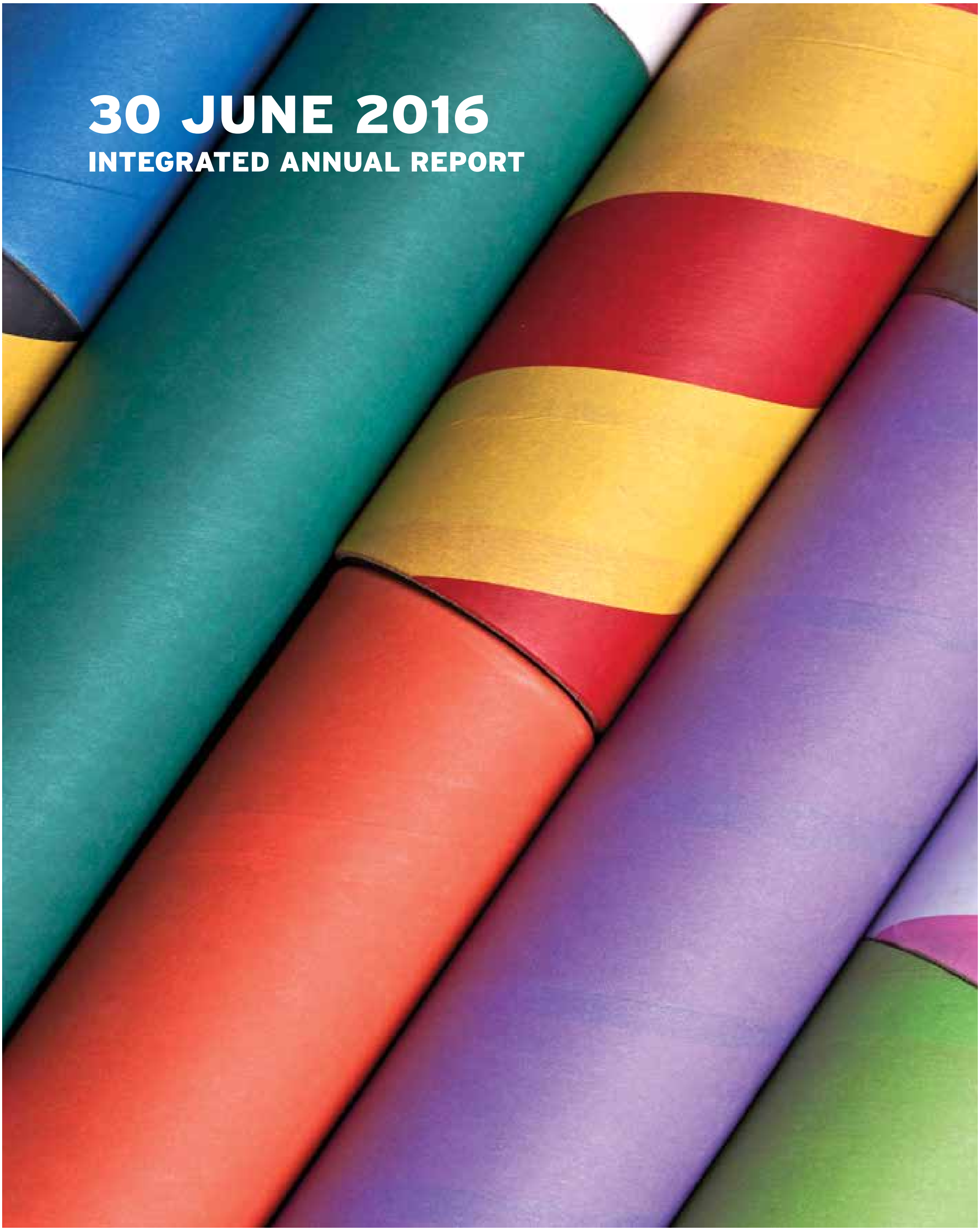
Transpaco
LIMITED

30 JUNE 2016
INTEGRATED ANNUAL REPORT



[2016] ANNUAL REPORT

CONTENTS

www.transpaco.co.za

[01] FY16 AT A GLANCE

Transpaco is a leading South African manufacturer, recycler and distributor of paper and plastic packaging products.

KEY FEATURES

Headquartered in
Johannesburg

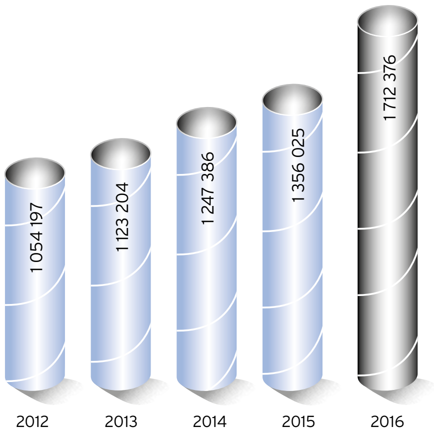
11 production
facilities country-wide

National
distribution capability

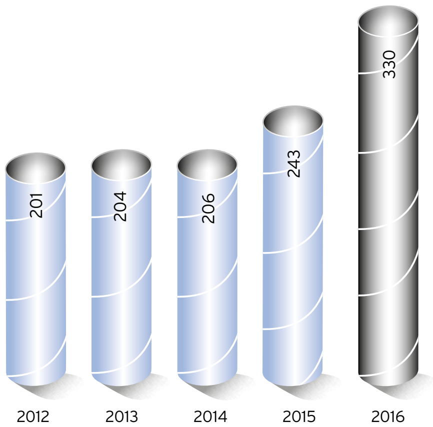
Level 4
B-BBEE contributor

1 401
employees

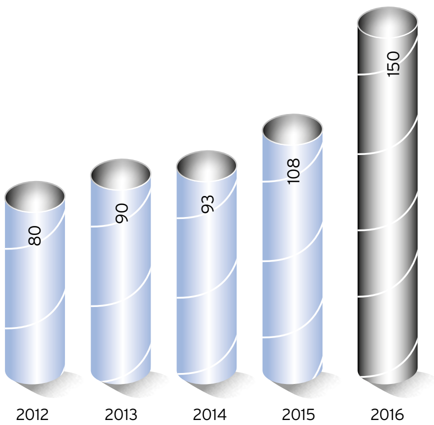
Market cap
R786,3m
(at 30 June 2016)



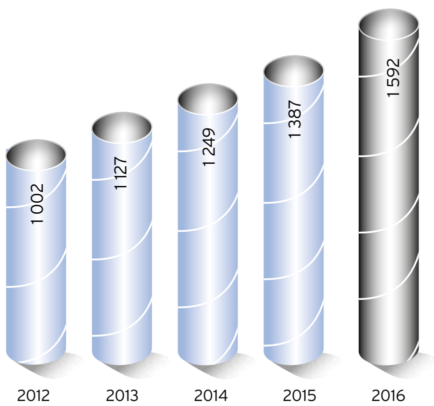
TURNOVER (RANDS) **12,89%** CAGR



DILUTED HEPS (CENTS) **13,15%** CAGR



DIVIDEND PER SHARE (CENTS) **17,02%** CAGR



NET ASSET VALUE (CENTS) **12,27%** CAGR

FINANCIAL STATISTICS

	2016	2015	2014	2013	2012
Current ratio (x)	**2,26**	2,34	2,17	2,16	1,86
Net interest-bearing debt : equity ratio	**Net cash positive**	Net cash positive	Net cash positive	Net cash positive	Net cash positive
Operating income margin (%)	**9,2**	8,1	7,8	8,3	9,1
NAV per share (cents)	**1 592**	1 387	1 249	1 127	1 002

HIGHLIGHTS

R1,7bn
Group turnover up 26.3%
(2015: R1,4 billion)

329,6c
Diluted HEPS up 35,7%
(2015: 242,8 cents)

150cps
Dividend up 38,9%
(2015: 108 cps)

R157m
Total operating profit up 42,7%
(2015: R110 million)

332,7cps
EPS up 35,6%
(2015: 245,3cps)

1 592cps
NAV up 14,8%
(2015: 1 387 cps)

OPERATIONAL

Maintained
Level 4 B-BBEE

Bedded down
East Rand Plastics acquisition

New pallet wrap
plant ordered for Specialised Films

[02] ABOUT THIS REPORT

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 (at 30 June 2016): **33 317 482**

We are pleased to present our sixth integrated annual report which covers the financial year ended 30 June 2016. 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.

CORPORATE INFORMATION

The group's executive directors are Phillip Abelheim (CEO), Louis Weinberg (FD) and Charly Bouzaglou. They can be contacted at the registered office of the company. The company secretary is Hendrik van Niekerk. See Administration on page 99 of this integrated report for contact details.

This integrated annual report is available online at www.transpaco.co.za. For feedback regarding the content and usability of this report, please contact company secretary, Hendrik van Niekerk.

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 2015 to 30 June 2016, and follows our annual report for the previous year published in October 2015. Content - including the company's consolidated financial statements as set out on pages 45 - 93 covers all divisions and subsidiaries of the company, as illustrated on pages 10-13, across all regions of operation in South Africa. There was no change to any measurement techniques nor were there any re-statements of previously reported information.

REPORTING APPROACH

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 III and the International Integrated Reporting Framework issued in December 2013, and 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.

CAPITALS OF VALUE CREATION

The International Integrated Reporting Framework introduced the concept of reporting in terms of the 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 relates to the financial resources deployed by a company and is covered in *Transpaco at a Glance*, *Chairman's Letter to Stakeholders*, *CEO's Report*, *Five-year Review* and the *Annual Financial Statements*.

