJ Thomas*	-	1 611 787	-	6 661 225	-	1 611 787	-	6 661 225
SP van der Linde *›	56 966	-	-	-	56 966	-	-	-
L Weinberg	252 227	-	-		252 227	-	-	
	5 044 626	1 611 787	-	8 765 701	5 044 626	1 611 787	-	8 765 701

* Non-executive › Independent

There have been no further changes in the shareholding of directors between year-end and the date of this report.

DIRECTORS' AND OFFICERS' INTEREST IN CONTRACTS AND DIRECTORS' EMOLUMENTS

Directors' and officers' interest in contracts and directors' emoluments. The interests of directors and officers in the group's contracts and directors' emoluments are set out in note 5 and note 26 to the annual financial statements, respectively. Non-executive directors' fees are approved at the annual general meeting (refer to Special Resolution 2 in the notice of annual general meeting included in this integrated annual report).

For details of interests in subsidiaries refer Note 12 to the annual financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

		GROUP		COMPANY	
R'000	Notes	June 2021 R'000	Restated* June 2020 R'000	June 2021 R'000	June 2020 R'000
CONTINUING OPERATIONS					
Revenue	3	**2 078 891**	1 905 764	**46 000**	29 000
Revenue - plastic products		**1 085 387**	1 041 067	**-**	-
Revenue - paper and board products		**993 504**	864 697	**-**	-
Dividend income		**-**	-	**46 000**	29 000
Cost of sales	34.1	**(1 398 789)**	(1 276 992)	**-**	-
Profit before operating costs, depreciation and impairment		**680 102**	628 772	**46 000**	29 000
Operating costs	34.1	**(490 899)**	(467 426)	**(1 467)**	(3)
Depreciation	34.1	**(24 352)**	(25 456)	**-**	-
Operating profit		**164 851**	135 890	**44 533**	28 997
Finance income	4	**1 526**	2 088	**-**	-
Finance costs	4	**(15 911)**	(12 859)		(43)
Profit before taxation	5	**150 466**	125 119	**44 533**	28 954
Taxation	6	**(40 188)**	(33 632)	**-**	-
Profit for the year from continuing operations		**110 278**	91 487	**44 533**	28 954
DISCONTINUED OPERATION					
Loss for the year from discontinued operation	30	**-**	(22 533)	**-**	-
Profit for the year		**110 278**	68 954	**44 533**	28 954
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the year		**110 278**	68 954	**44 533**	28 954
CONTINUING OPERATIONS					
Earnings per share (cents)	7	**337,4**	278,2		
Diluted earnings per share (cents)	7	**337,4**	278,2		
DISCONTINUED OPERATIONS					
Loss per share (cents)	31	**-**	(68,5)		
Diluted loss per share (cents)	31	**-**	(68,5)		
TOTAL OPERATIONS					
Earnings per share (cents)	7	**337,4**	209,7		
Diluted earnings per share (cents)	7	**337,4**	209,7		

* Refer to note 34.1 for additional details regarding the restatement of cost of sales and depreciation.

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2021

		GROUP		COMPANY	
			Restated*		
		June	June	**June**	June
		2021	2020	**2021**	2020
R'000	Notes	**R'000**	R'000	**R'000**	R'000
ASSETS					
Non-current assets		**624 065**	549 309	**134 964**	136 428
Property, plant and equipment	8	**487 949**	397 508	**-**	-
Right-of-use Assets	9	**47 531**	65 237	**-**	-
Intangibles	10	**17 855**	17 855	**-**	-
Goodwill	11	**64 182**	64 182	**-**	-
Investment in subsidiaries	12	**-**	-	**134 964**	136 428
Deferred taxation	21	**6 548**	4 527	**-**	-
Current assets		**667 281**	561 486	**-**	-
Inventories	13	**245 218**	210 489	**-**	-
Trade and other receivables	14	**344 738**	289 927	**-**	-
Taxation receivable	30.2	**1 078**	248	**-**	-
Cash and cash equivalents	15	**76 247**	60 822	**-**	-
Disposal group assets classified as held for sale/discontinued operation	31	**20 145**	10 062	**-**	-
Total assets		**1 311 491**	1 120 857	**134 964**	136 428
EQUITY AND LIABILITIES					
Capital and reserves		**734 297**	679 515	**105 229**	116 192
Issued share capital	17	**318**	328	**318**	328
Share premium	17	**10 668**	11 019	**10 668**	11 019
Other reserves		**-**	-	**-**	19 138
Retained income		**723 311**	668 168	**94 243**	85 707
Non-current liabilities		**227 771**	143 691	**-**	-
Interest-bearing borrowings	18	**152 181**	53 684	**-**	-
Lease liability	19	**35 088**	51 410	**-**	-
Deferred income	20	**1 658**	2 614	**-**	-
Deferred taxation	21	**38 844**	35 983	**-**	-
Current liabilities		**349 423**	297 365	**29 735**	20 236
Trade payables and accruals	22/34.2	**288 666**	246 346	**480**	418
Interest-bearing borrowings	18	**38 121**	25 521	**-**	-
Lease liability	19	**18 038**	19 714	**-**	-
Deferred income	20	**1 093**	1 133	**-**	-
Taxation payable	30.2	**3 505**	4 651	**-**	-
Amounts owing to subsidiaries	16	**-**	-	**29 255**	19 818
Disposal group liabilities classified as held for sale	31	**-**	286	**-**	-
Total equity and liabilities		**1 311 491**	1 120 857	**134 964**	136 428

* Refer to note 34.2 for additional details regarding restatement of trade payables and accruals.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

GROUP

R'000	Issued Share Capital	Share Premium	Retained Income	Total
Balance at 1 July 2019	**328**	**11 019**	**626 509**	**637 856**
Profit for the year	-	-	68 954	**68 954**
Other comprehensive income	-	-	-	**-**
Total comprehensive income	-	-	68 954	**68 954**
Dividend paid	-	-	(27 295)	**(27 295)**
Balance at 1 July 2020	**328**	**11 019**	**668 168**	**679 515**
Profit for the year	-	-	110 278	**110 278**
Other comprehensive income	-	-	-	**-**
Total comprehensive income	-	-	110 278	**110 278**
Shares repurchased and cancelled	(10)	(351)	(15 342)	**(15 703)**
Dividend paid	-	-	(39 793)	**(39 793)**
Balance at 30 June 2021	**318**	**10 668**	**723 311**	**734 297**

COMPANY

R'000	Issued Share Capital	Share Premium	Other Reserves	Retained Income	Total
Balance at 1 July 2019	**328**	**11 019**	**19 138**	**84 048**	**114 533**
Profit for the year	-	-	-	28 954	**28 954**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive income	-	-	-	28 954	**28 954**
Dividend paid	-	-	-	(27 295)	**(27 295)**
Balance at 1 July 2020	**328**	**11 019**	**19 138**	**85 707**	**116 192**
Profit for the year	-	-	-	44 533	**44 533**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive income	-	-	-	44 533	**44 533**
Shares repurchased and cancelled	(10)	(351)	-	(15 342)	**(15 703)**
Historical share buyback transferred to retained income*			(19 138)	19 138	**-**
Dividend paid	-	-	-	(39 793)	**(39 793)**
Balance at 30 June 2021	**318**	**10 668**	**-**	**94 243**	**105 229**

* Balance of other reserves in respect of share buybacks has been transferred to retained income in the current year as the separate reserves is no longer considered necessary.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

		GROUP		COMPANY	
	Notes	**June 2021 R'000**	June 2020 R'000	**June 2021 R'000**	June 2020 R'000
Cash flow from operating activities					
Cash generated from/(utilised in) operations	30.1	**189 814**	245 927	**9 496**	(1 662)
Dividends received		**-**	-	**46 000**	29 000
Dividends paid		**(39 793)**	(27 295)	**(39 793)**	(27 295)
Finance income received		**1 526**	2 088	**-**	-
Finance costs paid		**(15 911)**	(12 859)	**-**	(43)
Taxation paid	30.2	**(41 325)**	(25 644)	**-**	-
Net cash inflow from operating activities		**94 311**	182 217	**15 703**	-
Cash flow used in investing activities					
Proceeds on disposal of property, plant and equipment		**11 387**	7 070	**-**	-
Expansion of property, plant and equipment		**(84 555)**	(112 333)	**-**	-
Net cash outflow from investing activities		**(73 168)**	(105 263)	**-**	-
Cash flow used in financing activities					
Repurchase of shares		**(15 703)**	-	**(15 703)**	-
Payment of principal portion of lease liability	18	**(24 432)**	(28 270)		
Proceeds from borrowings	18	**102 499**	71 422	**-**	-
Repayment of borrowings	18	**(68 082)**	(95 967)	**-**	-
Net cash outflow from financing activities		**(5 718)**	(52 815)	**(15 703)**	-
Net movement in cash for the year		**15 425**	24 139	**-**	-
Cash and cash equivalents at the beginning of the year		**60 822**	36 683	**-**	-
Cash and cash equivalents at the end of the year	15	**76 247**	60 822	**-**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. ACCOUNTING POLICIES

The group and company's annual financial statements set out on pages 48 to 96 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) IFRS interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act 71 of 2008 of South Africa.

The accounting policies below have been applied consistently to all periods presented in the annual financial statements, except where the group has adopted IFRS and IFRIC interpretations and amendments that became effective during the period (refer note 1.2). These annual financial statements are presented in South African Rands because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements have been prepared on a historical cost basis. All values are rounded to the nearest thousand (R'000), except where otherwise indicated.

1.1 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 30 June each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if and only if the group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income and the statement of financial position from the date the group gains control until the date the group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

1.2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year except as set out below.

Standards issued but not yet effective up to the date of issuance of the financial statements are listed below. This listing of standards and interpretations issued are those that the group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The group intends to adopt these standards when they become effective.

Standards and Interpretations that have been issued or revised and will become effective after June 2021

- Financial Instruments – Amendment to IFRS 9- (effective 1 January 2022) – Annual Improvements to IFRS Standards 2018–2020: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.
  The amendments will not have a significant impact on the group's financial statements.
- Presentation of Financial Statements – Amendment to IAS 1 – (effective 1 January 2022) – Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.
  The amendments will not have a significant impact on the group's financial statements.
- Property, Plant and Equipment – Amendment to IAS16 (effective 1 January 2022) – Property, Plant and Equipment: Proceeds before Intended Use: The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments will not have any impact on the group's financial statements.
- Provisions, Contingent Liabilities and Contingent Assets – IAS37 – (effective 1 January 2022) – Onerous Contracts—Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making. The amendments will not have a significant impact on the group's financial statements.

Standards and Interpretations that became effective in the current period

- Definition of a Business – Amendments to IFRS 3 (effective 1 July 2020) – The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.
  The group was not impacted by this amendment since the amendments apply prospectively to transactions or other events that occur on or after the date of first application.
- Definition of Material – Amendments to IAS 1 and IAS 8 (effective 1 July 2020)

– In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to the definition of material did not have a significant impact on the group's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.

- Reference to the Conceptual Framework – Amendments to IFRS 3 (effective 1 July 2022) – The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments did not have a significant impact on the group's financial statements.

1.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is reflected at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is provided for on the straight line basis over the estimated useful lives in order to reduce the item to its residual value as follows:

Buildings and leasehold improvements	Up to 50 years
Tools and equipment	5 years
Plant and machinery	5 to 15 years
Computers, furniture and fittings	3 to 10 years
Vehicles	2 to 10 years

To the extent that subsequent expenditure on an item of property, plant and equipment meets the recognition criteria, it is capitalised to the cost of the item. Day-to-day servicing costs are not capitalised but are expensed as incurred.

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Assets under construction are not depreciated until ready for use at which time they are then transferred to the relevant asset category.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the profit or loss in the year the asset is de-recognised.

1.4 INTANGIBLE ASSETS

Intangible assets acquired separately are measured at initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss. The useful lives of intangible assets are assessed to be indefinite.

Intangible assets with indefinite useful lives are tested for impairment annually. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss on sale of an intangible asset is recognised in profit or loss when the asset is derecognised.

1.5 IMPAIRMENT OF NON-FINANCIAL ASSETS

The group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised in profit or loss.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash generating unit, and
- then to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

For assets excluding goodwill, an assessment is made at each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumption used to determine the asset's recoverable amount since the last impairment was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

A reversal of an impairment loss is recognised directly in profit or loss.

Goodwill
Goodwill is tested for impairment annually as at 30 June and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

1.6 INVENTORIES

Raw material, work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

The value of work-in-progress and finished goods includes direct costs and manufacturing overheads.

1.7 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions are translated at the spot rate of exchange ruling on the date of the respective transactions. The related foreign currency monetary assets and liabilities at year-end are translated at the spot rates at the reporting date. Exchange differences arising on settlement of monetary items or on translation of unsettled short-term and long-term monetary items at rates different from those previously recorded, are recognised in profit or loss for the year.

1.8 REVENUE RECOGNITION

Revenue from contracts with customers comprises sale of goods. Revenue is measured at the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods, net of value-added tax and internal revenue which is eliminated on consolidation.