MANUFACTURED CAPITAL relates to the physical infrastructure used in the manufacture and distribution of our products, which is dealt with in *Who We Are*, *Chairman's Letter to Stakeholders* and *CEO's Report*.

INTELLECTUAL CAPITAL relates to organisational knowledge, systems, protocols and intellectual property. This capital is reflected throughout the entire report and in specific in the *Chairman's Letter to Stakeholders*, *CEO's Report*, *Risk Report*, *Our People* and *Corporate Governance*.

HUMAN CAPITAL deals with the competency, capability and experience of the board, management and employees and this is featured in *Directors and Management*, *Chairman's Letter to Stakeholders*, *CEO's Report*, *Our People*, *Remuneration Report* and *Transformation, Social & Ethics Committee Report*.

SOCIAL AND RELATIONSHIP CAPITAL in terms of stakeholder engagement is covered in *Our Stakeholders*, *Acting Sustainbly* and in the *Transformation, Social & Ethics Committee Report*.

ASSURANCE

We undertake the following assurance to ensure reporting integrity:

BUSINESS PROCESS	NATURE OF ASSURANCE	ASSURANCE PROVIDER
Operational/financial risk		
External audit	Annual financial statements	Ernst & Young Inc.
Internal audit	System of internal controls	Audit & risk committee
Empowerment		
B-BBEE	B-BBEE Audit Verification	Octagon Empowerment

APPROVAL OF THE REPORT

The Transpaco board confirms that it has approved this integrated annual report and authorised its release on 10 October 2016. Refer to page 46 for board statement.

Phillip Abelheim
CEO

Louis Weinberg
FD

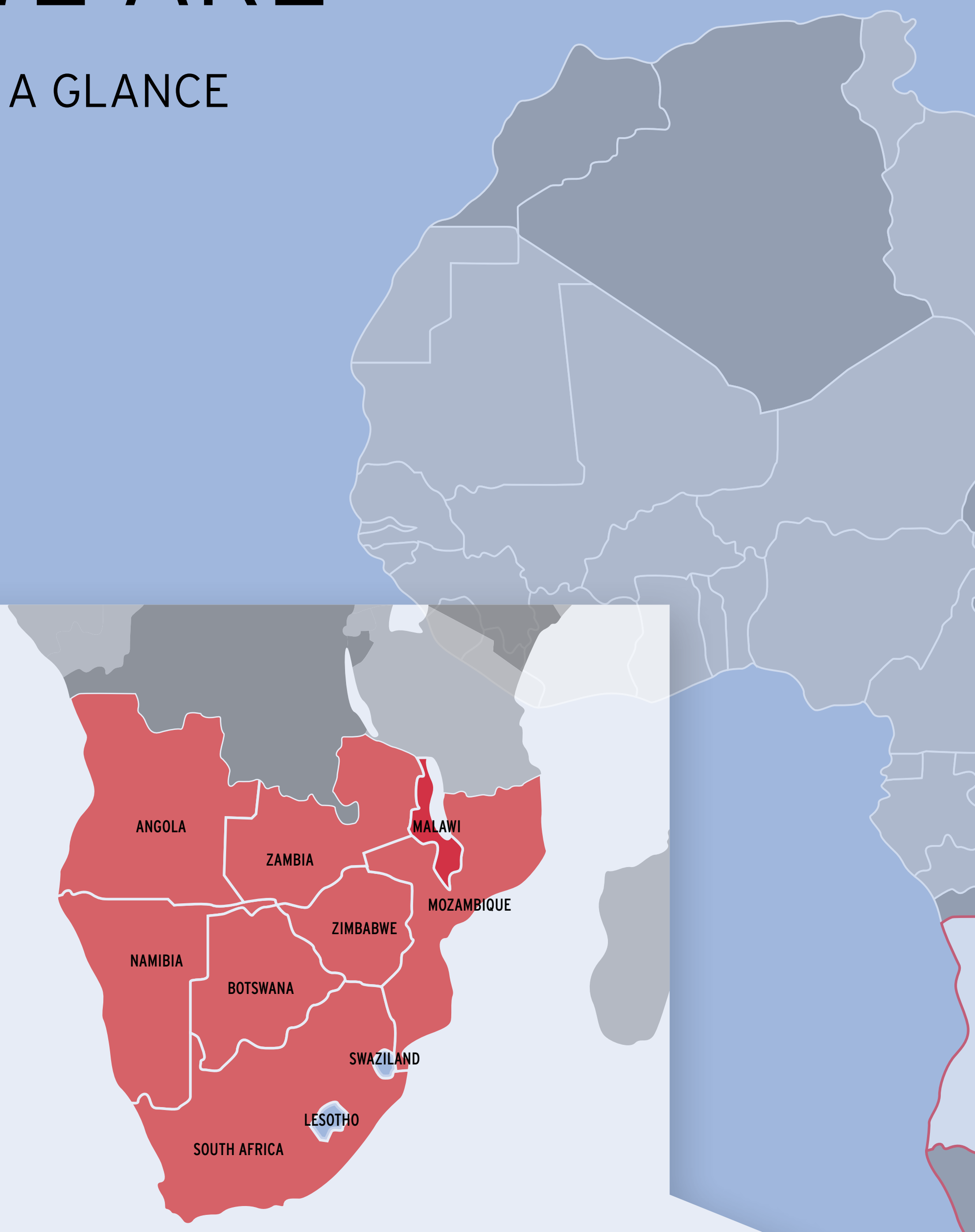
Harry Botha
Audit & risk committee Chairman


medicated
and flu remedy
Vitamin C
Free
Relieves:
Headaches
Pain
Fever

[03]
WHO WE ARE

TRANSPACO AT A GLANCE

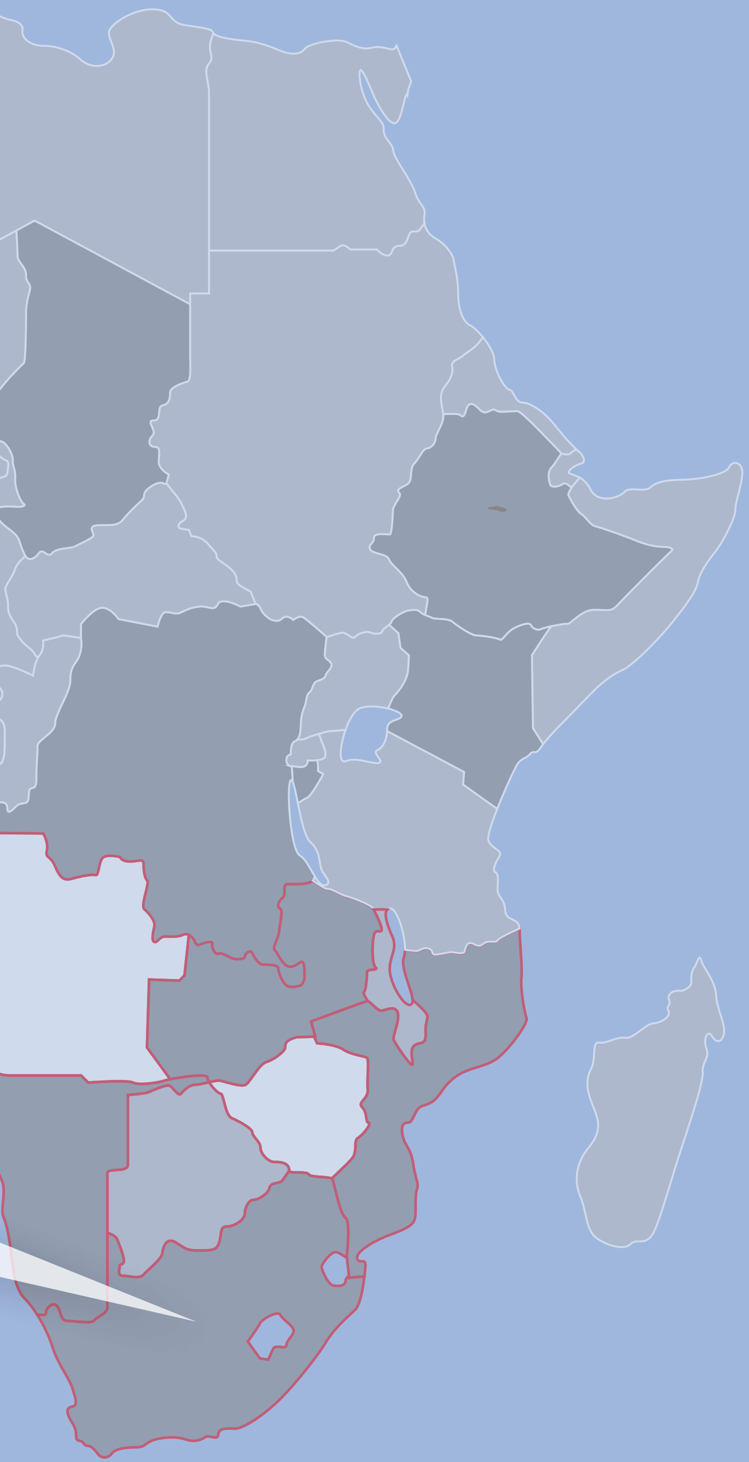
MARKETS WE SERVE



Plastic Products:
- 7 manufacturing sites
- distribution centres throughout South Africa

Paper & Board Products:
4 plants and 1 distribution centre

Properties & group services:
Booysens Road Properties; Explosive Film Technologies and Transpaco Administrative and Financial Services

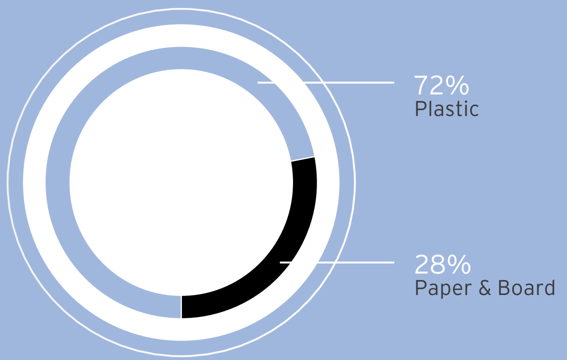


GROUP SNAPSHOT

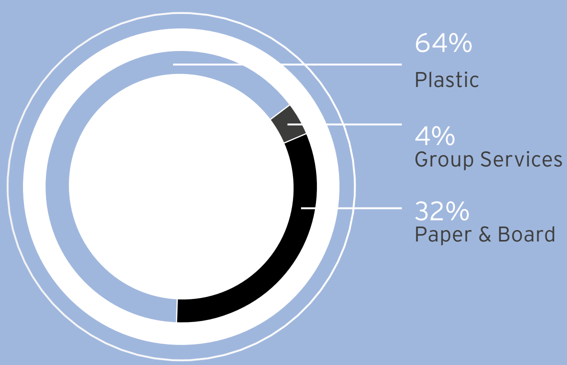
We manufacture, distribute and recycle plastic and paper packaging products for sectors including retail, industrial, agriculture, mining, pharmaceutical and automotive. Our products are customised to individual requirements and distributed across the country and into southern Africa.

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

SEGMENT BREAKDOWN



Contribution to group turnover by division



Contribution to group operating profit by division

[03] WHO WE ARE CONTINUED

TRANSPACO AT A GLANCE

PLASTIC PRODUCTS

[EAST RAND PLASTICS]

- Africa's largest manufacturer of refuse bags
- Factory situated in Gauteng with national distribution
- Garbie brand and individual House Brands
- Manufactured from pre and post-consumer recycled material protecting our environment
- Produced in flat and perforated or interleaved roll forms
- Certified ISO 9001:2008

PRODUCTS

- Black, clear and colour refuse bags, bin liners, sheeting and film
- Light, medium and heavy duty for the local and export household and garden markets
- Heavy duty industrial markets

[FLEXIBLES]

- Manufactures flexible plastic packaging solutions
- Four manufacturing sites (Gauteng and Western Cape)
- Distribution facilities throughout South Africa
- Certified ISO 9001:2008 (Cape Town)

PRODUCTS

- Retail vest-type plastic bags
- Retail boutique plastic bags
- Refuse bags
- Industrial plastic bags
- Tubing and sheeting
- Scholastic stationery

[RECYCLING]

- Recycles polyethylene pre- and post-consumer waste
- Supplies polymer throughout South Africa and many African countries
- Two recycling plants (Bronkhorstspruit and Elandsfontein)
- Well-developed sustainable sources of supply
- Modern, efficient plant and equipment
- Comprehensive quality assurance system
- Certified ISO 9001:2008 (Bronkhorstspruit)

PRODUCTS

- High density polyethylene
- Low density polyethylene

[SPECIALISED FILMS]

- Manufactures specialised films - three, five and seven layer cast film products
- One manufacturing facility (Bronkhorstspruit)
- State-of-the-art equipment to produce products of the highest quality and standard
- Distribution facilities throughout South Africa
- Certified ISO 22000:2005

PRODUCTS

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

PAPER AND BOARD PRODUCTS

[BRITEPAK]

- Manufactures printed folded cartons and package inserts
- One manufacturing plant (Gauteng)
- 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
- State-of-the-art gluing and folding including braille capabilities

PRODUCTS

- Printed folded cartons and package inserts

[DISAKI CORES AND TUBES]

- A leading manufacturer of spirally wound tubular cardboard cores, carton dividers, void fillers and angle boards
- Three manufacturing plants (Gauteng, KwaZulu-Natal and Western Cape)
- Fully automated core winding and cutting operation
- Modern, sophisticated plant and equipment
- Certified ISO 9001:2008

PRODUCTS

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

[PACKAGING]

- A leading packaging supplier to the retail, industrial, wholesale, agricultural, automotive and stationery markets
- One distribution facility (Gauteng)
- Several branches throughout South Africa

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

PROPERTY AND GROUP SERVICES

- Provides property owning and central administration, financial and related services to all group divisions
- Resources and facilities
- Booysens Road Properties
- Explosive Film Technologies
- Transpaco Administrative and Financial Services

MILESTONES OVER THE YEARS

[1987]

Transpaco listed on JSE

Acquired Framen Paper (later Transpaco Cores, subsequently Disaki Cores and Tubes)

[1997]

Acquired Sheet Extrusion

[1998]

Acquired Silverpack group

[1999]

Established Flexibles Mpumalanga

[2004]

Acquired Recycling Plastics (merged into Transpaco Recycling)

[2005]

Acquired Britepak

[2005]

BEE transaction

[2006]

Established Specialised Films

[2006]

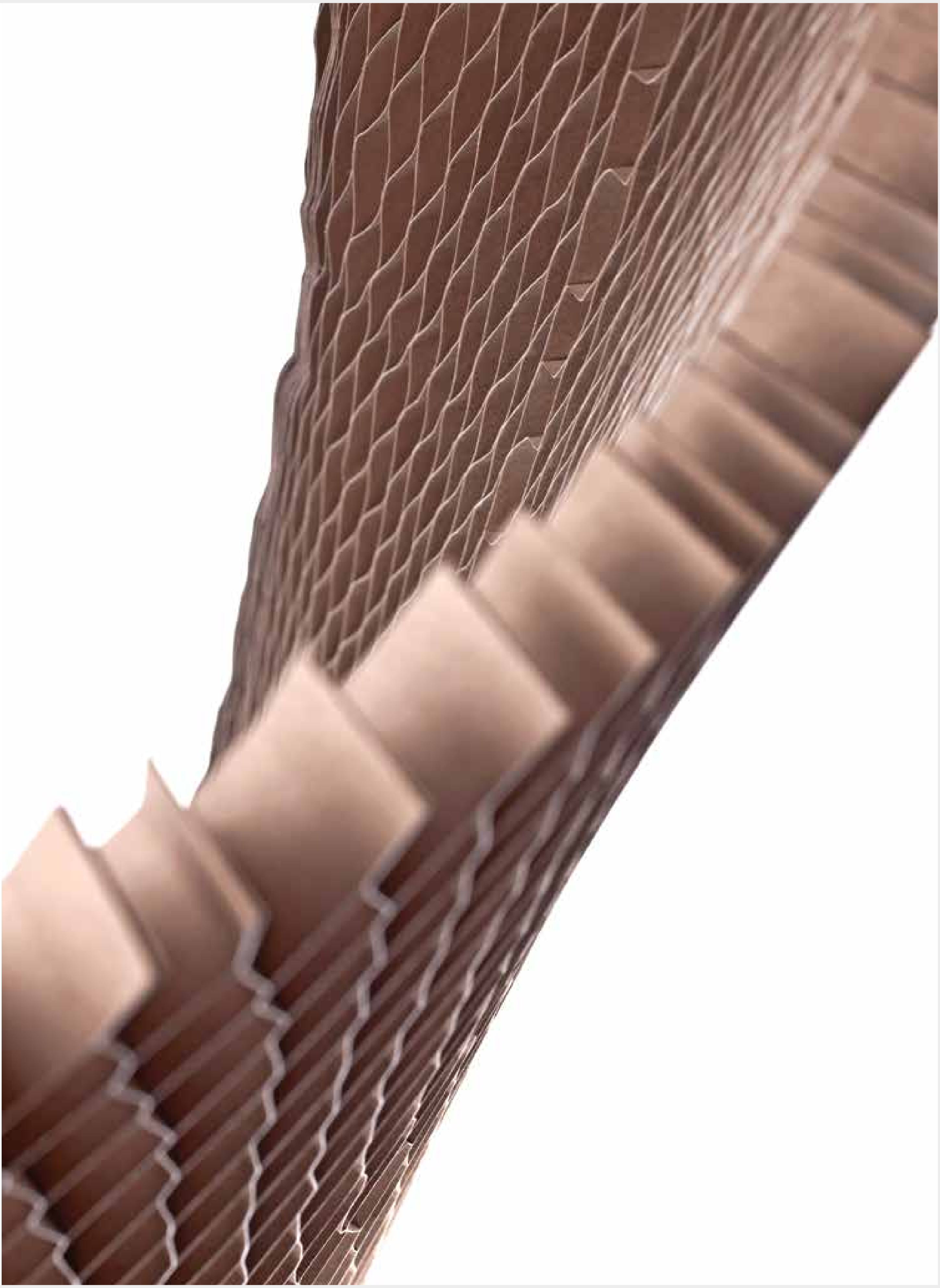
Acquired Polyfoil (now part of Transpaco Flexibles Mpumalanga)

[2010]

Acquired Disaki Cores and Tubes

[2015]