Normal discounts, volume rebates and settlement discounts are treated as variable consideration which is estimated upfront and adjusted for in the transaction price accordingly. Payments to customers such as promotional allowances and rebates are deducted from revenue. If such a payment relates to a period covering more than one financial year, the payment is recognised as a contract asset and is utilised over the related period of transferring control over goods sold to the customer. Returns and refunds are accepted from customers based on individual trade term agreements.

Sale of goods
Revenue from the sale of goods is recognised when the transfer of control has passed to the buyer when the performance obligation is satisfied. The performance obligation is generally satisfied upon delivery of goods and for export operations, the performance obligation is generally satisfied upon shipment of goods.

Financing components on sales with a payment term of 12 months or less from the transfer of control over goods until payment date (or vice versa) are not adjusted for the time value of money as allowed by the practical expedient explained in IFRS 15.63.

With regards to unsatisfied performance obligations the group applied the practical expedient relinquishing disclosure for contracts with a duration of one year or less.

Dividend income
Dividend income is recognised when the company's right to receive payment is established.

Other Income

Interest received
For all financial instruments measured at amortised cost, interest received or expensed is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest received is included in finance income in the statement of comprehensive income.

Cost of sales
When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write – down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grant will be received.

When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

1.10 RETIREMENT BENEFITS

Current contributions to the defined contribution pension and provident funds are based on current service and current salary and are recognised in profit or loss for the year.

1.11 LEASES UNDER IFRS 16

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.

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 lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

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, as follows:

Land and Buildings	2 to 6 years
Vehicles	3 to 5 years
Computers, furniture and fittings	3 to 5 years

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 incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating the lease, if the lease term reflects the group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 a 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.

1.12 INVESTMENTS IN SUBSIDIARIES

At company level investments in subsidiaries are stated at cost less any impairment in value.

1.13 BORROWING COSTS

All borrowing costs are recognised as an expense when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.14 TAXATION

Current Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date and any adjustment of tax payable for previous years.

Current income tax on items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

Deferred tax

Deferred taxation is provided using the liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relates to the deductible temporary differences from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the tax rate enacted or substantially enacted by the reporting dates. Deferred taxation is charged to the statement of comprehensive income. The effects on deferred taxation of any changes in tax rates are recognised in the statement of comprehensive income.

The carrying amount of deferred income tax assets is reviewed at each reporting date. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would be treated either as a reduction to goodwill if it incurred during the measurement period or in profit or loss.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Value Added Tax

Revenue, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authorities, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included in receivables or payables in the statement of financial position.

Dividend Withholding Tax and Dividends

A dividend withholding tax of 20% is withheld on behalf of the taxation authority on dividend distributions. The net amount payable to the taxation authority is included as part of trade and other payables at the time a dividend is declared.

1.15 RETIREMENT BENEFIT LIABILITIES

The group provides retirement benefits to all its permanent employees through various defined contribution funds, being the Transpaco Pension Fund, Transpaco Provident Fund and appropriate industry funds.

1.16 FINANCIAL INSTRUMENTS

Financial instruments

Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the statement of financial position when, and only when, the group has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent to initial recognition, these instruments are measured in accordance with their classification as set out below.

Classification

The group's classification of financial assets and liabilities at amortised costs are as follows:

Description of asset/liability	Classification
Trade and other receivables	Debt instruments at amortised cost
Cash and cash equivalents	Debt instruments at amortised cost
Interest bearing borrowings	Other financial liabilities
Trade payables and accruals	Other financial liabilities
Amounts owing to subsidiaries	Other financial liabilities

Financial assets

Financial assets are classified, at initial recognition, subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortised cost (debt instruments)

The group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company's financial assets at amortised cost include trade receivables and cash and cash equivalents.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and are carried at amortised cost.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consists of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets are classified as at FVTPL when the financial asset is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the operating expenses line item.

The group's assets measured at FVTPL includes foreign exchange contracts (FEC's) which are derivative financial instruments. The group does not apply hedge accounting in terms of IFRS 9.

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Fair value through profit or loss (FVTPL)
Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss.

Other financial liabilities
Other financial liabilities (including borrowings and trade payables and accruals) are subsequently measured at amortised cost using the effective interest method.

1.17 DERIVATES

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. These are classified as financial assets and or financial liabilities.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

1.18 IMPAIRMENT OF FINANCIAL ASSETS

The group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reasonably estimated.

The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and one day past due.

For trade receivables and contract assets, the group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors such as the macro economic growth and the economic environment. Debt instruments at amortised cost are recognised net of an allowance for ECL.

1.19 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

De-recognition of financial assets
The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is not recognised in profit or loss.

On de-recognition of a financial asset other than in its entirety (e.g. when the group retains an option to repurchase part of a transferred asset), the group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is not recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. Gains or losses are recognised in the statement of comprehensive income when the liability is de-recognised. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability is substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

1.20 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

The group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of the disposal group, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income.

Additional disclosures are provided in note 30. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

1.21 TREASURY SHARES

Shares in Transpaco held by subsidiary companies and the Share Incentive Trust are treated as treasury shares. The shares are treated as a deduction from the issued weighted average number of shares and the cost of the shares is deducted from share capital and share premium in the statement of financial position on consolidation. Dividends received on treasury shares are eliminated on consolidation. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments. Consideration received or paid with regards to treasury shares are recognised in equity.

1.22 SEGMENTAL REPORTING

The principal segments of the group have been identified by grouping of similar-type products. This basis is representative of the internal structure for management purposes and represents information reported to the chief operating decision-maker. No geographical segments are reported as the group operates mainly in South Africa.

1.23 EVENTS AFTER REPORTING PERIOD

Recognised amounts in the financial statements are adjusted to reflect events arising after the reporting date that provide evidence of conditions that existed at the reporting date.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those estimates which may be material to the financial statements.

Estimates and assumptions

The estimates and assumptions that have a significant risk of causing material adjustments to the amounts reflected in the financial statements are discussed below:

- **Carrying value of goodwill, tangible assets and intangible assets**

  Goodwill and intangible assets with indefinite useful lives are tested for impairment on an annual basis; tangible assets and intangible assets with finite useful lives are only tested for impairment where events and circumstances indicate that the carrying value may not be recoverable. The recoverable amount of CGU's is determined through the higher of value in use calculations and fair value less costs to sell. These calculations require the use of estimates and assumptions concerning the future cash flows which are inherently uncertain and could change over time. In addition, changes in economic factors such as discount rates could also impact this calculation. The carrying amount of the goodwill, tangible assets and intangible assets subject to estimation is included in the statement of financial position. The recoverable amount of goodwill is determined based on a value in use calculation using a discounted cash flow projection. Discount rates are arrived at by using the pre-tax average weighted cost of capital for the group. The "relief from royalty" valuation method is used to value intangibles. The main inputs used are a notional royalty rate and an appropriate discount rate. Refer to notes 10 and 11 for additional information.

- **Residual values and useful lives of tangible assets and intangible assets**

  Residual values and useful lives of tangible assets and intangible assets are assessed on an annual basis. The useful lives of tangible assets are determined based on group replacement policies for the various assets and are assessed based on factors including wear and tear, technological obsolescence and usage requirements. Estimates and judgements in this regard are based on historical experience and expectations of the manner in which assets are to be used, together with expected proceeds likely to be realised when assets are disposed at the end of their useful lives. Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible assets and intangible assets in the future. The carrying value of the tangible assets subject to estimation is included in note 8. The carrying value of the intangible assets subject to estimation is included in note 10.

Consideration of the impact of Covid-19

On 15 March 2020 the President of the Republic of South Africa declared Covid-19 a national disaster and announced a mandatory lockdown with the exception of essential services. Transpaco was considered an essential business and all the operations were able to trade from the outset albeit at different levels.

Covid-19 had a minimal effect on the group and its operations and due to this no impairment indication arose for tangible assets or the need to write down inventory to net reliable value. Goodwill and intangible assets are assessed for impairment on an actual basis with Covid-19 having minimal impact on the values in use at 30 June 2021.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3. REVENUE

GROUP	June 2021 R'000	June 2020 R'000
The group's revenue from contracts with customers arises from its principal activities of sales of goods.		
Sale of goods	**2 078 891**	1 905 764
	2 078 891	1 905 764

Refer to note 23 for further disaggregation of revenue from contracts with customers.

COMPANY	June 2021 R'000	June 2020 R'000
Dividend income reflected as revenue		
Dividends received	**46 000**	29 000
	46 000	29 000

4. FINANCE INCOME AND FINANCE COSTS

	GROUP		COMPANY	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Finance income				
Bank interest received	**(1 526)**	(2 088)	**-**	-
	(1 526)	(2 088)	**-**	-
Finance costs				
Bank overdrafts	**98**	5	**-**	-
Finance charges payable under instalment sale agreements	**6 812**	3 184	**-**	-
Finance charges payable under revolving credit facility	**616**	2 484	**-**	-
Finance charges payable under mortgage bonds	**2 568**	751	**-**	-
Finance charges payable under lease liabilities	**5 760**	6 368	**-**	-
Finance charges other	**57**	67	**-**	43
	15 911	12 859	**-**	43

5. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	June 2021 R'000	June 2020 R'000	**June 2021 R'000**	June 2020 R'000
Determined after charging/(crediting)				
Auditors' remuneration	**3 926**	4 300	**-**	-
Fee	**3 926**	4 300	**-**	-
Depreciation - property plant and equipment	**11 582**	9 131	**-**	-
Vehicles	**3 883**	3 147	**-**	-
Buildings	**5 344**	3 839	**-**	-
Tools and equipment	**406**	320	**-**	-
Furniture, fittings and computer	**1 949**	1 825	**-**	-
Depreciation - right-of-use-assets	**12 770**	16 325	**-**	-
Buildings	**12 522**	16 166	**-**	-
Furniture, fittings and computers	**248**	159	**-**	-
Depreciation included in cost of sales	**50 435**	47 002	**-**	-
Total depreciation	**74 787**	72 458	**-**	-
Foreign exchange loss (gain)	**5 945**	(7 488)	**-**	-
Realised foreign exchange loss (gain)	**4 727**	(2 248)	**-**	-
Unrealised foreign exchange loss (gain)	**1 218**	(5 240)	**-**	-
Expected credit loss allowance	**2 296**	6 509	**-**	-
Profit on disposal of property, plant and equipment	**(535)**	(325)	**-**	-
Early termination/cancellation of right of use asset	**(1 464)**	-	**-**	-
Secretarial fees	**13**	1	**-**	-
Staff costs excluding executive directors' remuneration	**369 052**	388 006	**-**	-
Salaries and wages	**346 468**	365 617	**-**	-
Pension and provident fund	**22 584**	22 389	**-**	-
Impairment of investment in subsidiary	**-**	-	**1 464**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

5. PROFIT BEFORE TAXATION (CONTINUED)

EXECUTIVE DIRECTORS' REMUNERATION 2021

	Remuneration R'000	Bonus R'000	Pension and medical aid R'000	**Total fixed and flexible remuneration R'000**
PN Abelheim	5 627	3 662	924	**10 213**
SR Bouzaglou	3 916	1 508	671	**6 095**
L Weinberg	3 776	2 259	638	**6 673**
Total	13 319	7 429	2 233	**22 981**

Incentive bonuses paid in the reported financial year are based on group performance in the prior financial year.

EXECUTIVE DIRECTORS' REMUNERATION 2020

	Remuneration R'000	Bonus R'000	Pension and medical aid R'000	**Total fixed and flexible remuneration R'000**
PN Abelheim	5 633	2 461	918	**9 012**
SR Bouzaglou	3 912	1 729	674	**6 315**
L Weinberg	3 690	2 029	619	**6 338**
Total	13 235	6 219	2 211	**21 665**

PRESCRIBED OFFICER'S REMUNERATION 2021

	Remuneration R'000	Bonus R'000	Pension and medical aid R'000	**Total fixed and flexible remuneration R'000**
HJ van Niekerk	1 348	250	131	**1 729**

PRESCRIBED OFFICER'S REMUNERATION 2020

	Remuneration R'000	Bonus R'000	Pension and medical aid R'000	**Total fixed and flexible remuneration R'000**
HJ van Niekerk	1 296	400	112	**1 808**

All the executives are subject to employment contracts with a three month notice period.