Acquired East Rand Plastics



FIVE YEAR REVIEW

STATEMENTS OF COMPREHENSIVE INCOME

	2016 R'000	2015 R'000	2014 R'000	2013 R'000	2012 R'000
Continuing operations					
Turnover	**1 712 376**	1 356 025	1 247 386	1 123 204	1 044 221
Operating profit before net finance costs	**156 980**	110 147	97 844	93 140	100 570
Net finance (costs)/income	**(4 419)**	234	(1 024)	(1 029)	(1 232)
Profit before taxation	**152 561**	110 381	96 820	92 111	99 338
Taxation	**(43 313)**	(31 095)	(27 169)	(25 246)	(29 019)
Profit for the year from continuing operations	**109 248**	79 286	69 651	66 865	70 319
Loss for the year from discontinued operations	**-**	-	-	-	(3 756)
Profit for the year	**109 248**	79 286	69 651	66 865	66 563
Other comprehensive income	**-**	-	-	-	-
Total comprehensive income for the year	**109 248**	79 286	69 651	66 865	66 563

STATEMENTS OF FINANCIAL POSITION

	2016 R'000	2015 R'000	2014 R'000	2013 R'000	2012 R'000
Assets					
Non-current assets	**311 664**	205 680	213 606	202 602	195 482
Current assets	**558 051**	523 763	441 404	393 393	368 685
Non-current assets held-for-sale	**-**	-	-	885	885
Total assets	**869 715**	729 443	655 010	596 880	565 052
Equity and liabilities					
Capital and reserves	**522 954**	455 176	402 183	360 935	320 523
Non-current liabilities	**99 345**	50 424	49 222	53 491	46 694
Current liabilities	**247 416**	223 843	203 605	182 454	197 835
Total equity and liabilities	**869 715**	729 443	655 010	596 880	565 052

STATEMENTS OF CASH FLOWS

	2016 R'000	2015 R'000	2014 R'000	2013 R'000	2012 R'000
Net cash inflow from operating activities	**51 832**	88 422	60 763	47 749	50 228
Net cash outflow from investing activities	**(162 993)**	(26 091)	(40 516)	(37 460)	(58 694)
Net cash inflow /(outflow) from financing activities	**42 728**	3	(12 667)	2 845	(1 475)
Net movement in cash for the year	**(68 433)**	62 334	7 580	13 134	(9 941)
Cash and cash equivalents at the beginning of the year	**153 600**	91 266	83 686	70 552	80 493
Cash and cash equivalents at the end of the year	**85 167**	153 600	91 266	83 686	70 552

SHARE STATISTICS

	2016	2015	2014	2013	2012
HEPS (cents)	**330,1**	243,3	209,2	208,2	205,6
Diluted HEPS (cents)	**329,6**	242,8	205,5	203,7	201,1
Basic EPS (cents)	**332,7**	245,3	216,5	208,9	209,4
Diluted EPS (cents)	**332,2**	244,8	212,7	204,4	204,9
Cash generated from operations per share (cents)	**423,6**	441,1	375,7	312,5	320,6
Dividend per share (cents)	**150,0**	108,0	93,0	90,0	80,0
Share price - high (cents)	**2 775**	2 000	1 950	2 000	1 990
- low (cents)	**1 875**	1 649	1 520	1 500	1 350
- year-end (cents)	**2 360**	1 900	1 720	1 700	1 770
Total value of shares traded (R'000)	**23 983**	70 549	31 140	28 168	34 623
Number of shares traded ('000)	**1 100**	3 727	1 800	1 641	2 159
Market capitalisation at 30 June (R'000)	**786 293**	633 032	570 653	564 009	587 241
Ordinary shares in issue ('000)	**33 317**	33 317	33 177	33 177	33 177
Ranking number of ordinary shares ('000)	**32 841**	32 821	32 197	32 017	31 991
Weighted average ranking number of ordinary shares ('000)	**32 838**	32 323	32 164	32 012	31 782

KEY RISKS

Managing our risks and opportunities appropriately is a key driver of growth. Our risk management processes are detailed in the risk report on page 40.

Our risk matrix is set out below:

[Strategic objectives]

- Organic and acquisitive growth
- Employee security
- Continually improved efficiencies and capacity
- Strict cost and working capital control
- Transformation
- Supply of quality products at competitive prices with requisite service delivery

Our key risks and how we mitigate these are set out below:

CATEGORY	RISK
COMPLIANCE	Breach of any South African laws
	Health and safety
	Environment
CUSTOMERS	Debtors
	Reliance on large customers
HUMAN RESOURCES	Ethical leadership
	Loss of skills due *inter alia* to AIDS
	Labour unrest
	Succession
	Attracting suitably qualified employees
MARGINS	Input cost (electricity)
	Input cost (raw materials)
	Oil prices
	Exchange rates
	Import replacement competition
PLANT	Technology advancement
	Breakdowns
	Fire, theft and floods
PRODUCTS	New product
	Product redundancy
	Stocks
SUPPLIERS	Dependence on few major raw materials suppliers

MITIGATION
• Comprehensive Code of Conduct in place • Training of all managing directors and employees on the importance of compliance with competition regulations • All managing directors sign a declaration of compliance with competition regulations at monthly report meetings
• Health and safety committees operate in all factories • HR monitors health and safety committees' regular factory inspections • All risks are addressed timeously • Regular independent risk assessments
• Compliance ensured through adequate inspections
• Selected debtors insured and stringent credit controls in place
• Continuing to attract additional customers to even the spread of customers • Developing export opportunities
• Code of Conduct in place and enforced
• Ongoing internal and external skills development programmes • AIDS policy in place and in action
• Maintaining good relationships with unions • Transpaco's BEE shareholder is the investment company of CEPPWAWU, a major union representing employees
• Succession policy in place
• Formal recruitment policy in place to ensure Transpaco attracts the right staff
• Ensuring all new plant purchased is energy-efficient • Control of power usage
• Continuous negotiations with suppliers of raw materials and seeking of new competitive suppliers both locally and abroad
• Diversification into fields of operation less dependent on oil e.g. paper related products
• Hedging of all trade creditors in foreign currency
• Ensuring efficient manufacturing processes to maintain competitiveness against local and import competition • Consultation with local raw materials suppliers to secure raw materials at competitive prices, enabling Transpaco to compete with imported products
• Executive managing directors visits to international trade fairs ensure that Transpaco is up to date with the most advanced machinery available
• Ongoing machinery upgrades and maintenance to ensure that plants operate to maximum capabilities
• Independent risk analysis undertaken • All plant adequately insured with reputable service providers against all risks • Replacement values updated on a regular basis
• All managing directors research internationally for new product development in Transpaco markets
• Research and development undertaken to seek new products
• Inventory conservatively valued and counted on regular basis • Most unsaleable product recycled and carried forward at reduced values
• Establishing relationships with new suppliers both local and foreign

DIRECTORS AND MANAGEMENT

EXECUTIVE DIRECTORS

Shalom (Charly) Raphael Bouzaglou

Appointed: 4 June 1991

Charly is managing director of Disaki Cores and Tubes and has contributed to the growth of Transpaco since 1984. He has more than 30 years' experience in the paper, plastic and packaging industry.

Louis Weinberg

B.Compt. (Honours) CA(SA)
Financial Director
Appointed: 18 February 2004

With more than 30 years' experience in financial management and administration, Louis joined the group on 17 September 2002.

NON-EXECUTIVE DIRECTORS

Selwyn Jacobson

B.Com
Appointed: 20 August 1987

Selwyn was a long-serving chairman and managing director of a leading trade finance company. He has been associated with the group for more than 40 years.

EXECUTIVE MANAGEMENT: DIVISIONAL MANAGING DIRECTORS

Jaco Breytenbach
Managing Director
Transpaco Recycling

Caroline Cannel
Joint Managing Director
Transpaco Flexibles

Steve Harmse
Managing Director
Transpaco Packaging;
Joint Managing Director
Transpaco Specialised Films

Ken Harris
Joint Managing Director
Transpaco Specialised Films

OPERATIONAL DIRECTORS

Sagren Krishnasamy
Production Director
Disaki Cores and Tubes

Johnny Moloantoa
Divisional Marketing Director
Transpaco Limited

Robinson Mpofu
General Manager
Transpaco Recycling
Bronkhortspruit

Vino Padayachee
Production Director
Transpaco Flexibles

INDEPENDENT NON-EXECUTIVE DIRECTORS

Henry (Harry) André Botha

M.A.P.
Appointed: 1 September 1998

Harry has been involved in the plastic and packaging industry for more than 30 years, focusing on thermoforming and extrusion. Subsequent to his retirement as executive director of the group in 2006, Harry was appointed a non-executive director on the board.

Stephen Philip van der Linde

B.Sc Chemical Engineering
Appointed: 5 November 2002 / Lead independent director (appointed 1 July 2015)

As an investment analyst, Stephen has 20 years' experience in manufacturing and finance. He also serves as a director of Primetank (Pty) Ltd and several other private companies.

John Latter
Managing Director
Britepak

Lorraine O'Neill
Joint Managing Director
Transpaco Flexibles

Cesseri Taylor
Managing Director
Transpaco Flexibles
Mpumalanga

Eddie Wallace
Managing Director East
Rand Plastics

Nick Swan
Sales Director
Britepak

Ilse Uys
New Business Development
Director Group Services

Hendrik van Niekerk
Administration Director and
Company Secretary
Group Services

[04] LEADERSHIP REVIEW

CHAIRMAN'S LETTER TO STAKEHOLDERS

DEREK JJ THOMAS
CHAIRMAN
B.Com (Hons) (Economics)
M Com (Economics)
MSc (Development Economics)
Appointed to the board: 2 June 2005
(Appointed as Chairman 1 July 2015)

As the managing director of CEPPWAWU Investments, Derek has significantly contributed to the company's growth as a broad-based BEE investment vehicle. He has over 10 years' experience as a strategy and economics consultant.