NON-EXECUTIVE DIRECTORS' REMUNERATION

	2021 Fees R'000	2020 Fees R'000
HA Botha	**338**	295
B Mkhondo	**326**	285
DJJ Thomas	**470**	411
SP van der Linde	**326**	285
	1 460	1 276

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

6. TAXATION

	GROUP		COMPANY	
	June 2021 R'000	June 2020 R'000	**June 2021 R'000**	June 2020 R'000
SA normal taxation				
Current taxation				
Current year	**39 227**	30 741	**-**	-
Prior year	**122**	(63)	**-**	-
Deferred taxation				
Current year	**745**	3 661	**-**	-
Prior year	**94**	(707)	**-**	-
	40 188	33 632	**-**	-
Tax rate reconciliation (%)				
Standard SA normal tax rate on companies	**28,00**	28,00	**28,00**	28,00
Adjusted for:				
Disallowable expenditure	**0,22**	0,26	**-**	-
- Fines, donations and penalties	**0,16**	0,07	**-**	-
- Legal fees	**0,06**	0,19	**-**	-
Non-taxable income	**(1,51)**	(1,38)	**(28,00)**	(28,04)
- Learnerships	**(1,44)**	(1,22)	**-**	-
- Reversal of deferred tax	**-**	(0,16)	**-**	-
- Origination from adjustment in prior year current tax	**(0,07)**	-	**-**	-
- Dividend income	**-**	-	**(28,00)**	(28,04)
Assessed loss not recognised	**-**	-	**-**	0,04
Effective taxation rate	**26,71**	26,88	**-**	-

7. EARNINGS AND DIVIDENDS PER SHARE

	GROUP June 2021	GROUP June 2020
Basic earnings per share are calculated by dividing the total profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by dividing the total profit adjusted for the effects of dilutive convertible ordinary shares divided by the weighted average number that would be in issue on conversion of all the dilutive potential shares into ordinary shares.		
CONTINUING OPERATIONS		
Earnings per ordinary share (cents)	**337,4**	278,2
Headline earnings per ordinary share (cents)	**336,2**	277,5
Earnings per ordinary share – fully diluted (cents)	**337,4**	278,2
Headline earnings per ordinary share – fully diluted (cents)	**336,2**	277,5
TOTAL OPERATIONS		
Earnings per ordinary share (cents)	**337,4**	209,7
Headline earnings per ordinary share (cents)	**336,2**	243,9
Earnings per ordinary share – fully diluted (cents)	**337,4**	209,7
Headline earnings per ordinary share – fully diluted (cents)	**336,2**	243,9
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Basic and diluted basic earnings	**R'000**	R'000
Net profit attributable to ordinary equity holders for basic earnings	**110 278**	68 954
CONTINUING OPERATIONS		
Headline and diluted headline earnings		
Net profit attributable to ordinary equity holders for basic earnings	**110 278**	91 487
Profit on disposal of property, plant and equipment	**(385)**	(234)
Gross amount	**(535)**	(325)
Taxation	**281**	91
Net profit attributable to ordinary equity holders for headline earnings	**109 893**	91 253
DISCONTINUED OPERATIONS		
Headline and diluted headline losses		
Net loss attributable to ordinary equity holders for basic losses	**-**	(22 533)
Impairment on property, plant and equipment	**-**	11 846
Profit on disposal of property, plant and equipment	**-**	(363)
Gross amount	**-**	(363)
Taxation	**-**	-
Net profit attributable to ordinary equity holders for headline earnings	**-**	(11 050)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

7. EARNINGS AND DIVIDENDS PER SHARE (CONTINUED)

	GROUP	
	June 2021	June 2020
TOTAL OPERATIONS		
Headline and diluted headline earnings		
Net profit attributable to ordinary equity holders for basic earnings	**110 278**	68 954
Impairment on property, plant and equipment	**-**	11 846
Profit on disposal of property, plant and equipment	**(385)**	(597)
Gross amount	**(535)**	(829)
Taxation	**150**	232
Net profit attributable to ordinary equity holders for headline earnings	**109 893**	80 203

	Number of shares '000	Number of shares '000
Weighted average ranking number of ordinary shares in issue	**32 686**	32 886
Diluted weighted average ranking number of ordinary shares in issue	**32 686**	32 886
Dividends per share (cents)	**Cents**	Cents
Interim dividend	**43,0**	33,0
Final dividend	**110,0**	78,0
	153,0	**111,0**

8. PROPERTY, PLANT AND EQUIPMENT

	GROUP						
	Assets under construction R'000	Land and buildings and leasehold improvements R'000	Vehicles R'000	Plant and machinery R'000	Tools and Equipment R'000	Furniture fittings & computers R'000	**Total R'000**
At 1 July 2020, net of accumulated depreciation	38 961	105 716	15 182	228 995	1 408	7 246	**397 508**
Additions	8 313	87 213	2 550	59 310	1 356	2 493	**161 235**
Transfers	(38 961)	766	(712)	40 239	-	(1 332)	**-**
Disposals at carrying value	-	(2)	(690)	(619)	(22)	(132)	**(1 465)**
Disposals at cost	-	(753)	(3 418)	(24 276)	(446)	(3 560)	**(32 453)**
Disposals - reversal of accumulated depreciation	-	751	2 728	23 657	424	3 428	**30 988**
Assets held for sale at carrying value	-	(20 145)	-	-	-	-	**(20 145)**
Depreciation		(5 344)	(3 883)	(37 602)	(406)	(1 949)	**(49 184)**
At 30 June 2021, net of accumulated depreciation	8 313	168 204	12 447	290 323	2 336	6 326	**487 949**
Cost	8 313	196 294	44 099	599 935	5 085	19 307	**873 033**
Accumulated depreciation	-	(28 090)	(31 652)	(309 612)	(2 749)	(12 981)	**(385 084)**
Net carrying amount	8 313	168 204	12 447	290 323	2 336	6 326	**487 949**

Assets under construction relates to land and buildings and plant and machinery that are in the process of construction.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Assets under construction R'000	Land and buildings leases and improvements R'000	Vehicles R'000	Plant and machinery R'000	Tools and Equipment R'000	Furniture fittings & computers R'000	**Total R'000**
At 1 July 2019, net of accumulated depreciation	11 515	100 736	15 542	213 455	1 470	6 995	**349 713**
Additions	38 961	7 525	3 728	64 954	271	2 134	**117 573**
Transfers	(11 515)	1 294	-	10 221	-	-	**-**
Disposals at carrying value	-	-	(941)	(5 265)	(13)	(22)	**(6 241)**
Disposals at cost	-	(516)	(6 415)	(37 743)	(85)	(869)	**(45 628)**
Disposals - reversal of accumulated depreciation	-	516	5 474	32 478	72	847	**39 387**
Assets held for sale at carrying value	-	-	-	(21 196)	-	(36)	**(21 232)**
Assets held for sale at cost	-	-	-	(28 347)	-	(140)	**(28 487)**
Assets held for sale accumulated depreciation	-	-	-	7 151	-	104	**7 255**
Depreciation		(3 839)	(3 147)	(33 174)	(320)	(1 825)	**(42 305)**
At 30 June 2020, net of accumulated depreciation	38 961	105 716	15 182	228 995	1 408	7 246	**397 508**
Cost	38 961	129 214	45 678	524 662	4 175	21 706	**764 396**
Accumulated depreciation	-	(23 498)	(30 496)	(295 667)	(2 767)	(14 460)	**(366 888)**
Net carrying amount	38 961	105 716	15 182	228 995	1 408	7 246	**397 508**

No property, plant and equipment have been pledged or have any restrictions on title other than those referred to in mortgage loans over properties.

Refer to note 18 for more detail.

Assets under construction relates to land and buildings and plant and machinery that are in the process of construction.

9. RIGHT-OF-USE ASSETS

The group has lease contracts for various items of property, vehicles and computers and office equipment used in its operations. Leases of property generally have lease terms between 2 and 6 years, while vehicles and computers and office equipment generally have lease terms between 3 and 5 years (see note 19).

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and buildings R'000	Vehicles R'000	Furniture fittings & computers R'000	**Total R'000**
At 1 July 2020, net of accumulated depreciation	61 872	2 581	784	**65 237**
Additions	14 855	1 765	-	**16 620**
Termination of leases at carrying value	(7 522)	(1 201)	-	**(8 722)**
Terminations of leases at cost	(26 785)	(1 586)	-	**(28 371)**
Termination of leases - reversal of accumulated depreciation	19 263	385	-	**19 649**
Depreciation	(24 705)	(650)	(248)	**(25 603)**
At 30 June 2021, net of accumulated depreciation	44 500	2 495	536	**47 531**
Cost	75 250	3 228	943	**79 421**
Accumulated depreciation	(30 750)	(733)	(407)	**(31 890)**
Net carrying amount	44 500	2 495	536	**47 531**

	Land and buildings R'000	Vehicles R'000	Furniture fittings & computers R'000	**Total R'000**
At 1 July 2019, net of accumulated depreciation	65 851	1 840	676	**68 367**
Additions	25 547	1 209	267	**27 023**
Termination of leases at carrying value	-	-	-	**-**
Terminations of leases at cost	(4 217)	-	-	**(4 217)**
Termination of leases - reversal of accumulated depreciation	4 217	-	-	**4 217**
Depreciation	(29 526)	(468)	(159)	**(30 153)**
At 30 June 2020, net of accumulated depreciation	61 872	2 581	784	**65 237**
Cost	87 181	3 049	943	**91 173**
Accumulated depreciation	(25 309)	(468)	(159)	**(25 936)**
Net carrying amount	61 872	2 581	784	**65 237**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

10. INTANGIBLES-BRAND NAMES

	June 2021 R'000
Cost as at 1 July 2020, net of accumulated impairment	**17 855**
At 30 June 2021	**17 855**
At 30 June 2021	
Cost (gross carrying amount)	**18 112**
Accumulated impairment	**(257)**
Net carrying amount	**17 855**
Jiffy brand	**482**
Garbie brand	**17 373**

	June 2020 R'000
Cost as at 1 July 2019, net of accumulated impairment	17 855
At 30 June 2020	17 855
At 30 June 2020	
Cost (gross carrying amount)	18 112
Accumulated impairment	(257)
Net carrying amount	17 855
Jiffy brand	482
Garbie brand	17 373

The group applied the "relief-from-royalty" valuation methodology to determine the recoverable amount of the intangible assets. This method entails quantifying royalty payments, which would be required if the intangible were owned by a third party and licenced to the company.

There are two intangibles:

1) The Jiffy brand which has an indefinite life. Jiffy is a well established brand which is mainly in the back to school range and has proven to be a growth area of the business. The Jiffy brand is determined to have an indefinite life based on an assessment of the brand's historical longevity and stable market position. The Jiffy brand has been allocated to the Transpaco Flexibles cash generating unit (CGU) and the relief from royalty has been used as the recoverable amount. Main inputs used were forecast future sales of 8,0% (2020: 8%) over a five-year period, a notional royalty percentage rate payable in an arm's length transaction of 2% (2020: 2%), terminal growth rate of 4% (2020: 1%), an appropriate pre-tax discount rate of 23,6% (2020: 14,2%).

   In making the assessment, management has determined that the carrying amount of the assets exceed the recoverable amount and therefore no impairment was deemed necessary.

   The directors believe that a change in the key assumptions by 1 % would not materially cause the carrying amounts of the cash generating unit to exceed the recoverable amount that would result in an impairment.

10. INTANGIBLES-BRAND NAMES (CONTINUED)

2) The Garbie brand which was acquired through the acquisition of East Rand Plastics has an indefinite life. Garbie is a well established brand which produces refuse bags mainly for the FMCG market. The Garbie brand is determined to have an indefinite life based on an assessment of the brand's historical longevity and stable market position. The Garbie brand has been allocated to the East Rand Plastics CGU and the relief from royalty has been used as the recoverable amount. Main inputs used were forecast future sales of 8,0% (2020: 8%) over a five-year period, a notional royalty percentage rate payable in an arm's length transaction of 2% (2020: 2%), terminal growth rate of 4% (2020: 1%), an appropriate pre-tax discount rate of 23,99% (2020: 14,2%).

   In making the assessment, management has determined that the carrying amount of the assets exceed the recoverable amount and therefore no impairment was deemed necessary.

   The directors believe that a change in the key assumptions by 1 % would not materially cause the carrying amounts of the cash generating unit to exceed the recoverable amount that would result in an impairment.

No intangibles have been pledged or have restrictions on title.

11. GOODWILL

	June 2021 R'000
Cost as at 1 July 2020	
- Britepak Trading	**3 204**
- East Rand Plastics	**19 991**
- Future Packaging	**40 987**
At 30 June 2021	**64 182**
At 30 June 2021	
Cost (gross carrying amount)	**64 182**
Accumulated impairment	**-**
Net carrying amount	**64 182**

	June 2020 R'000
Cost as at 1 July 2019	
- Britepak Trading	3 204
- East Rand Plastics	19 991
- Future Packaging	40 987
At 30 June 2020	64 182
At 30 June 2020	
Cost (gross carrying amount)	64 182
Accumulated impairment	-
Net carrying amount	64 182

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

11. GOODWILL (CONTINUED)

BRITEPAK TRADING

The recoverable amount has been determined based on a value in use calculation using a discounted cash flow projection based on budgets covering a five-year period which is based on industry expectations and management experience. Management estimates discount rates using the pre-tax average weighted cost of capital for the group. Growth rates are based on industry growth rate forecasts. Main inputs used were revenue growth of 8% (2020: 8%), movement on working capital of 4% (2020: 4%), a pre-tax discount rate of 22,32% (2020: 14,2%) and a terminal growth rate of 4% (2020: 4,5%).

Any reasonably possible change in assumptions would not result in an impairment.

In making the assessment for goodwill impairment, management has determined that the carrying amount of the assets exceed the recoverable amount and therefore no impairment deemed necessary.

EAST RAND PLASTICS

Goodwill acquired through business combinations has been allocated to East Rand Plastics (Pty) Ltd. The recoverable amount has been determined based on a value in use calculation using a discounted cash flow projection based on budgets covering a five-year period which is based on industry expectations and management experience. Management estimates discount rates using the pre-tax average weighted cost of capital for the group. Growth rates are based on industry growth rate forecasts. Main inputs used were revenue growth of 8% (2020: 8%), movement on working capital of 4% (2020: 4%), a pre-tax discount rate of 23,60% (2020: 14,2%) and a terminal growth rate of 4% (2020: 4,5%).