Transpaco has delivered another excellent set of results despite the tough economic climate in which we find ourselves. All key financial indicators recorded double-digit growth: turnover increased 26% to R1,7 billion and operating profit increased by 43% to R157 million.

The key to this achievement is the focus and drive of the entire management team. Each of our operating divisions is led by a professional and committed divisional MD. This group of divisional MDs demonstrates skill and commitment on a daily basis and each has enjoyed long term tenures. Transpaco has great focus on driving sales, excellent cost control, and sophistication in the business processes associated with a manufacturing business of our size. We are both proud and grateful of our team.

Of course this team of MDs is guided by our group executive in CEO Phil and FD Louis. Their expertise in leading the impressive growth of Transpaco was particularly evident in the firm's latest addition, that of East Rand Plastics. Phil and Louis continue to demonstrate, with each acquisition, a level of professionalism in all of the key elements required for the successful incorporation of new businesses into the Transpaco group. I believe the pattern of these well executed acquisitions is premised on their industry network, principled approach to negotiating and ability to integrate the business and management teams into Transpaco. They have acquired a reputation as skilful, serious and honest purchasers of businesses. The group's results were further bolstered by their driving a focus on sales, cost control and the quality of financial reporting and processes.

Over the last ten years, I've witnessed first-hand Transpaco successfully build scale and critical mass as a group. The growth process may be accelerating because of the combined effect of four key business drivers. Firstly, we are now of the scale to make more substantial on-going organic investment in plant and equipment. Transpaco steadily invests in its divisions. This is part of our strategic intent. We have the skills and expertise to make these investments successful. This makes us formidable players and competitors in the market. Secondly, we are able to pursue larger acquisitions. This means we can confidently look at a wider range of possible opportunities than ever before. It also means that the impact on Transpaco in absolute terms is larger. Thirdly, we are increasingly able to hire more specialised supporting skills in-house. This frees our executives to think more expansively. And lastly we are well placed, in our various product lines, to be the supplier of choice for large and sophisticated customers; perhaps even pursuing some significant global accounts in the fullness of time.

Transpaco's operating divisions are often the leading enterprises in their specific market. We are now able to leverage both larger procurement, and synergies between companies within the group. This wasn't always the case. While in the past the group's divisions competed against larger organisations, we now find Transpaco is often the key supplier in our customer's value chain. This in turn creates a virtuous cycle: since we are positioned to serve the largest clients, we are able to invest more, representing an important milestone in Transpaco's evolution. We have achieved this position through a relentless focus on our business.

Looking ahead, succession planning is always an important theme. At Transpaco we take pride in the longevity of service of our executives and divisional MDs. This ensures we have an established knowledge base throughout the group with entrenched levels of team-based trust and stability. The long-serving nature of our management further ensures we have ample internal talent for succession planning purposes. In addition, both Phil and Louis have committed to long-term stays in office. A critical driver of our distinctive stability of the core management team is CEO Phil's style of generosity which has permeated the overall culture he has created at Transpaco.

In the year we advanced our transformation programme. Our efforts in this arena are becoming more sophisticated. Importantly, Transpaco eliminated the use of all long-term labour brokers. We developed our initiatives in enterprise and supplier development and have an ongoing focus on training. (See CEO's Report for further detail.) Transpaco was an early mover in securing a broad based black economic empowerment shareholder, and notably one that retains a 20% unencumbered shareholding. We are a significant employer (1 401 employees at year-end). Many of these employees have been with us for years. Their skill and dedication represents the heart of the business. Our growth has been associated with an increase in overall employment at Transpaco. In a South Africa where unemployment is the national scourge, Transpaco is a net generator of new jobs with each passing year. Long may this laudable trend and contribution manifest. This ability to create stable and decent jobs remains for me our most important contribution to development and transformation in our economy.

Our growth agenda will be focussed on driving our core business, investments in plant and equipment and acquisitions. Over at least the last ten years we have seamlessly identified acquisitions and investment opportunities in our space. We will also seek to appoint further skills to the board, especially following Archie Aaron's retirement during the year.

On that note I wish to thank Archie for being an incredible contributor to Transpaco over the past 29 years, as a board member, long serving Chairman until 2015 and above all a loyal adviser and sounding board for Phil and previously his late father, who founded the business. Archie encapsulates a set of attributes that we will continually try to emulate.

Thank you to all Transpaco stakeholders. Our growth is premised on your continued support whether as customer, shareholder, worker, or supplier. The dominant theme across all stakeholders appears to be the longevity of the relationship. We are most grateful to you.

I also thank the board and the executive for their guidance and support. It has, again, been a privilege to serve with them.

Derek Thomas
Chairman
10 October 2016

CEO'S REPORT

PHILLIP ABELHEIM
CEO
FCIS
Appointed: 12 December 1977

Phillip has over 40 years' experience in the plastic and packaging industry, primarily with Transpaco.

INTRODUCTION

We are proud to present pleasing results with headline earnings up 38% for the year under review. The group's performance bears testament to Transpaco's resilience in challenging economic times. The focus on cost control, maximising efficiencies, which included investment in plant and equipment, and successfully integrating a strategic acquisition all contributed to Transpaco's performance.

Turnover growth of 26% to R1,7 billion (June 2015: R1,4 billion) was driven by a strong performance from the Plastics Division and the inclusion for eleven months of the East Rand Plastics acquisition. Turnover growth was supported by increased volumes and to a lesser extent price increases, achieved by focused marketing and sales strategies.

Transpaco's operating margin increased to 9,2% from 8,1% last year despite pressure on margins from increased input costs such as electricity, raw materials and labour.

FINANCIAL OVERVIEW

Operating profit increased 42,5% to R157,0 million (2015: R110,1 million) resulting in total comprehensive income of R109,2 million (2015: R79,3 million), an increase of 37,8%.

EPS grew by 35,6% to 332,7 cents (2015: 245,3 cents) with HEPS increasing 35,7% to 330,1 cents (2015: 243,3 cents). Diluted HEPS improved by 35,7% to 329,6 cents (2015: 242,8 cents).

The weighted average number of shares in issue in calculating EPS and HEPS was 32 838 000 (June 2015: 32 323 000).

Cash generated from operations decreased to R139,1 million (June 2015: R144,8 million) with cash and cash equivalents at year-end totalling R85,2 million (June 2015: R153,6 million).

The net interest-bearing debt-to-equity position remains cash positive due to efficient working capital management.

Net asset value per share increased 14,8% to R1,59 per share (2015: R1,39 per share).

ACQUISITIONS

Effective 1 August 2015 Transpaco acquired the business and property of East Rand Plastics, South Africa's premier refuse bag manufacturer, for R110 million. East Rand Plastics markets its products under the Garbie brand and by way of house brands for all major FMCG retailers. The acquisition has been fully integrated into the group and was included for 11 months in results.

OUR STRATEGY

We continued to pursue our primary strategy of driving earnings growth to deliver sustainable ROE for investors. We have maintained and enhanced focus on business fundamentals such as monitoring costs and optimising productivity and efficiency. This aligns with our customer-centric focus by enabling the group to provide competitive pricing and quality service that is distinguished in our markets.

As demonstrated by the East Rand Plastics acquisition, we continue to bolster the group with strategic earnings-enhancing acquisitions.

Two further cornerstones of our strategy are transformation and the environment. (See Transformation below.)

Transpaco remains the largest recycler of post-consumer polyethylene plastic waste in Africa. We endorse a general policy of reusing and recycling all plastic and paper materials wherever feasible and are responsible for around 19% support of post-consumer polyethylene plastic recycling efforts in the country. We are a keen supporter of the industry's sustainability objective of "Zero plastics to landfill by 2030". (See page 30 for further detail.)

OPERATIONS

The group continues to operate two divisions, namely Plastic Products and Paper and Board. Transpaco's depth of knowledge and experience in the markets it operates in enables both divisions to derive maximum benefit from such markets while remaining competitive and supplying quality products at exceptional service levels.

PLASTIC PRODUCTS

The Plastics Division consists of seven production facilities representing South Africa's leading producers of retail plastic bags, refuse bags, post-consumer polyethylene plastic recycled material and pallet stabilisation film. The division had a sterling year, boosted by the inclusion of East Rand Plastics for 11 months. In addition we continued to invest in plant and equipment which further increased capacity and improved efficiencies.

A new multi layer cast line extruder was purchased during the year for the Pallet Wrap operation and is due to be installed in

October 2016. The much needed additional capacity is expected to further enhance the Plastics Division's performance once operational.

Until March 2016 demand for plastic raw materials from the Recycling operation far exceeded capacity. This has since softened due to adverse economic conditions, the severe drought ravaging the country and the lack of foreign currency available in those African countries to which we export. Strategies have been implemented to mitigate against the impact going forward. We expect demand to normalise once the economy strengthens, the drought ends and supply to export markets resumes.

The division remains the group's major results driver contributing 72% and 64%, respectively, to group turnover and operating profit for the year.

All operations within the Plastics Division made a positive contribution to group profits during the year.

PAPER AND BOARD PRODUCTS

The Paper and Board Division comprises the manufacture of printed folded cartons, angle board, cardboard tubes and cores, carton dividers, void filling and general packaging distribution.

Britepak, Disaki Tubes and Cores and Transpaco Packaging all produced positive results in line with expectations contributing 28% and 32% of group turnover and group operating profit, respectively.

During the year investments were made by Disaki Tubes and Cores improving production capacities and efficiencies upgrading several key manufacturing processes, notably tubular core and angle board production lines.

GOVERNANCE AND ETHICAL LEADERSHIP

Transpaco's board endorses effective governance as a key driver of sustainability. We continually strive to improve related policies and procedures in line with regulations and best practice. Transpaco has in place a Code of Good Conduct to which all employees are required to adhere. (See page 32 for further detail.)

As a consequence of the East Rand Plastics acquisition in the year, all managing directors, senior managers and including sales executives were required to participate in Competition Commission regulations training and testing provided by Cliffe Dekker Hofmeyr. All attendees scored above average indicating a high level of knowledge and understanding. The training content was converted into a compliance policy document by Cliffe Dekker Hofmeyr which we distributed to all relevant employees to ensure ongoing compliance with competition laws. We take competition law conformity very seriously and will continue to monitor our managers' level of knowledge to ensure they remain fully informed and conversant with the regulations. MDs currently sign monthly acknowledgement forms in this regard.

TRANSFORMATION

As a responsible corporate citizen in South Africa, transformation and genuine empowerment are important strategic objectives. During the year we highlighted as our areas of focus, enterprise and supplier development and skills development.

We have in place a number of existing processes to support enterprise and supplier development, particularly to support black-owned enterprises in transport, cleaning services, security and recycling and collection. In the year we further identified a SMME operating in the chemical industry. This company will develop a product which will be supplied to Transpaco in future. We provided a R3 million interest-free unsecured loan in order to assist with the development phase, which will be reviewed annually. (See page 86: note 27.)

Our employees remain a priority and we are committed to investing in their wellbeing. We are proud of the group culture which has ensured an exceptionally low staff turnover. In addition to safeguarding their health and safety we are committed to ongoing training and development at group and divisional level. This year we added to existing initiatives with a holistic training exercise to identify employees, their children and disabled unemployed individuals to attend various training courses and approved learnerships. The courses equip trainees with production, computer and call centre skills and we facilitate the practical side of training. On completion of the course we employ the successful candidates where vacancies are available. We are particularly proud to offer this training not only to our employees, but also to their children.

Another notable HR development during the year was the cessation of all long-term labour broker agreements which had been predominantly inherited in various acquisitions. We converted all of these contracts into permanent employment. Going forward we will only use labour brokers for seasonal work. We believe this is a fairer and more equitable approach for our employees.

The health and safety of employees is a key imperative to staff wellbeing. Several factories have employed the services of an independent health and safety service provider to enhance existing safety conditions and regulations.

DIVIDEND

The board declared a final dividend of 98,0 cents a share to take total dividends for the year to 150,0 cents per share, up 38,9% on last year (2015: 108,0 cents per share).

PROSPECTS

While a difficult trading environment prevails - particularly in the Recycling Division given the slowdown in demand locally and in neighbouring countries - our growth strategy has clearly proven its mettle and we will continue targeting organic growth and pursuing appropriate acquisitions, supported by strict financial controls.

APPRECIATION

I thank our executive directors, management and employees for their continued hard work which contributes continually to Transpaco's ongoing success. I also extend my appreciation to our non-executive directors for their guidance and support during the year. My thanks also to our customers, business partners, labour unions, and shareholders for their loyal support.

A special mention and thank you to Archie Aaron, who retired as director during the year, for his guidance, leadership and invaluable contribution over many years on the Transpaco board, as a member of certain committees and also Chairman. Mr Aaron's legacy will continue to influence Transpaco's culture in the future. We wish him all the best and a well-earned rest in his retirement.

Phillip Abelheim
CEO
10 October 2016

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 then the sale of its products and services. This statement shows how the value so added has been distributed.

	2016 R'000	Value added %	2015 R'000	Value added %
Creation of wealth				
Revenue	**1 714 724**		1 358 739	
Cost of goods, services and expenses	**1 187 246**		944 194	
	527 478		414 545	
Distribution of wealth				
Employees:				
Salaries, wages and benefits	**283 802**	53,8	238 183	57,5
Government:				
Taxes - Company Income Tax	**43 313**	8,2	31 095	7,5
Providers of capital:				
Finance costs	**6 767**	1,3	2 480	0,6
Dividends	**41 470**	7,9	28 534	6,9
Maintenance and expansion:				
Depreciation	**42 878**	8,1	34 967	8,4
Retained income	**109 248**	20,7	79 286	19,1
	527 478	100,0	414 545	100,0

OUR PEOPLE

We are committed to continually investing in our people to maintain our competitive advantage, entrench our industry leadership and ensure business sustainability. Our emphasis on people is reflected in our consistent exceptionally low staff turnover rate over the past three decades. We prioritise employee relations at all levels and giving effect to this, all senior management maintain an open door policy.

In a market where skills are key, we seek to attract and retain talent by providing the best possible working conditions and culture and fostering opportunities for development.

All our employees are remunerated in line with the Basic Conditions of Employment Act.

We support 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 a union represents certain of our employees in terms of a broad based black empowerment agreement.

Group policies are in place setting out the fair treatment of all employees irrespective of origin, race or gender, 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 the appointment and advancement of black staff is prioritised.

Employment equity targets are in place 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.

The employment equity status is tabled below:

	2016		2015	
Category/Level	Total number	HDI	Total number	HDI
Top Management	11	0	10	0
Senior Management	31	14	25	14
Professionally Qualified	67	23	62	23
Skilled	308	200	299	195
Semi-Skilled	305	275	292	268
Unskilled	678	678	565	565
Disabled	1	0	1	0
Total	**1 401**	**1 190**	**1 254**	**1 065**

SKILLS DEVELOPMENT

Skills development and training is critical in retaining employees and ensuring their optimal efficiency to our mutual best benefit. This group priority ensures that our people are appropriately equipped to mature in their positions and seize employment opportunities as they grow. We provide ongoing internal and external skills development programmes for existing employees and in addition remain committed to "on-the-job" training. We also offer a study learnership scheme.

During the year we expanded our skills and development programme to include a training programme aimed at employees, their children and disabled unemployed individuals. The training courses and approved learnerships are designed to equip trainees with production, computer and call centre skills and Transpaco assists with practical training. On completion of the course we employ the successful candidates where vacancies are available.

HEALTH AND SAFETY

The safety and wellbeing of our employees is paramount and we are committed to maintaining a safe and healthy working environment in strict compliance with the South African Occupational Health and Safety Act, 85 of 1993. No material injuries were reported during the year.

Our safety framework is set out below:

SUBSIDIARY HEALTH AND SAFETY COMMITTEE	SUBSIDIARY MANAGING DIRECTORS	GROUP HR DEPARTMENT AND MANAGING DIRECTORS
• Performs regular inspections at the factories • Overseen by HR	• Address health and safety risks as a key performance indicator • Attend to all risk areas and findings of the subsidiary health and safety committee • Ensure corrective action is taken where appropriate, including training and regular facility upgrades • Ensure SHEQ induction as part of the subsidiary induction programme	• Monitor SHEQ procedures, progress and risk • Delegate risk mitigation to the appropriate staff member and ensure that this is actioned effectively

HEALTH

Our HIV/AIDS policy outlines the fair, ethical, just and equitable treatment of employees living with HIV/AIDS. The policy consists of a framework to reduce the effects of the pandemic on employees and the group as a whole through awareness programmes, disciplinary procedures to deal with prejudice or discrimination, voluntary anonymous testing, measures to ensure strict confidentiality of status and crisis planning. First-aid kits are supplied throughout the workplace and in company vehicles. Employees are also trained in the correct use of the equipment and infection control procedures.

ACTING SUSTAINABLY

We are committed to profitable and sustainable operations and to helping drive a sustainable local economy. The transformation, social & ethics committee is responsible for outlining our goals and targets and monitoring our performance in this regard.

HIGHLIGHTS 2016

Expanded training programme developed

Additional SMME (Chemicals supplier) identified

TRANSFORMATION

We maintained our Level 4 B-BBEE rating in the year. Our scorecard progress (B-BBEE Codes of Good Practice issued by the Department of Trade and Industry) is summarised below:

BEE CODE	SCORECARD RATING (POINTS)	
	2016	2015
Ownership	19/20	19/20
Management Control	1,78/10	1,78/10
Employment Equity	4,37/15	3,98/15
Skills Development	1,99/15	1,99/15
Preferential Procurement	19,53/20	19,53/20
Enterprise Development	15/15	15/15
Socio-Economic Development	5/5	5/5
Total	**66,67**	**66,28**

PREFERENTIAL PROCUREMENT

To give effect to our preferential procurement policy we continually expand our supplier base to include more empowered enterprises and individuals who can supply goods and services on a preferred basis. Managing directors in the group are tasked with reporting on progress in this regard at monthly management meetings.

Transpaco's Recycling Division endeavours to source as much raw material as possible from the informal sector. The division has established buy-back centres where people from disadvantaged communities can sell material they have collected for recycling.

ENTERPRISE DEVELOPMENT

Our commitment to enterprise development is realised in our efforts to create more jobs in the informal sector by helping to establish black-owned and managed businesses. Examples of this include:

- Contracts for the supply of services e.g. laundry, building, maintenance and cleaning, awarded to small black-owned businesses, often with Transpaco providing the equipment needed to perform the service in question;
- Several subsidiaries contracting small black-owned businesses to supply canteen services and providing the canteen premises, electricity and water usage at no cost to the service provider;
- A contracted BEE supplier to collect and deliver material for recycling. Payment is based on kilometres travelled; and
- Purchases of scrap from SMMEs are paid within approximately five days to assist with cash flow.