Any reasonably possible change in assumptions would not result in an impairment.

In making the assessment for goodwill impairment, management has determined that the carrying amount of the assets exceed the recoverable amount and therefore no impairment deemed necessary.

FUTURE PACKAGING

The recoverable amount has been determined based on a value in use calculation using a discounted cash flow projection based on budgets covering a five-year period which is based on industry expectations and management experience. Management estimates discount rates using the pre-tax average weighted cost of capital for the group. Growth rates are based on industry growth rate forecasts. Main inputs used were revenue growth of 9% (2020: 9%), movement on working capital of 4% (2020: 4%), a pre-tax discount rate of 25% (2020: 14,2%) and a terminal growth rate of 4% (2020: 4,5%).

Any reasonably possible change in assumptions would not result in an impairment.

In making the assessment for goodwill impairment, management has determined that the carrying amount of the assets exceed the recoverable amount and therefore no impairment deemed necessary.

12. INVESTMENT IN SUBSIDIARIES

	GROUP		COMPANY	
	June 2021 R'000	June 2020 R'000	**June 2021 R'000**	June 2020 R'000
Shares at cost	**-**	-	**134 964**	136 428

12. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Interest In Subsidiary Companies

All subsidiaries are 100% owned and are incorporated in the Republic of South Africa

Name of subsidiary (Pty) Limited		Issued Share capital		Book value Holding company's interest			
				Investment		Indebtedness	
		2021 R	2020 R	2021 R	2020 R	2021 R	2020 R
Transpaco Administration and Financial Services	Administrative	**2**	2	**1**	1	**(29 254 764)**	(19 818 273)
Cores and Tubes	Cardboard tubes and core manufacturers	**1 000**	1 000	**1 000**	1 000	**-**	-
Transpaco Flexibles	Plastic carrier manufacturer	**20 000**	20 000	**301 931**	301 931	**-**	-
Transpaco Flexibles Mpumamalanga	Plastic carrier manufacturer	**1**	1	**1**	1	**-**	-
Transpaco Packaging	Packaging distributor	**4 000**	4 000	**10 724**	10 724	**-**	-
East Rand Plastics	Refuse bag manufacturer	**1**	1	**1**	1	**-**	-
Transpaco Recycling	Dormant company	**1**	1	**1**	1	**-**	-
Britepak	Printed folded cartons	**1 050**	1 050	**18 700 000**	18 700 000	**-**	-
Transpaco Specialised Films	Pallet wrap	**100**	100	**1**	1	**-**	-
Booysens Road Properties	Property owning	**1**	1	**1**	1	**-**	-
Explosive Film Technologies	Property owning	**40 000**	40 000	**40 000**	40 000	**-**	-
Propateez 62	Property owning	**100**	100	**10 988 533**	10 988 533	**-**	-
Future Packaging and Machinery	Packaging distributor	**1 000**	1 000	**91 080 971**	91 080 971	**-**	-
Future Packaging and Machinery - Cape	Packaging distributor	**1 000**	1 000	**5 591 094**	5 591 094	**-**	-
Future Packaging and Machinery - KZN	Packaging distributor	**100**	100	**9 607 935**	9 607 935	**-**	-
Transpaco Consumer Plastics	Dormant company	**125**	125	**105 747**	105 747	**-**	-
		68 481	68 481	**136 427 941**	136 427 941	**(29 254 764)**	(19 818 273)
Less impairment				**1 464 063**	-	**-**	-
				134 963 878	136 427 941	**-**	-

Transpaco has consolidated the Transpaco Share Incentive Scheme.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

13. INVENTORIES

	GROUP		COMPANY	
	June 2021 R'000	June 2020 R'000	**June 2021 R'000**	June 2020 R'000
Raw materials	**92 626**	65 129	**-**	-
Work in progress	**21 773**	24 696	**-**	-
Finished goods	**130 819**	120 664	**-**	-
	245 218	210 489	**-**	-

The cost of inventories expensed amounted to R1 385 444 000 (2020: R1 282 388 000).

No write-down of inventories took place during the year (2020: nil).
Inventories of nil (2020: nil) were carried at net realisable value.

14. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	June 2021 R'000	June 2020 R'000	**June 2021 R'000**	June 2020 R'000
Financial Instruments				
Trade receivables	**305 393**	261 663	**-**	-
Less allowance for expected credit loss	**(3 368)**	(6 254)	**-**	-
Trade receivables at amortised costs	**302 025**	255 409	**-**	-
Deposits	**1 391**	1 127	**-**	-
Sundry accounts receivable	**11 780**	2 761	**-**	-
	315 196	259 297	**-**	-
Non-financial Instruments				
VAT	**3 361**	13 224	**-**	-
Prepayments	**26 181**	17 406	**-**	-
Total Trade and Other Receivables	**344 738**	289 927	**-**	**-**
Trade receivables are non-interest bearing and are generally on 30-90 days' terms.				
Sundry accounts receivable include staff loans and sundry debtors				
Allowance for expected credit loss				
At 1 July	**6 254**	3 637	**-**	-
Charge for the year	**2 296**	6 509	**-**	-
Utilised	**(5 182)**	(3 592)	**-**	-
Assets held for sale. Refer note 30	**-**	(300)	**-**	-
At 30 June	**3 368**	6 254	**-**	-

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing of impaired trade debtors provided for:

	GROUP					
	Expected credit loss rate 2021 %	**Gross carrying amount 2021 R'000**	Expected credit loss rate 2020 %	Gross carrying amount 2020 R'000	Allowance for expected credit loss **2021 R'000**	2020 R'000
30 to 60 days	0,59	297 549	0,6	250 931	1 357	1 514
60 to 90 days	-	4 219	37,9	9 111	-	3 455
90 - 120 days	40,7	1 784	72,5	978	725	709
120+ days	69,8	1 841	89,4	643	1 286	576
Total	**1,1**	**305 393**	**2,4**	**261 663**	**3 368**	**6 254**

The movement in the expected credit loss rate from 2020 is due to the decrease in the expected credit loss provision along with the improved debtors ageing that was achieved in June 2021. This is mainly due to the previous large debtor that was provided for in the prior year and longer in the current year.

As at 30 June, the ageing analysis of trade receivables is as follows:

	Neither past due R'000	Past due 30 Days R'000	Past due 60 days R'000	Past due 90 days R'000	Past due 120 days R'000	Past due greater than 120 days R'000	**Total R'000**
2021	**186 802**	**90 356**	**18 993**	**4 260**	**1 059**	**555**	**302 025**
2020	241 702	7 715	5 655	269	68	-	255 409

With respect to the trade receivables that are current to 30 days or less past due, the group has considered the past historical loss rates as well as various forward looking debtor specific factors. In addition, where appropriate, credit guarantee insurance is purchased for 80% of the value of individual trade receivable, subject to an insurance deductible. Based on these considerations the debtors in this age category have an immaterial expected credit loss.

The group recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the macro economic environment.

See note 27 on credit risk of trade receivables, which explains how the group manages and measures credit quality of trade receivables that are neither past due.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

15. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	June 2021 R'000	June 2020 R'000	**June 2021 R'000**	June 2020 R'000
Cash and cash equivalents	**76 247**	60 822	**-**	-
	76 247	60 822	**-**	-

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 30 June 2021, the group had available R102 000 000 (2020: R148 000 000) of undrawn uncommitted borrowing facilities. At year end, Rnil (2020: Rnil) of the borrowing facilities have been utilised.

Cross-suretyships to the value of R270 000 000 and R100 000 000 have been lodged as security by and between Transpaco Limited and its subsidaries with ABSA and FNB respectively.

See note 27 for credit risk details.

16. AMOUNTS OWING TO SUBSIDIARIES

	GROUP		COMPANY	
	June 2021 R'000	June 2020 R'000	**June 2021 R'000**	June 2020 R'000
Transpaco Administration and Financial Services (Pty) Ltd	**-**	-	**(29 255)**	(19 818)
	-	-	**(29 255)**	(19 818)

The loan is non-interest bearing, unsecured and is a current trading account which is settled on a continuous basis. There have been no guarantees provided or received.

17. SHARE CAPITAL AND PREMIUM

	GROUP			COMPANY		
	No of Shares	**2021 R'000**	2020 R'000	**No of Shares**	**2021 R'000**	2020 R'000
Authorised						
250 000 000 ordinary shares of 1 cents each		**2 500**	2 500		**2 500**	2 500
Issued						
Ordinary shares of 1 cents each	**32 886 359**	**328**	328	**32 886 359**	**328**	328
Shares repurchased and cancelled	**(1 046 876)**	**(10)**	-	**(1 046 876)**	**(10)**	-
	31 839 483	**318**	328	**31 839 483**	**318**	328
Share premium						
Balance at beginning of year		**11 019**	11 019		**11 019**	11 019
Shares repurchased and cancelled		**(351)**	-		**(351)**	-
Balance at end of year		**10 668**	11 019		**10 668**	11 019
		10 986	11 347		**10 986**	11 347

The remaining shares have been placed under control of the directors until the next annual general meeting. Shares issued during the year may not exceed five percent (5%) of the issued ordinary shares in any one financial year.

18. INTEREST-BEARING BORROWINGS

	GROUP		COMPANY	
	June 2021 R'000	June 2020 R'000	**June 2021 R'000**	June 2020 R'000
Secured				
First Mortgage Bond	**6 650**	8 050	**-**	-
Non-current	**5 250**	6 650	**-**	-
Current	**1 400**	1 400	**-**	-
Secured over property situated at Erf 87 Vulcania Extension 2. The loan bears interest at 2.25% above JIBAR and is repayable monthly in instalments of R116 667, terminating not later than 2025. The carrying amount of the property is R19 559 520 (2020: R14 543 855). Refer note 8 for details				
First Mortgage Bond	**62 268**	-	**-**	-
Non-current	**57 433**	-	**-**	-
Current	**4 835**	-	**-**	-
Secured over property situated at ERF 269 Laser Park Extension 36. The loan bears interest at 0.50% below prime overdraft rate and is repayable monthly in instalments of R729 183, terminating not later than January 2031. The carrying amount of the property is R65 226 036.				
Installment sale agreements	**121 384**	71 155	**-**	-
Non-current	**89 498**	47 034	**-**	-
Current	**31 886**	24 121	**-**	-
Secured in terms of instalment sale agreements over certain plant and equipment. The liabilities bear interest at between 0,05% and 1,00% above and below prime lending rate respectively and are repayable in instalments of between R34 347 and R771 296 per month over periods up to 60 months. The carrying amount of the plant and equipment is R156 038 513 (2020: R95 740 720).				
Total Borrowings	**190 302**	79 205	**-**	-
Long-term portion of borrowings	**152 181**	53 684	**-**	-
Short-term portion of borrowings	**38 121**	25 521	**-**	-
	190 302	79 205	**-**	-

Borrowing powers of the group, in terms of the Memorandum of Incorporation, are unlimited.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

18. INTEREST-BEARING BORROWINGS (CONTINUED)

Changes in liabilities arising from financing activities

see note 18 and note 19

	At 1 July 2020 R'000	Cash Flows R'000	Leases R'000	Non cash borrowings	Other* R'000	**At 30 June 2021 R'000**
Current interest-bearing borrowings	25 521	(68 082)	-	-	80 682	**38 121**
Current lease liabilities	19 714	(24 432)	-	-	22 756	**18 038**
Non-current interest-bearing borrowings	53 684	114 679	-	64 500	(80 682)	**152 181**
Non-current lease liabilities	51 410	-	6 434	-	(22 756)	**35 088**
Total liabilities from financing activities	150 329	22 165	6 434	64 500	-	**243 428**

* The 'other' column includes the effect of reclassification of the non-current portion of interest-bearing debt to current due to the passage of time.

The group classifies interest paid as cash flows from operating activities.

	At 1 July 2019 R'000	Cash Flows R'000	Leases R'000	Non cash borrowings	Other* R'000	**At 30 June 2020 R'000**
Current interest-bearing borrowings	28 152	(14 592)	-	-	11 961	**25 521**
Current lease liabilities	25 502	(28 270)	8 947	-	13 535	**19 714**
Non-current interest-bearing borrowings	75 597	(9 952)	-	-	(11 961)	**53 684**
Non-current lease liabilities	46 862	-	18 083	-	(13 535)	**51 410**
Total liabilities from financing activities	176 113	(52 814)	27 030	-	-	**150 329**

* The 'other' column includes the effect of reclassification of the non-current portion of interest-bearing debt to current due to the passage of time.

The group classifies interest paid as cash flows from operating activities.

19. LEASE LIABILITIES

	GROUP	
	June 2021 R'000	June 2020 R'000
At 1 July	**71 124**	72 364
Additions	**16 620**	27 030
Accretion of interest	**5 760**	6 368
Payments (capital and interest)	**(30 192)**	(34 638)
Early terminations	**(10 186)**	-
	53 126	71 124
Current	**18 038**	19 714
Non-Current	**35 088**	51 410
	53 126	71 124

The group has no leases that are classified as short term leases or leases of low value assets. The maturity analysis of these lease liabilities is disclosed in note 27. The average lease term are generally between 3 and 5 years with an average escalation of 8%. An incremental borrowing rate of 9% (2020: 9%) was applied to the lease liabilities.