During the year we identified a SMME operating in the chemical industry. This company will develop a product to supply Transpaco and we have provided a R3 million interest-free loan to assist.

SOCIO-ECONOMIC DEVELOPMENT

The HR department is tasked with identifying beneficiaries from within the community for our CSI programmes. During the year, beneficiaries including schools, orphanages, old age homes, churches, welfare organisations and other deserving institutions received donations. We also donate refuse bags to approximately 30 schools, orphanages and other deserving organisations. Transpaco donates 1% of NPAT to its CSI initiatives.

THE ENVIRONMENT

We are committed to ensuring we minimise our impact on the environment and promote reusing and recycling all plastic materials wherever feasible. In addition we interact and co-ordinate with government and local municipalities on waste recovery initiatives on an ongoing basis.

Transpaco is the largest recycler of polyethylene plastic in Africa, and operates one of the most sophisticated systems available for the reprocessing of post-consumer polyethylene films. Over the years we have invested significantly in the South African industry and we actively support the new sustainability objective "Zero plastics to landfill by 2030". The material we recycle would, if not for our recycling efforts, end up in solid waste dumps. We recycle approximately 2 000 tons of plastic waste per month or 24 000 tons per annum.

According to the Plastics SA Recycling Survey 2015, 292 917 tons of plastics were recycled, an increase of 3% year-on-year. Over the past five years compound growth in plastics recycling is 5,5% per annum. The survey notes that post-consumer materials still provide the most recyclables at 59,3% of the total. In this regard our buy-back centres are critical as they give us access to these materials, and are channelled from the informal sector. The plastics recycling sector as a whole is a significant job creator, with the total number of informal jobs sustained through plastics recycling in 2015 up 3% year-on-year to 48 820. Formal employment provided by plastics recycling has increased by 3,3% to 6 234 workers. The majority of plastics recycled in South Africa continue to be used locally to manufacture new products, mainly films (packaging, building and industrial) and pipes. The industry invested 48% more in capital equipment per ton of material to meet the increasing demand and improved quality requirements.

Our Recycling division specialises in the recycling of clean and post-consumer LDPE and HDPE. The material (LDPE and HDPE) that Transpaco purchases originates from shopping centres, industrial activities, agricultural activities and landfill sites. Typically products manufactured at Transpaco from recycled polyethylene include:

- Builders sheeting and related building products
- Refuse bags (various colours)
- Agricultural water pipes
- General packaging such as sheeting and tubing
- Dustbins
- Agricultural film.

[05] TRANSPARENCY AND ACCOUNTABILITY

ETHICAL LEADERSHIP

From the board of directors down throughout all levels of the group, we remain committed to safeguarding the interests of our stakeholders and at all times acting with the highest standards of ethical behaviour and effective governance.

All managing directors and employees receive training on the importance of compliance with legislation, which is in no way regarded as a substitute for individual judgement and discretion but rather as a framework. In addition managing directors are required to sign acknowledgment of compliance at monthly meetings. Our own comprehensive Code of Business Principles and Ethics ("the Code") provides detailed guidance on the ethical standards and behaviour we expect of our people in various scenarios, over and above legislative compliance. All employees are required to adhere to the Code in all daily interactions. The Code is therefore communicated well and each employee has received a copy and an induction booklet setting out the disciplinary consequences for non-adherence. All new employees receive this information in a welcome pack on commencement of employment.

During the year all managing directors and senior executives completed competition training facilitated by Cliffe Dekker Hofmeyr. (See page 25)

Day-to-day responsibility in this regard is delegated to senior management of the divisions and operations. The audit & risk committee and the EXCO provide assurance of compliance each year to the board, which remains ultimately responsible. Any breaches of the Code must be reported in accordance with the procedures specified.

OUR ETHICS COMMITMENT

BEST PRACTICE STANDARDS	LEGISLATION	GROUP POLICIES
• King III • 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	• Board policies • Policies supporting the Code of Business Principles and Ethics • Employee policies • B-BBEE policies • SHE policies • IT policies

Respect for human rights is the general underlying principle guiding all interactions, whether internally or with external stakeholders. The Code encapsulates our commitment to creating diversity in the workplace, to minimising our environmental impact, and to providing quality products that meet consumer's 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.

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


Jiffy
KRAFT BOOK COVERING
480mm x 5M
Jiffy
PLASTIC
BOOK COVERING
Transpaco
MADE IN SOUTH AFRICA
PO BOX 39601, BRAMLEY, 2018
WARNING
PLASTIC IS NOT A TOY.
KEEP AWAY FROM CHILDREN.
Jiffy
16 PIECE COLOUR

OUR STAKEHOLDERS

We are committed to communicating with all stakeholders openly, transparently and timeously and have an active stakeholder engagement programme. We have identified our key stakeholders and ensure regular engagement through diverse means which include our website, integrated annual report, SENS, one-on-one meetings and ongoing formal and informal sessions. Importantly we make use of our established feedback structures. We believe that our relationship and interactions with our stakeholders allow us to identify and evaluate issues that impact our business and industry, which is essential for the long-term sustainability of the group.

Our key stakeholders are set out below with the main issues that concern them:

HUMAN RESOURCES	OPERATIONAL	CORPORATE
EMPLOYEES AND TRADE UNIONS: Job security, sustainability, remuneration, personal growth and development, skills development, remuneration and incentives, working conditions, safety **Responsibility:** HR department, subsidiary heads/managers, Transformation, Social & Ethics Committee, Health and Safety Committees	**GOVERNMENT, REGULATORS:** employment equity, environmental impact, safety, taxation, compliance, environmental impact, adherence to the JSE Listings Requirements and company legislation **Responsibility:** CEO, FD	**INVESTORS:** Sustainability, profitability, ROI (share price and dividends), cash generation, corporate governance and compliance, risk management, remuneration practices, growth prospects, accessibility of leadership, succession **Responsibility:** CEO, FD
	CONTRACTORS AND SUPPLIERS: Timely payment, sales volumes, fair business practices **Responsibility:** Subsidiary heads/managers	**FUNDERS:** Solvency and liquidity, capital management, sustainability, credit rating, risk management **Responsibility:** CEO, FD
	CUSTOMERS: Security of supply, pricing, quality, reliability, service **Responsibility:** Marketing, subsidiary managers	**INDUSTRY ASSOCIATIONS:** Industry trends, expertise, collective lobbying, industry-specific issues, labour issues **Responsibility:** CEO, subsidiary managers
		COMMUNITIES: Job creation, CSI projects **Responsibility:** Subsidiary company marketing director, transformation, social & ethics committee, HR department

Transpaco continued to play an active role in the wider plastics industry through its membership of the following industry associations and organisations:

- Plastics Federation
- Plastic Convertors Association
- Print Industry Federation of South Africa
- South African Plastic Recyclers Organisation (SAPRO)

CORPORATE GOVERNANCE

Since inception a strong value system has been embedded in our group culture and we are committed to ensuring good governance throughout the group. The board sets the tone in this regard and is guided by the King III principles of responsibility, accountability, fairness and transparency. The Code of Business Principles and Ethics, all internal policies and the board and committee charters are all compiled and guided by the requirements of legislations such the Companies Act, King III and the JSE Listings Requirements.

We believe effective corporate governance is imperative to business sustainability and as such the board is committed to reporting thereon openly and transparently to all 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 board engages in a formal monthly dialogue with divisional and operational management, and holds ongoing ad-hoc informal discussions. Each divisional director has an open line to the CEO, FD, company secretary and any other relevant executives regarding matters of governance at any time.

THE BOARD

Our 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 King III and 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, Selwyn Jacobsen 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.

CHAIRMAN	Provides independent board leadership and guidance Facilitates suitable deliberation on matters requiring the board's attention Ensures the efficient operation of the board as a unit
CEO AND EXECUTIVE DIRECTORS	Provide strategic leadership 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

CORPORATE GOVERNANCE CONTINUED

GOVERNANCE STRUCTURE

BOARD	Derek Thomas* (Chairman) Phillip Abelheim (CEO) Louis Weinberg (FD) Harry Botha**	Charly Bouzaglou Selwyn Jacobson* 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 See page 48 for full report	**BOARD GOVERNANCE & REMUNERATION COMMITTEE** See page 42 for full report	**TRANSFORMATION, SOCIAL & ETHICS COMMITTEE** See page 44 for full report
MEMBERS	Harry Botha** (Committee Chairman) Stephen van der Linde** *Attended by invitation* Derek Thomas* (Chairman) Phillip Abelheim (CEO) Louis Weinberg (FD) Charly Bouzaglou Selwyn Jacobson*	Harry Botha** Derek Thomas* (Committee Chairman) *Attended by invitation* Phillip Abelheim (CEO)	Phillip Abelheim (CEO) Selwyn Jacobson* Derek Thomas* (Chairman) Stephen van der Linde** (Committee Chairman) Louis Weinberg (FD)
RESPONSIBILITY	• Reviewing financial statements • Monitoring internal control procedures • Recommending the appointment of external auditors and evaluating their independence	• Setting the criteria for and reviewing succession planning • Annually reviewing the directors' credentials and independence where relevant • Assessing executive and non-executive directors' remuneration	• Overseeing transformation and other compliance and sustainability related matters
INDEPENDENT NON-EXECUTIVES	2/2	1/2	1/5

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

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
AJ Aaron *>°	5/5	3/3		
PN Abelheim (CEO)	5/5	3/3	1/1	1/1
HA Botha *#>	5/5	3/3	1/1	
SR Bouzaglou	5/5	3/3		
SI Jacobson*	5/5	3/3	1/1	1/1
DJJ Thomas*~ (Chairman)	5/5	3/3	1/1	1/1
SP van der Linde *>✢	5/5	3/3		1/1
L Weinberg (FD)	5/5	3/3		1/1

** Non-executive*
> Independent
 # Chairman audit and risk committee
~ Chairman board governance and remuneration committee
✢ Chairman transformation, social & ethics committee
° Resigned 31 May 2016

BOARD PROCESSES

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.