The terminations/expirations movement relates mainly to the cancellation of Future Packaging and Machinery lease. The lease was cancelled as a result of Booysens Road purchasing the property.

Refer to note 9 for the right-of-use-assets.

20. DEFERRED INCOME

	GROUP		COMPANY	
	June 2021 R'000	June 2020 R'000	**June 2021 R'000**	June 2020 R'000
At 1 July	**3 747**	11 080	**-**	-
Released to the statement of comprehensive income	**(996)**	(7 333)	**-**	-
At 30 June	**2 751**	3 747	**-**	-
Current	**1 093**	1 133	**-**	-
Non-current	**1 658**	2 614	**-**	-
	2 751	3 747	**-**	-

Government grants have been received for the puchase of certain items of property, plant and equipment.

There are no unfulfilled conditions or contingencies attached to these grants.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

21. DEFERRED TAXATION

	GROUP		COMPANY	
	June 2021 R'000	June 2020 R'000	**June 2021 R'000**	June 2020 R'000
Property, plant and equipment	**54 875**	48 116	**-**	-
Right-of-use assets	**(1 567)**	(1 239)	**-**	-
Intangible assets	**4 864**	4 864	**-**	-
Deferred income	**(1 049)**	(1 125)	**-**	-
Expected credit loss	**(809)**	(1 102)	**-**	-
Prepaid expense	**300**	86	**-**	-
Provision for bonus and incentive bonus	**(11 703)**	(11 160)	**-**	-
Provision for holiday & leave pay	**(2 942)**	(2 183)	**-**	-
Lease accrual income	**550**	645	**-**	-
Tax losses available for set-off against future taxable income	**(10 223)**	(5 446)	**-**	-
Net deferred taxation	**32 296**	31 456	**-**	-
Reconcilliation of deferred taxation				
At beginning of year	**31 456**	28 479	**-**	-
Differential between carrying value and tax value of property, plant and equipment	**6 759**	1 190	**-**	-
Right-of-use assets	**(328)**	(1 239)	**-**	-
Deferred income	**76**	2 105	**-**	-
Lease accrual	**-**	1 119	**-**	-
Expected credit loss	**293**	(708)	**-**	-
Prepaid expense	**214**	(40)	**-**	-
Accrual for bonus and incentive bonus	**(543)**	(2 722)	**-**	-
Accrual for holiday & leave pay	**(759)**	493	**-**	-
Lease accrual income	**(95)**	(34)	**-**	-
Reversal of deferred tax	**-**	23	**-**	-
Tax losses	**(4 777)**	2 790	**-**	-
	32 296	31 456	**-**	-
Represented by:				
Deferred taxation asset	**(6 548)**	(4 527)	**-**	-
Deferred taxation liability	**38 844**	35 983	**-**	-
	32 296	31 456	**-**	-

The group has an assessable tax loss of R36 510 000 (2020: R19 451 000). The entities from which the deferred tax assets relate to are trading entities. These trading entities expect to make future taxable profits in excess of the profit arising from the reversal of existing taxable temporary differences and as such have recognised the deferred tax assets.

The movement in the net deferred tax liability has been recognised in the statement of comprehensive income.

22. TRADE PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	June 2021 R'000	June 2020 R'000	**June 2021 R'000**	June 2020 R'000
Financial instruments				
Trade payables	**166 501**	156 173	**480**	418
Sundry Creditors	**4 723**	-	**-**	-
Plastic Bag Levy	**18 062**	18 731	**-**	-
Other accrued expenses	**21 774**	-	**-**	-
	211 060	174 904	**480**	418
Non-financial instruments				
Accrual for holiday and leave pay	**10 508**	7 795	**-**	-
Accrual for incentive bonus	**29 695**	28 251	**-**	-
Other payroll accruals	**25 615**	10 357	**-**	-
Income received in advance	**4 014**	-	**-**	-
VAT	**7 774**	25 039	**-**	-
	288 666	246 346	**480**	418

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms.

23. SEGMENTAL ANALYSIS

For management purposes the group is organised into business units based on their product and services and has three reportable segments as follows:
- Plastics Products
- Paper and Board Products
- Property and Group Services

The operating segments have been aggregated to form the above reportable operating segments. The operating segments have been aggregated due to the products and the production processes being similar in nature.

The chief operating decision maker, namely the CEO, monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer pricing between operating segments are on an arm's length basis in a manner similar to transactions with third parties. There is one customer who contributes more than 10% of revenue.

	GROUP	
	June 2021	June 2020
Customer A		
Total amount of revenue from customer A (R'000)	**275 249**	317 257
Extent of reliance on this customer (%)	**25,4%**	30,5%
Segment reporting this revenue	**Plastics**	Plastics

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

	Plastic products R'000	Paper and board products R'000	Properties and group services R'000	Continuing operations R'000	Discontinued operation R'000	**Total group operations R'000**
Revenue from all customers - 2021	**1 085 387**	**993 504**	**-**	**2 078 891**	**-**	**2 078 891**
Revenue to all customers	**1 133 821**	**1 067 851**	**-**	**2 201 672**	**-**	**2 201 672**
Less revenue from internal customers	**(48 434)**	**(74 347)**	**-**	**(122 781)**	**-**	**(122 781)**
Revenue from all customers - 2020	1 041 067	864 697	-	1 905 764	48 018	1 953 782
Revenue to all customers	1 098 488	928 983	-	2 027 471	51 885	2 079 356
Less revenue from internal customers	(57 421)	(64 286)	-	(121 707)	(3 867)	(125 574)
Operating profit - 2021	**98 748**	**47 651**	**18 452**	**164 851**	**-**	**164 851**
Operating profit/(loss) - 2020	96 261	26 728	12 901	135 890	(22 510)	113 380
Depreciation 2021	**7 776**	**11 358**	**5 218**	**24 352**	**-**	**24 352**
Depreciation 2020	8 324	13 585	3 422	25 331	125	25 456
Finance income 2021	**7**	**331**	**1 188**	**1 526**	**-**	**1 526**
Finance income 2020	41	543	1 504	2 088	-	2 088
Finance costs 2021	**4 934**	**7 790**	**3 187**	**15 911**	**-**	**15 911**
Finance costs 2020	3 719	5 855	3 285	12 859	-	12 859
Profit before tax- 2021	**93 821**	**40 192**	**16 453**	**150 466**	**-**	**150 466**
Profit/(loss) before tax - 2020	92 583	21 416	11 120	125 119	(22 510)	102 609
Capital expenditure - 2021	**31 363**	**35 089**	**94 783**	**161 235**	**-**	**161 235**
Capital expenditure - 2020	51 990	56 441	7 705	116 136	1 437	117 573
Total assets - 2021	**595 636**	**475 371**	**240 485**	**1 311 491**	**-**	**1 311 491**
Total assets - 2020	502 320	447 325	161 150	1 110 795	10 062	1 120 857
Total liabilities - 2021	**236 497**	**245 202**	**95 496**	**577 194**	**-**	**577 194**
Total liabilities - 2020	191 799	218 680	30 577	441 056	286	441 342
Taxation - 2021	**25 436**	**10 053**	**4 699**	**40 188**	**-**	**40 188**
Taxation - 2020	25 362	4 551	3 719	33 632	23	33 655

Geographical segment disclosures have not been provided because the group operates mainly in South Africa.

24. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	June 2021 R'000	June 2020 R'000	**June 2021 R'000**	June 2020 R'000
Commitments in respect of capital expenditure approved by the directors and contracted for:				
Plant and equipment	**26 778**	17 883	**-**	-

Capital expenditure will be funded by the group's cash resources.

The group has provided for local third party guarantees to the value of R2 202 865 (2020: R3 576 824).

25. RETIREMENT BENEFITS

The group provides retirement benefits to all its permanent employees through various defined contribution funds, being the Transpaco Pension Fund, Transpaco Provident Fund and appropriate industry funds. Total group contributions which have been recognised in profit and loss for the year, amounted to R24 654 019 (2020: R25 379 238)

All funds are administered independently of the group and are governed by the Pension Fund Act 1956, as amended.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

26. RELATED PARTIES

The consolidated financial statements include the financial statements of Transpaco Limited and the subsidiaries listed in the following table.

	Interest	
	2021 %	2020 %
Name		
Transpaco Cores and Tubes (Pty) Ltd	**100**	100
Transpaco Flexibles (Pty) Ltd	**100**	100
Transpaco Flexibles Mpumalanga (Pty) Ltd	**100**	100
East Rand Plastics (Pty) Ltd	**100**	100
Transpaco Packaging (Pty) Ltd	**100**	100
Transpaco Recycling (Pty) Ltd	**100**	100
Transpaco Specialised Films (Pty) Ltd	**100**	100
Britepak Trading (Pty) Ltd	**100**	100
Booysens Road Properties (Pty) Ltd	**100**	100
Explosive Films (Pty) Ltd	**100**	100
Propateez 62 (Pty) Ltd	**100**	100
Future Packaging and Machinery (Pty) Ltd	**100**	100
Future Packaging and Machinery Cape (Pty) Ltd	**100**	100
Future Packaging and Machinery (Kwa-Zulu Natal) (Pty) Ltd	**100**	100
Transpaco Consumer Plastics (Pty) Ltd	**100**	100
Transpaco Administration and Financial Services (Pty) Ltd	**100**	100
Transpaco Share Incentive Trust	**100**	100

TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are determined on an arms-length, market related basis, except for amounts owing to subsidiaries and from Cirebelle (Pty) Ltd and Letsema Strategy Services (Pty) Ltd which are interest free.

For further details refer to note 16.

RENT PAID TO RELATED PARTIES

CR Hennings is a director and VA van Rensburg was a director (resigned 30 June 2021) of Future Packaging and Machinery (Pty) Ltd, Future Packaging and Machinery Cape (Pty) Ltd and Future Packaging and Machinery (Kwa-Zulu Natal) (Pty) Ltd.

Rental of R1 819 776 (2020: R1 654 342) was paid by Future Packaging and Machinery (Kwa-zulu Natal) (Pty) Ltd to DuelCo Investments (Pty) Ltd, a company of which VA van Rensburg is both a director and shareholder and CR Hennings is a director and trustee of the MNCA Trust which is a shareholder.

Rental of R662 022 (2020:R601 838) was paid by Future Packaging and Machinery (Cape) (Pty) Ltd to Leopont 150 (Pty) Ltd, a company of which C R Hennings is a director and trustee of the Justlaur Property 4 Trust which is a shareholder.

Rental of R907 466 (2020:R824 969) was paid by Future Packaging and Machinery (Cape) (Pty) Ltd to Erf 1320 Montague Gardens (Pty) Ltd a company of which C R Hennings is a director and trustee of the Justlaur Property 6 Trust which is a shareholder.

26. RELATED PARTIES (CONTINUED)

LOAN TO RELATED PARTY

	June 2021 R'000	June 2020 R'000
Letsema Strategy Services (Pty) Ltd	**1 000**	1 000
Cirebelle (Pty) Ltd	**2 000**	2 000
	3 000	3 000

As part of our BEE strategy we have loaned R1 000 000 to Letsema Strategy Services (Pty) Ltd and R2 000 000 to Cirebelle (Pty) Ltd (2020: R3 000 000 to Cirebelle (Pty) Ltd) of which DJJ Thomas is both a director and shareholder. This is for enterprise and supplier development and is disclosed under sundry receivables (refer to note 14). The loan is interest free and is payable in 24 equal monthly instalments if either party gives the other party notice to terminate the agreement.

COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	June 2021 R'000	June 2020 R'000
Short-term employee benefits	**76 500**	76 896
Post-employment pension	**7 521**	8 709
Total compensation paid to key personnel	**84 021**	85 605

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity or a managing director of one of the subsidiaries.

DIVIDENDS RECEIVED BY THE COMPANY FROM SUBSIDIARIES

	June 2021 R'000	June 2020 R'000
Transpaco Cores and Tubes (Pty) Ltd	**-**	17 000
Transpaco Flexibles Mpumalanga (Pty) Ltd	**26 000**	12 000
Transpaco Packaging (Pty) Ltd	**20 000**	-
	46 000	29 000
Amounts Owing to Subsidiaries		
Transpaco Administration and Financial Services (Pty) Ltd (see Note 16)	**(29 255)**	(19 818)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Group

The group's principle financial liabilities comprise bank loans, trade payables and interest-bearing borrowings. The main purpose of these financial liabilities is to raise finance for the group's operations. The group has various financial assets such as trade receivables and cash which arise directly from its operations.

The group also enters into forward currency contracts. The purpose is to manage the currency risks arising from the group's operations.

The main risks arising from the group's financial instruments are interest rate risks, foreign currency risk, credit risk and liquidity risk.

Transpaco uses reputable banks such as ABSA, Standard Bank and RMB and therefore there is no ECL risk.

Company

The company's principle financial liabilities comprise trade payables.

The main purpose of these is to raise finance for the company's operations. The company also has a loan from a subsidiary company.

MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: interest rate risk and foreign currency risk.

INTEREST RATE RISK

Group

The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates. The group endeavours to ensure that borrowings are at market-related rates. The exposure at year-end to interest rate risk amounts to R190 302 000 (2020:R79 205 000). The loans are payable to bankers.

The group endeavours to manage this risk by negotiating the best interest rates and periods from its two lead bankers. There have been no changes to the risk management policy from the previous period. See note 18 for the interest rates achieved.

INTEREST RATE RISK TABLE

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the group's profit before tax (through the impact on floating rate borrowings).

	Carrying Value at year end R'000	Index to which interest rate is linked	Reasonably possible change	Statement of Comprehensive income effect R'000	Tax effect R'000
2021					
Long term borrowings	**152 181**	**Prime rate**	**1%**	**1 522**	**1 096**
Short term borrowings	**38 121**	**Prime rate**	**1%**	**381**	**274**
Lease liabilities	**53 126**	**Prime rate**	**1%**	**531**	**383**
2020					
Long term borrowings	53 684	Prime rate	1%	537	387
Short term borrowings	25 521	Prime rate	1%	255	184
Lease liabilities	71 124	Prime rate	1%	711	512

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Company

The company has no exposure to interest rate risk. Refer note 15.

FOREIGN CURRENCY RISKS

Group

The group has transactional currency exposures. Such exposure arises from sales or purchases by a subsidiary in currencies other than the unit's functional currency.

The group requires all its subsidiaries to use forward exchange contracts to eliminate the currency exposures on any individual transaction. The forward currency contracts must be in the same currency as the hedged item. It is the group's policy not to enter into forward contracts until a firm commitment is in place. The concentration of foreign currency risk is in US dollars, Euro and GBP. Hedge accounting is not used.

The following table demonstrates the sensitivity to a reasonable possible change in the exchange rate, with all other variables held constant, of the group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Currency	Increase/ decrease	Effect on profit before tax R'000	Effect on equity R'000
2021	**US dollar**	**+10%**	**(97)**	**(70)**
		(5%)	**49**	**35**
	Euro	**+10%**	**(19)**	**(14)**
		(5%)	**10**	**7**
	GBP	**+10%**	**(99)**	**(71)**
		(5%)	**49**	**35**
2020	US dollar	+10%	(194)	(140)
		(5%)	97	70
	Euro	+10%	(60)	(43)
		(5%)	30	22
	GBP	+10%	(108)	(78)
		(5%)	54	39

The value of forward exchange contracts entered into at 30 June are:

Imports	Settlement	Average contract rate	2021 R'000	2020 R'000
US dollars	July 2021 to September 2021	14,29	**974**	-
US dollars	July 2020 to August 2020	17,36	**-**	1 944
Euro	July 2021	18,52	**194**	-
Euro	August 2020	19,65	**-**	602
GBP	July 2021 to August 2021	20,89	**989**	-
GBP	July 2020 to August 2020	21,94	**-**	1 075

FEC liabilty is included in trade payables and accruals

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Company

The company has no exposure to foreign currency risk.

CREDIT RISK

Group

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The group is exposed to credit risk from its operating and financial activities. The group trades only with recognised, creditworthy third parties. Credit risk evaluations are performed on all customers requiring credit over a pre-determined amount. Where applicable the risk is insured with a reputable credit insurance institution. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to credit losses are not significant. The maximum exposure is R305 393 000 (2020: R261 663 000).

There have been no changes in risk from the previous period. In instances where there is a concentration of credit risk, this happens only with blue chip customers and is agreed to by the directors of that company taking all the relevant factors into account. Management determination of risk is based on sales to a customer exceeding 30% of the sales of that segment of which there is none.

With respect to credit risk arising from cash and cash equivalents, the group's exposure to credit risk is limited to maximum exposure equal to the carrying amounts of these instruments.

Company

The company has no exposure to credit risk.

LIQUIDITY RISK

Group

The group monitors its risk to a shortage of funds by considering the maturity of its financial assets and projected cash flows from operations.

The group's objective is to maintain a balance between the continuity of funding and flexibility through the use of bank overdrafts, bank loans and instalment sale agreements. There have been no changes from the previous period.

The group's exposure to liquidity risk is represented by the aggregate balance of financial liabilities. There is no significant concentration of liquidity risk with any single counterparty.

The table below summarises the maturity profile of the group's financial liabilities at 30 June based on contractual undiscounted payments.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	1 to 2 years R'000	2 to 5 years R'000	**Total R'000**
Year ended 30 June 2021						
Interest-bearing loans and borrowings	-	15 952	32 589	51 762	128 732	**229 035**
Lease liabilities	-	5 969	15 814	18 379	21 793	**61 955**
Trade payables and accruals	-	211 060	-	-	-	**211 060**
	-	232 981	48 403	70 141	150 525	**502 050**

	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	1 to 2 years R'000	2 to 5 years R'000	**Total R'000**
Year ended 30 June 2020						
Interest-bearing loans and borrowings	-	10 883	18 706	45 579	15 461	**90 629**
Lease liabilities	-	8 604	23 493	38 525	11 678	**82 300**
Trade payables and accruals	-	174 904	-	-	-	**174 904**
Other liabilities	-	6 230	-	-	-	**6 230**
	-	200 621	42 199	84 104	27 139	**354 063**

Company

The company's liquidity risk is managed in the same way as the group and group's maturity profile of the group's financial liabilities based on contractual undiscounted payments as detailed below.

The table below summarises the maturity profile of the company's financial liabilities at 30 June based on contractual undiscounted payments.

	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	Greater than one year R'000	**Total R'000**
Year ended 30 June 2021					
Other liabilities	-	480	-	-	**480**
Amounts owing to subsidiaries	29 255	-	-	-	**29 255**
	29 255	480	-	-	**29 735**

	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	Greater than one year R'000	**Total R'000**
Year ended 30 June 2020					
Other liabilities	-	418	-	-	**418**
Amounts owing to subsidiaries	19 818	-	-	-	**19 818**
	19 818	418	-	-	**20 236**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

CAPITAL MANAGEMENT

The primary objective of the group's capital management is to ensure that it maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder wealth.

The group manages its capital structure and makes capital adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure the group 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 2021 and 30 June 2020.

The group monitors capital using a gearing ratio, which is net debt divided by total capital. The group includes within net debt, interest-bearing borrowings less cash and cash equivalents.

	June 2021 R'000	June 2020 R'000
Interest-bearing borrowings	**190 301**	79 205
Lease liabilities	**53 126**	71 124
Bank balance	**(76 247)**	(60 822)
Net debt	**167 180**	89 507
Equity	**734 297**	679 515
Total capital	**734 297**	679 515
	%	%
Net interest-bearing debt: equity ratio	**22,8**	13,2

28. FINANCIAL INSTRUMENTS

CATEGORISATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Notes	Fair value through profit and loss R'000	Assets at Amortised cost R'000	Other liabilities Amortised cost R'000	Total R'000
GROUP 2021					
Assets					
Trade and other receivables	14	-	315 196	-	**315 196**
Cash and cash equivalents	15	-	76 247	-	**76 247**
Total		**-**	**391 443**	**-**	**391 443**
Shareholders' equity and liabilities					
Long term portion of interest-bearing borrowings	18	-	-	152 181	**152 181**
Long term portion of lease liabilities	19	-	-	35 088	**35 088**
Trade payables and accruals	22	69	-	210 991	**211 060**
Current portion of interest-bearing borrowings	18	-	-	38 121	**38 121**
Current portion of lease liabilities	19	-	-	18 038	**18 038**
Total		**69**	**-**	**454 419**	**454 488**

28. FINANCIAL INSTRUMENTS (CONTINUED)

CATEGORISATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Notes	Fair value through profit and loss R'000	Assets as Amortised cost R'000	Other liabilities Amortised cost R'000	**Total R'000**
GROUP 2020					
Assets					
Trade and other receivables	14	-	259 297	-	**259 297**
Cash and cash equivalents	15	-	60 822	-	**60 822**
Total		**-**	**320 119**	**-**	**320 119**
Shareholders' equity and liabilities					
Long term portion of interest-bearing borrowings	18	-	-	53 684	**53 684**
Long term portion of lease liabilities	19	-	-	51 410	**51 410**
Trade payables and accruals	22	21	-	174 904	**174 925**
Current portion of interest-bearing borrowings	18	-	-	25 521	**25 521**
Current portion of lease liabilities	19	-	-	19 714	**19 714**
Total		**21**	**-**	**325 233**	**325 254**

	Other liabilities Amortised cost R'000	**Total R'000**
COMPANY 2021		
Shareholders' equity and liabilities		
Amounts owing to subsidiary	29 255	**29 255**
Trade payables and accruals	480	**480**
Total	29 735	**29 735**
COMPANY 2019		
Shareholders' equity and liabilities		
Amounts owing to subsidiary	19 818	**19 818**
Trade payables and accruals	418	**418**
Total	**20 236**	**20 236**

The fair values of the assets and liabilities listed above approximate the carrying amounts largely due to the short-term maturities of these instruments. Interest-bearing borrowings are not materially different from their calculated fair values due to market related rates embedded into the terms of these receivables and borrowings.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

28. FINANCIAL INSTRUMENTS (CONTINUED)

FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

The forward exchange contracts are valued using the market observable price of a forward exchange contract entered into as at 30 June 2021, which has the same terms and remaining maturity profile as the forward exchange contract being valued.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2021, the Group held the following financial instruments carried at fair value in the statement of financial position:

	30 June 2021 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Financial instrument				
Foreign exchange forward contracts (Gross: R2 157 000)	**(69)**	**-**	**(69)**	**-**

As at 30 June 2020, the Group held the following financial instruments carried at fair value in the statement of financial position:

	30 June 2020 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Financial instrument				
Foreign exchange forward contracts (Gross: R3 621 000)	(21)	-	(21)	-

29. GAINS AND LOSSES ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CATEGORY

The table below represents the gains or losses for each category of financial assets and financial liabilities:

		Financial assets at amortised cost		Financial liabilities at amortised cost	
		GROUP		COMPANY	
	Notes	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
Recognised in profit and loss:					
Interest received	4	**1 526**	2 088	**-**	-
Finance cost	4	**(15 911)**	(12 859)	**-**	43
Dividends received	3	**-**	-	**46 000**	29 000
Losses (gains) on foreign exchange	5	**5 945**	(7 488)	**-**	-
Total		**(8 440)**	(18 259)	**46 000**	29 043

30. NOTES TO THE CASH FLOW STATEMENTS

	GROUP		COMPANY	
	June 2021 R'000	June 2020 R'000	**June 2021 R'000**	June 2020 R'000
30.1 CASH GENERATED FROM (UTILISED) IN OPERATIONS	**249 812**	191 615	**(3)**	(3)
Operating profit/(loss) before net interest paid and dividends received	**164 851**	113 380	**(1 467)**	(3)
Impairment	**-**	11 846	**1 464**	-
Depreciation	**74 787**	72 458	**-**	-
Early termination/cancellation of right of use assets	**(1 464)**	-	**-**	-
Expected credit loss allowance	**3 368**	-	**-**	-
Profit on disposal of property, plant and equipment	**(535)**	(829)	**-**	-
Movement in inventory provisions	**7 587**	-	**-**	-
Unrealised loss/profit on FEC	**1 218**	(5 240)	**-**	-
MOVEMENT IN WORKING CAPITAL	**(59 998)**	54 312	**9 499**	(1 659)
(Increase)/decrease in inventory	**(42 316)**	5 229	**-**	-
(Increase)/decrease in trade and other receivables	**(57 504)**	85 255	**-**	-
Increase/(decrease) in trade payables and accruals	**40 818**	(36 643)	**62**	(2 703)
Decrease in deferred income	**(996)**	(7 333)	**-**	-
Increase in employee benefit liabilities	**-**	7 804	**-**	-
Increase in amount owing to subsidiary	**-**	-	**9 437**	1 044
	189 814	245 927	**9 496**	(1 662)
30.2 TAXATION PAID				
Net taxation (payable)/refundable at beginning of year	**(4 403)**	631	**-**	-
Taxation receivable at beginning of year	**248**	1 872	**-**	-
Taxation payable at beginning of year	**(4 651)**	(1 241)	**-**	-
Taxation excluding deferred taxation	**(39 349)**	(30 678)	**-**	-
Net taxation payable at end of year	**2 427**	4 403	**-**	-
Taxation receivable at end of year	**(1 078)**	(248)	**-**	-
Taxation payable at end of year	**3 505**	4 651	**-**	-
	(41 325)	(25 644)	**-**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

31. DISPOSAL GROUP ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE/DISCONTINUED OPERATION

On 30th September 2019 the Board of Directors approved a decision to discontinue all its recycling operations which were carried out by Transpaco Recycling (Pty) Ltd and included in the Plastic Products reportable segment. This was as a result of international and local market forces in the plastic recycling industry preventing Transpaco from deriving any economic benefit from remaining in the post-consumer recycling market. Selling price levels have been further restricted due to prevailing virgin polymer prices while energy, labour and distribution costs, amongst others, keep rising. With no likelihood of the situation improving in the short to medium term, and in order to stem losses, the board decided to discontinue the operation and sell the plant and equipment. The majority of the plant and equipment was sold during the 2020 financial year with the balance shortly after the 2020 financial year end.

	GROUP	
	2021 R'000	2020 R'000
Revenue	-	48 018
Other income	-	7 351
Expenses	-	(66 033)
Operating loss	-	(10 664)
Impairment loss recognised on the remeasurement to fair value less costs to sell	-	(11 846)
Loss before tax from discontinued operations	-	(22 510)
Taxation		
Related to pre-tax loss from the ordinary activities for the period	-	(23)
Related to remeasurement to fair value less costs to sell	-	-
Loss for the year from discontinued operations	-	(22 533)
Loss per share (cents) from discontinued operations	-	(68,5)
Diluted loss per share (cents) from discontinued operations	-	(68,5)
Headline loss per share (cents) from discontinued operations	-	(33,6)
Diluted headline loss per share (cents) from discontinued operations	-	(33,6)
Discontinued operations		
Loss for the year from discontinued operations	-	(22 533)
Impairment on property, plant and equipment	-	11 846
Profit after tax on disposal of property, plant and equipment	-	(363)
Headline loss	-	(11 050)
Cash flows from discontinued operations		
Net cash flows from operating activities	-	(4 877)
Net cash flows from investing activities	-	4 874
Net cash flows from financing activities	-	-
Net cash flows	-	(3)

As at 30 June 2020, an impairment of R11 846 000 was recognised to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell.

31. DISPOSAL GROUP ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE/DISCONTINUED OPERATION (CONTINUED)

During the financial year under review, a property was sold and the transfer of that property is pending. (Refer to note 32).
The major classes of assets and liabilities of Transpaco Recycling (Pty) Ltd held for sale as at 30 June 2020 were as follows:

	GROUP	
	2021 R'000	2020 R'000
Assets		
Property, plant and equipment	**20 145**	9 386
Trade and other receivables	**-**	676
Disposal group assets classified as held for sale	**20 145**	10 062
Liabilities		
Trade payables and accruals	**-**	286
Disposal group liabilities directly associated with assets held for sale	**-**	286
Net assets directly associated with disposal group	**20 145**	9 776

The property, plant and equipment carried at fair value was categorised in level 3 of the fair value hierachy and the fair value was determined by reference to recent selling prices.

32. SUBSEQUENT EVENTS

Sale of Property
The property that houses the only external tenant has been sold to that tenant. The property is situated at 69 Serenade Road, Elandsfontein and was sold for R26,5 million. The transfer of the property is pending.

33. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilties contingent obligations and committements will occur in the ordinary course of business.

The group has prepared financial forecasts for the next financial year taking into consideration the estimation of the continued impacts of COVID 19. The directors have concluded that it is appropriate to prepare the financial statements on a going concern basis after considering the forecasts and the following:

1. The group continues to have the ongoing support of its banking group and access to undrawn facilities of R102 000 000 (refer to Note 15) as well as R76 247 000 in cash and cash equivalents as at 30 June 2021.
2. As at 30 June 2021, the group had R317 858 000 net working capital, with the only significant capital commitment being in East Rand Plastics, which will be financed through group cash resources.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

34. PRIOR PERIOD RECLASSIFICATIONS

34.1 DEPRECIATION RELATING TO FACTORY PLANT AND EQUIPMENT AND BUILDINGS WERE PREVIOUSLY CLASSIFIED AS OPERATING EXPENSES.

These should have been classifed as part of cost of sales. The reclassification has resulted in cost of sales increasing by R46 328 000 and depreciation and operating costs decreasing by R32 500 000 and R13 828 000 respectively. The effect of this reclassification has no impact on the 2020 profit for the year, earnngs and headline earnings.

	Previously reported R'000	Restated R'000	Effect on statement of comprehensive income R'000
Cost of sales (R'000)	1 217 294	1 263 622	46 328
Depreciation (R'000)	71 326	38 826	(32 500)
Operating costs (R'000)	481 254	467 426	(13 828)
			-

34.2 EMPLOYMENT BENEFIT LIABILITIES.

Employment benefit liabilities in respect of leave pay and incentive bonuses amounting to R36 046 000 were previously accounted for as provisions. These should be accounted for as accruals and have been reclassified as part of trade payables and accruals as non-financial instruments. The effect of this reclassification has no impact on 2020 profits for the year, earnings and headline earnings.

	Previously reported R'000	Restated R'000	Effect on statements of financial position R'000
Employment benefit liabilities (R'000)	36 046	-	(36 046)
Trade payables and accruals (R'000)	210 300	246 346	36 046
			-

06 Shareholder Information

SHAREHOLDER ANALYSIS

SHAREHOLDER SPREAD	No of shareholdings	%	No of shares	%
1 - 1 000 shares	680	69,46	104 402	**0,33**
1 001 - 10 000 shares	183	18,69	567 283	**1,78**
10 001 - 100 000 shares	80	8,17	2 891 040	**9,08**
100 001 - 1 000 000 shares	29	2,96	8 968 435	**28,17**
1 000 001 shares and over	7	0,72	19 308 323	**60,64**
Totals	**979**	**100,00**	**31 839 483**	100,00

DISTRIBUTION OF SHAREHOLDERS	No of shareholdings	%	No of shares	%
Private Companies	28	2,86	13 061 750	**41,02**
Banks/Brokers	17	1,74	98 695	**0,31**
Close Corporations	11	1,12	387 222	**1,22**
Endowment Fund	2	0,20	66 122	**0,21**
Individuals	840	85,80	7 184 665	**22,57**
Insurance Companies	3	0,31	3 455 959	**10,85**
Mutual Funds	19	1,94	4 926 307	**15,47**
Other Corporations	8	0,82	239 970	**0,75**
Public Company	1	0,10	400	**0,00**
Retirement Funds	20	2,04	2 149 079	**6,75**
Trusts	30	3,07	269 314	**0,85**
Totals	**979**	**100,00**	**31 839 483**	100,00

PUBLIC/NON - PUBLIC SHAREHOLDERS	No of shareholdings	%	No of shares	%
Non - Public Shareholders	**10**	**1,02**	**18 406 801**	**57,81**
Directors and Associates of the Company Holdings	6	0,61	7 093 465	**22,28**
Strategic Holdings (more than 10%)	4	0,41	11 313 336	**35,53**
Public Shareholders	**969**	**98,98**	**13 432 682**	**42,19**
Totals	**979**	**100,00**	**31 839 483**	100,00

BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE	No of shares	%
Ceppwawu Investments (Pty) Ltd	6 661 225	20,92
Abelheim Phillip Mr	3 515 871	11,04
Old Mutual	4 652 111	14,61
Samuel Abelheim Holdings (Pty) Ltd	2 054 639	6,45
Letsema Strategy Services (Pty) Ltd	1 611 787	5,06
Totals	**18 495 633**	**58,08**

Definitions

"the board"	The board of directors of Transpaco Limited, as set out on page 18
"CEO"	Chief Executive Officer. Transpaco's CEO is Phillip Abelheim.
"CEPPWAWU"	Chemical, Energy, Paper, Printing, Wood and Allied Workers Union, with which the majority of Transpaco's workforce is unionised
"CEPPWAWU Investments"	CEPPWAWU Investments (Pty) Ltd, the investment arm of CEPPWAWU and a 20,0% B-BBEE stakeholder in Transpaco
"CSI"	Corporate Social Investment
"the company" or "Transpaco"	Transpaco Limited, listed on the JSE in the 'Containers and Packaging' sector
"the Companies Act"	South African Companies Act 71 of 2008, as amended
"EXCO"	Executive committee of Transpaco Limited
"CFO"	Chief Financial Officer. Transpaco's CFO is Louis Weinberg.
"the group" or "Transpaco"	Transpaco Limited and its subsidiaries
"HDI"	Historically disadvantaged individual
"JSE"	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
"King IV™ Report" or "King IV™"	King Report on Corporate Governance for South Africa, 2016
"the prior year"	The year ended 30 June 2020
"SHEQ"	Safety, Health, Environment and Quality
"the year" or "the year under review"	The year ended 30 June 2021
"the current year"	The year ending 30 June 2022

Financial definitions	
"Diluted HEPS"	Diluted headline earnings per share
"EBITDA"	Earnings before interest, taxation, depreciation and amortisation
"FY"	Financial year, for Transpaco ending 30 June
"HEPS"	Headline earnings per share
"IFRS"	International Financial Reporting Standards
"NAV"	Net asset value

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

SIXTY-NINTH
ANNUAL GENERAL MEETING

TRANSPACO LIMITED

(Registration number 1951/000799/06)
("Transpaco" or "the company")
Share Code: TPC
ISIN: ZAE000007480

Notice is hereby given that the annual general meeting of Transpaco will be held at the offices of Transpaco at 331 6th Street, Wynberg, Sandton, Johannesburg on Friday, 03 December 2021 at 09:00 for the purposes of:

- Considering and, if deemed fit, adopting, with or without modification, the annual financial statements of the company for the year ended 30 June 2021;
- Re-electing retiring directors;
- Re-appointing auditors;
- Considering and, if deemed fit, adopting, with or without modification, the special and ordinary resolutions set out below; and
- Transacting any other business as may be transacted at an annual general meeting.

The record date to receive notice of the annual general meeting is Friday, 22 October 2021. The record date to participate in and vote at the annual general meeting is Friday, 26 November 2021, and the last day to trade is Tuesday, 23 November 2021.

SPECIAL RESOLUTIONS

SPECIAL RESOLUTION 1: SHARE REPURCHASES

"The directors are authorised to approve and implement the acquisition by the company (or by a subsidiary of the company from time to time) of shares issued by the company by way of a general authority, which shall only be valid until the company's next annual general meeting, unless it is then renewed, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution, whichever period is the shorter, in terms of the Companies Act 71 of 2008 and the Requirements of the JSE Limited ("the JSE") which provide, *inter alia*, that the company (or a subsidiary of the company) may only make a general repurchase of its shares subject to:

a) the repurchase being implemented through the order book operated by the JSE trading system, without any prior understanding or arrangement between the company and the counter party;
b) the company being authorised thereto by its Memorandum of Incorporation;
c) repurchases not being made at a price greater than 10% (ten percent) above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
d) an announcement being published as soon as the company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;
e) repurchases not exceeding 20% (twenty percent) in aggregate of the company's issued ordinary share capital in any one financial year;
f) the company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in writing to the JSE; and
g) the company only appointing one agent to effect any repurchases on its behalf."

The directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the aforegoing general authority, are of the opinion that for a period of 12 (twelve) months after the date of the notice of the annual general meeting:

- the company and the group will be able, in the ordinary course of business, to pay its debts;
- the consolidated assets of the company and the group, fairly valued in accordance with generally accepted accounting practice will exceed the consolidated liabilities of the company and the group; and
- the company's and the group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

The following additional information, some of which may appear elsewhere in the integrated annual report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- Major beneficial shareholders – page 97.
- Share capital of the company – page 76.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on pages 18 to 19 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all required information.

MATERIAL CHANGES

Other than the facts and developments reported on in the integrated annual report, 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.

The directors have no specific intention, at present, for the company or a subsidiary to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity to do so present itself during the year which is in the best interests of the company and its shareholders.

REASON FOR AND EFFECT OF SPECIAL RESOLUTION 1

The reason for and effect of the special resolution is to grant the directors of the company a general authority in terms of the Companies Act 71 of 2008 and the JSE Listings Requirements for the repurchase by the company (or by a subsidiary of the company) of the company's shares.

SPECIAL RESOLUTION 2: DIRECTORS' FEES

"The payment to the non-executive directors of the following fees for services as directors with effect from the date of this annual general meeting until the company's 2021 annual general meeting, be authorised:

Non-executive directors	Fee (2020/21) R	Proposed fee (2022/22) R	Board	Audit & risk committee	Board governance & remuneration	Transformation, social & ethics committee
HA Botha	338 142	365 193	Member	Chairman	Member	
B Mkhondo	325 871	351 940	Member	Member	Member	Member
DJJ Thomas	470 399	508 031	Chairman		Chairman	Member
SP van der Linde	325 871	351 940	Member	Member		Chairman

REASON FOR AND EFFECT OF SPECIAL RESOLUTION 2

The reason for special resolution 2 is to comply with the provisions of section 66(9) of the Companies Act 71 of 2008. The effect of the special resolution is that, if approved by the shareholders at the annual general meeting, the fees payable to non-executive directors until the 2022 annual general meeting will be as set out above. Executive directors are not remunerated for their services as directors but are remunerated as employees of the company.

The above rates have been proposed to ensure that the remuneration of non-executive directors remains competitive in order to enable the company to retain and attract persons of the calibre, appropriate capabilities, skills and experience required to make meaningful contributions to the company.

SPECIAL RESOLUTION 3 - GENERAL AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE TO SUBSIDIARIES AND OTHER RELATED AND INTER- RELATED ENTITIES IN TERMS OF SECTIONS 44 AND 45 OF THE COMPANIES ACT.

"Resolved that the directors of the company may, to the extent required by the Companies Act, and subject to compliance with the requirements of the company's MOI and the JSE Listings Requirements, authorise the company to provide direct or indirect financial assistance, including by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the company or any of its subsidiaries, and/or to any shareholder of such subsidiary or related or inter-related company or entity, all as contemplated in sections 44 and/or 45 of the Companies Act, for such amounts and on such terms and conditions as the directors of the company may determine."

Explanatory note:

This resolution is to authorise the provision by the company of financial assistance to subsidiaries and other related and inter-related entities, specifically and only for the purpose of facilitating the group's normal commercial and financing activities within and among group companies.

This Special Resolution 3 deliberately excludes from its scope any reference to "any person" (as provided for in section 44 of the Companies Act) and excludes from its ambit "directors and officers" (as provided for in section 45 of the Companies Act).

In the absence of Special Resolution 3 the company would be unable to undertake its normal day-to-day business and financing operations within the group.

REASON FOR AND EFFECT OF SPECIAL RESOLUTION 3

1. In terms of section 44 of the Companies Act, to authorise the directors of the company to permit the company to provide financial assistance to the entities reflected in the text of the Special Resolution for the purpose of, or in connection with, the subscription for any securities or options issued or to be issued by the company or any company related or inter-related to the company, or for the purchase of any securities of the company or a company related or inter-related to the company; and
2. In terms of section 45 of the Companies Act, to grant the directors of the company a general authority to authorise the company to grant direct or indirect financial assistance, including in the form of loans or the guaranteeing of their debts to (among others) the category of persons set out in the text of the resolution, subject to the board not authorising any financial assistance to any such persons unless it is satisfied that:
   - Considering all reasonably foreseeable financial circumstances of the company at that time, the company will, immediately after providing such financial assistance, satisfy the solvency and liquidity test stipulated in the Companies Act;
   - The terms under which the financial assistance is proposed to be given are fair and reasonable to the company; and
   - Any conditions or restrictions in respect of the granting of financial assistance set out in the company's MOI have been satisfied.

ORDINARY RESOLUTIONS

ORDINARY RESOLUTION 1: ADOPTION OF ANNUAL FINANCIAL STATEMENTS

"The annual financial statements of the company for the year ended 30 June 2021 are received and adopted."

ORDINARY RESOLUTION 2: UNISSUED ORDINARY SHARES

"In aggregate 1 591 974 of the authorised but unissued shares of the company, constituting 5% (five percent) of the company's issued share capital be placed under the control of the directors of the company until the forthcoming annual general meeting or part thereof in their discretion, subject to the provisions of the Companies Act 71 of 2008 and the Listings Requirements of the JSE Limited."

ORDINARY RESOLUTION 3: ISSUE OF SHARES FOR CASH

"Subject to the passing of ordinary resolution 2 and pursuant to the Memorandum of Incorporation of the company, the directors of the company are authorised until the forthcoming annual general meeting of the company (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of this annual general meeting), to allot and issue ordinary shares and options for cash subject to the Listings Requirements of the JSE and the Companies Act 71 of 2008 as amended, on the following bases:

a) the allotment and issue of ordinary shares for cash shall be made only to persons qualifying as public shareholders as defined in the JSE Listings Requirements and not to related parties as defined in the JSE Listings Requirements;
b) the number of ordinary shares issued for cash shall not in the aggregate in any one financial year of the company exceed 1 591 974 shares which represent 5% (five percent) of the company's issued ordinary shares;
c) the maximum discount at which ordinary shares may be issued for cash is 10% (ten percent) of the weighted average traded price on the JSE of those ordinary shares over 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of the company;
d) after the company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the effect of the issue on the net asset value and earnings per share of the company; and
e) that at least 75% (seventy-five percent) of shareholders present in person or represented by proxy at the annual general meeting at which this ordinary resolution 3 is proposed, vote in favour of this resolution."

ORDINARY RESOLUTION 4: SIGNATURE OF DOCUMENTATION

"A director of the company or the company secretary is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of Special Resolution numbers 1, 2 and 3 and Ordinary Resolutions numbers 1, 2, 3, 5, 6, 7, 8, 9 and 10 which are passed by the shareholders."

ORDINARY RESOLUTION 5.1: NON- BINDING ADVISORY VOTE ON THE COMPANY'S REMUNERATION POLICY

"To approve in accordance with the recommendations of King IV™, through a non-binding advisory vote, the company's remuneration policy as set out in the annual financial statements for the year ended 30 June 2021."

As this is not a matter that is required to be resolved or approved by shareholders, no minimum voting threshold is required.

Nevertheless, for record purposes, the minimum percentage of voting rights that is required for this resolution to be adopted as a non-binding advisory vote is 25% of the voting rights plus 1 (one) vote to be cast on the resolution. If the remuneration policy is voted against by 25% or more of the votes exercised the company will in its results announcement pursuant to paragraph 3.91 of the JSE Listings Requirements provide the following:

a. An invitation to dissenting shareholders to engage with the company; and
b. The manner and timing of such engagement.

ORDINARY RESOLUTION 5.2: NON- BINDING ADVISORY VOTE ON THE COMPANY'S IMPLEMENTATION REPORT

"To approve in accordance with the recommendations of King IV™, through a non-binding advisory vote, the company's implementation report as set out in the annual financial statements for the year ended 30 June 2021."

http://www.transpaco.co.za/corporate-governance

As this is not a matter that is required to be resolved or approved by shareholders, no minimum voting threshold is required.

Nevertheless, for record purposes, the minimum percentage of voting rights that is required for this resolution to be adopted as a non-binding advisory vote is 25% of the voting rights plus 1 (one) vote to be cast on the resolution. If the implementation report is voted against by 25% or more of the votes exercised the company will in its results announcement pursuant to paragraph 3.91 of the JSE Listings Requirements provide the following:

a. An invitation to dissenting shareholders to engage with the company; and
b. The manner and timing of such engagement.

ORDINARY RESOLUTION 6: RE-ELECTION OF DIRECTOR

HA Botha and is re-elected as a director of the company."

An abridged curriculum vitae for H A Botha is set on page 19 of the integrated annual report of which this notice forms part.

ORDINARY RESOLUTION 7: RE-ELECTION OF DIRECTOR

"B Mkhondo be and is re-elected as a director of the company."

An abridged curriculum vitae for B Mkhondo is set on page 19 of the integrated annual report of which this notice forms part.

ORDINARY RESOLUTION 8: RE-ELECTION OF DIRECTOR

"SP van der Linde be and is re-elected as a director of the company."

An abridged curriculum vitae for S P van der Linde is set on page 19 of the integrated annual report of which this notice forms part.

ORDINARY RESOLUTION 9: APPOINTMENT OF AUDIT & RISK COMMITTEE MEMBERS

"Resolved that the members of the company's audit & risk committee set out below be and are hereby appointed with effect from the end of this annual general meeting in terms of section 94(2) of the Companies Act 71 of 2008.

The membership as proposed by the board of directors is HA Botha (Chairman), B Mkhondo and SP van der Linde all of whom are independent non-executive directors."

A brief curriculum vitae in respect of the above audit & risk committee members is included on page 19 of the integrated annual report of which this notice forms part.

ORDINARY RESOLUTION 10: REAPPOINTMENT OF AUDITORS

"BDO South Africa Incorporated be and are reappointed as auditors of the company with Serena Ho as the individual registered auditor."

In order for each of ordinary resolutions 1, 2, 4, 5, 6, 7, 8, 9 and 10 to be adopted, the support of a majority of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

VOTING AND PROXIES

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

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

Dematerialised shareholders who have elected own name registration in the sub-register through a Central Securities Depository Participant (CSDP) and who are unable to attend but wish to vote at the annual general meeting, should complete and return the attached form of proxy and lodge it with the transfer secretaries of the company. Shareholders who have dematerialised their shares through a CSDP or broker rather than through own name registration and who wish to attend the annual general meeting must instruct their CSDP or broker to issue them with the necessary authority to attend. If such shareholders are unable to attend, but wish to vote at the annual general meeting, they should timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and his/her CSDP or broker.

Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the company's transfer secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the member subsequently decide to do so.

By order of the board.

H van Niekerk
Company Secretary

14 October 2021

Registered office
331 6th Street, Wynberg, Sandton
PO Box 39601, Bramley, 2018
Telefax: (011) 887 0434

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196 PO Box 61051,
Marshalltown, 2107
Telefax: (011) 688 5200

FORM OF PROXY

FOR USE AT THE ANNUAL GENERAL MEETING ON FRIDAY 03 DECEMBER 2021 AT 09:00

Transpaco Limited
("Transpaco" or "the company")
Registration number: 1951/000799/06
Share code: TPC
ISIN: ZAE000007480

For use by the holders of the company's certificated ordinary shares ("certificated shareholders") and/or dematerialised ordinary shares held through a Central Securities Depository Participant ("CSDP") or broker who have selected own-name registration ("own-name dematerialised shareholders") at the annual general meeting of the company to be held at 09:00 on Friday, 03 December 2021, or at any adjournment thereof if required. Additional forms of proxy are available from the transfer secretaries of the company.

Not for use by holders of the company's dematerialised ordinary shares who have not selected own-name registration. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary authorisation to do so or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote in accordance with their instructions at the annual general meeting.

I/We (Name in block letters) ______________________ of ______________________ being the registered holder of ____________ shares, do appoint: ______________________ or failing him/her ______________________ or failing him/her, the chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the company to be held on Friday, 03 December 2021 at 09:00 and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

	In favour of	Against	Abstain
SPECIAL RESOLUTIONS			
1. To authorise the company or its subsidiaries to repurchase the company's shares			
2. To approve the fees of non-executive directors			
3. To approve financial assistance in terms of section 45 of the Companies Act 71 of 2008			
ORDINARY RESOLUTIONS			
1. To receive and adopt the annual financial statements for the year ended 30 June 2021			
2. To place under the control of directors 5% of the unissued shares			
3. To issue shares for cash in accordance with the terms of this resolution			
4. To authorise the signature of documentation			
5. 5.1 To approve the company's remuneration policy			
5.2 To approve the company's implementation report			
6. To re-elect HA Botha as a director of the company			
7. To re-elect B Mkhondo as a director of the company			
8. To re-elect SP van der Linde as a director of the company			
9. To appoint members of the audit & risk committee			
9.1 To appoint HA Botha as a member of the audit & risk committee			
9.2 To appoint B Mkhondo as a member of the audit & risk committee			
9.3 To appoint SP van der Linde as a member of the audit & risk committee			
10. To re-appoint BDO South Africa Incorporated as auditors of the company with Serena Ho being the individual registered auditor			

Signed at ______________________ on ______________________ 2021.

Signature ______________________ (Assisted by if applicable) ______________________

Please read notes on reverse.

FORM OF PROXY

NOTES TO THE FORM OF PROXY

1. Each shareholder is entitled to appoint one proxy and alternate proxies (none of whom need be a shareholder of the company) to attend, speak and vote in place of that shareholder at the annual general meeting.
2. Shareholder(s) that are certificated or own-name dematerialised shareholders may insert the name of a proxy in the space/s provided, with or without deleting "the chairperson of the general meeting", but any such deletion must be initialled by the shareholder(s). The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy, the chairperson shall be deemed to be appointed as the proxy.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the chairperson, to vote or abstain from voting as deemed fit and in the case of the chairperson to vote in favour of the resolution.
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained may not exceed the total of the votes exercisable in respect of the shares held by the shareholder.
5. Forms of proxy must be lodged at, posted, faxed or emailed to the company's transfer secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) Telefax: (+27) 011 688 5238 or email: proxy@computershare.co.za.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. Where there are joint holders of shares, the vote of the first joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
7. The chairperson of the general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, the chairperson is satisfied as to the manner in which the shareholder concerned wishes to vote.
8. 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 or Computershare Investor Services (Pty) Limited or waived by the chairperson of the general meeting.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
10. A minor must be assisted by his/her parent guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services (Pty) Limited.
11. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.

SHAREHOLDERS' DIARY

Financial year-end	30 June 2021
69th annual general meeting	03 December 2021

REPORTS AND RESULTS ANNOUNCEMENTS

Interim report for half-year	Published February
Preliminary annual financial results	Published August
Annual financial statements	Posted October

ADMINISTRATION

TRANSPACO LIMITED

Registration number: 1951/000799/06
Share code: TPC
ISIN ZAE000007480

REGISTERED OFFICE

Address: 331 6th Street, Wynberg, Sandton, 2090
Postal address: PO Box 39601, Bramley, 2018
Telephone: (011) 887 0430
Fax: (011) 887 0434
Email: transpaco@transpaco.co.za
Website: www.transpaco.co.za

COMPANY SECRETARY

H van Niekerk B.Compt. (Hons) CA(SA)

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Limited
Address: Rosebank Towers, 15 Biermann Avenue, Rosebank
Postal address: PO Box 61051, Marshalltown, 2107

EXTERNAL AUDITORS

BDO South Africa Incorporated
Address: Wanderers Office Park, 52 Corlett Drive,
Illovo, Johannesburg, 2196
Postal address: Private Bag X60500, Houghton, 2041

BANKERS

First National Bank Limited
ABSA Bank Limited

SPONSOR

Investec Bank Limited

B"H

www.transpaco.co.za