Directors' share dealings in the company must be authorised first by written permission from the Chairman or, in the Chairman's absence, the audit & risk committee chairman, prior to any dealing taking place. The Chairman's dealings require the written permission of the audit & risk committee chairman. Directors' dealings are then reported to the company secretary, who along with the company's sponsor ensures that such dealings are disclosed on SENS within 24 hours. When share options are exercised, directors and prescribed officers are obligated to supply the company secretary with the details of their broker at the time of the proposed trade to follow the same process.

Directors are required to declare their dealings in securities at board meetings. Directors and prescribed officers are further 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.

CORPORATE GOVERNANCE

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 board. A second interview will be done by the CEO, followed by an offer of directorship if successful. 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 geographic, gender, age and ethnic diversity. A comprehensive document with the criteria for new appointments of directors is in place.

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.

SUPPORT FUNCTIONS

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 as they deem necessary and at the group's expense, provided the formal process has been followed.

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 III Report and other relevant local and international regulations and legislation.

RISK REPORT

RISK MANAGEMENT PROCESS

Our risk management policy aims to ensure the group's adaptability to changing circumstances and resilience in an uncertain economy. 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.

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. During the year the internal audit division conducted risk workshops at all our operations.

The CEO and FD discuss identified risks with subsidiary/operational managing executives at monthly management meetings as a standing agenda item and strategies are in place to mitigate and address these. The CEO delegates responsibility to subsidiary/operational managing executives on a daily basis in this regard, although he remains ultimately responsible for this process. The CEO and FD report any changes in risks to the board on a quarterly basis.

During the year we conducted independent risk assessments at the majority of our factories.

INTERNAL CONTROL FRAMEWORK

The board is responsible for the group's systems of internal control and risk management. The audit & risk committee, FD 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 FD, 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 in such a way as to manage rather than eliminate risk. They should safeguard and maintain accountability of the group's assets and identify and curtail significant fraud, potential liability, loss and material misstatement while 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, which contributes 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, and their audit to this end includes an assessment of internal controls. 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. As a rule the board does not engage the external auditors for company secretarial duties. 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 III, the JSE Listings Requirements and the Companies Act. The appointment of a dedicated compliance officer is not deemed necessary. Responsibilities are delegated to subsidiary/operational managing executives. 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 FD assumes the responsibilities of Chief Information Officer, delegating responsibility to operational 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. 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. Any employee found not to be using licensed software will be subject to disciplinary action and can be held liable for costs incurred by Transpaco in the event of consequent prosecution or litigation.

REMUNERATION REPORT

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

The committee is an independent and objective body which is responsible for assessing executive and non-executive directors' remuneration (including determining short- and long-term incentive pay structures for group executives).

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.

In order to fulfil its remuneration responsibilities, the committee is authorised by the board to seek any information required from any employee and may further obtain external legal or other independent professional advice if deemed necessary at the expense of the group. Remuneration of executive directors is therefore 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. The directors' remuneration policy is tabled at the annual general meeting for a non-binding advisory vote by shareholders.

A table of the annual fees for non-executive directors is set out below:

NON-EXECUTIVE DIRECTORS	FEE (2015/16) R	PROPOSED FEE (2016/17) R	BOARD	AUDIT & RISK COMMITTEE	BOARD GOVERNANCE & REMUNERATION COMMITTEE	TRANSFORMATION, SOCIAL & ETHICS COMMITTEE
AJ Aaron	305 772		Retired	Retired	Retired	
HA Botha	230 364	248 400	Member	Chairman	Member	
SI Jacobson	444 323	456 360	Member			Member
DJJ Thomas	318 714	344 520	Chairman		Chairman	Member
SP van der Linde	220 904	238 680	Member	Member		Chairman

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 group makes no contribution toward executive medical aid payments. The variable portion is based on the performance of the division and is detailed under Remuneration Component point 2 Bonuses (page 43).

REMUNERATION PHILOSOPHY

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 our 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, and a guideline to establish a balance between fixed and variable pay and between short- and long-term incentives. The board governance & remuneration committee ensures an appropriate level of transparency and monitors a level of equity and consistency across the group.

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 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 subsidiary's management, based on the individual performance of the employee and of the subsidiary. 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. This value is then adjusted according to a set weighting using further pre-determined considerations such:

- Return on funds employed
- Gross profit percentage achieved against the budgeted amount
- Control of operating expenses
- Working capital management
- Transformation
- Profit growth achieved compared to the previous year

The resulting value is then used as a guide in determining a final incentive bonus which is presented to the board governance & remuneration committee by the CEO. The committee then debates each award prior to finalisation. The group provides for these incentive bonuses on a monthly basis. The CEO makes no recommendation for his own remuneration, which is determined solely by the committee.

If an individual scores the maximum 100 points in the weighting, they could receive the full calculated bonus. Once the calculation is completed the subjected bonus is recommended to the committee for consideration. The bonus is debated and either confirmed, adjusted or declined by the committee.

3. THE TRANSPACO SHARE INCENTIVE SCHEME

The scheme was originally established to provide eligible employees and executive directors with the opportunity to receive long-term incentives based on the increase in value in Transpaco shares over prescribed periods of time. Going forward Transpaco has suspended the issue of options. On assessment it was found that the majority of employees were not taking the full benefit of the scheme. As a result, a decision was taken to offer a new incentive tied to the performance of the company rather than the share price. This benefit is now determined solely on the individual's performance within their business, over which they would have more influence. This ensures that high performing employees are rewarded commensurately based on their performance unrelated to the share price.

4. RETIREMENT BENEFITS

All employees must be members of the Transpaco Pension Fund, the Transpaco Provident Fund, or any other approved industry or union fund. The company and the employee make contributions in respect of the employee's membership of the fund for the duration of his/her employment in the group. All funds are defined contribution funds. Non-executive directors do not participate in the Transpaco Pension Fund or Transpaco Provident Fund.

TERMS OF EMPLOYMENT

Terms of employment are governed by the employee's contract of employment with the company. Terms of notice for both 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.

All executive directors have contracts which 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. Termination pay will only be made in cases where notice periods are waived.

Directors' emoluments are set out on page 69 to the annual financial statements.

DJJ Thomas
Chairman board governance & remuneration committee

10 October 2016

TRANSFORMATION, SOCIAL & ETHICS COMMITTEE REPORT

The committee executes the duties assigned to it by the South African Companies Act as well as any additional duties assigned to it by the board of directors of Transpaco. Although management is tasked with the day-to-day operational sustainability of their respective areas of business, the board remains ultimately responsible for group sustainability and has delegated certain duties in this regard to the transformation, social & ethics committee.

The committee is chaired by Lead Independent Director Stephen van der Linde and further comprises CEO Phillip Abelheim, FD Louis Weinberg, non-executive Chairman Derek Thomas and non-executive director Selwyn Jacobson. (Details of meeting attendance are on page 37.)

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

- 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 Ethics
- SHEQ performance.

The committee draws these matters to the attention of the board and reports on them to the shareholders at the annual general meeting.

Please see pages 28 - 32 for reporting on the committee's areas of focus.

No human rights incidents were reported in the year.

Stephen van der Linde

Transformation, social & ethics committee chairman

10 October 2016

[06] ANNUAL FINANCIAL STATEMENTS

CONTENTS

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The preparation of the annual financial statements for the year ended 30 June 2016, which appear on pages 54 - 93, has been supervised by Louis Weinberg, FD 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 foreseeable future. The annual financial statements support the viability of the company and the group. The auditors Ernst & Young Inc. are responsible for reporting on the fair presentation of the annual financial statements and their report is presented on page 47.

The annual results were approved by the directors on 10 October 2016 and are signed on their behalf by:

DJJ Thomas
Chairman

PN Abelheim
CEO

L Weinberg
FD

DECLARATION BY COMPANY SECRETARY

In my capacity as company secretary, I declare that for the year ended 30 June 2016 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
10 October 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRANSPACO LIMITED

REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of Transpaco Limited set out on pages 49 to 93, which comprise the directors' report, statements of financial position as at 30 June 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the 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.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of Transpaco Limited as at 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2016, we have read the audit & risk committeeÐs report and the declaration by the company secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Ernst & Young Inc. has been the auditor of Transpaco Limited for 19 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director - Penelope Wittstock
Registered Auditor
Chartered Accountant (SA)

102 Rivonia Road, Sandton,
Johannesburg 2146

10 October 2016

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 AJ Aaron (retired) and SP van der Linde, all of whom are independent non-executive directors. The CEO and FD 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 meets with the external and internal auditors without the presence of management at least once a year.

The committee meets three times a year with additional meetings if required. Attendance at committee meetings is set out on page 37. The formal audit & risk committee charter sets out the committee's responsibilities. It is reviewed annually to confirm compliance with King III and the Companies Act 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.

Following the annual audit, the external auditors meet with the committee chairman without the executive directors present. 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 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 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 FD, Louis Weinberg.

HA Botha
Audit & risk committee chairman

10 October 2016

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 company and group 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 98 cents per share. This, together with the interim dividend of 52 cents per share paid to shareholders in March 2016, brings the total dividend for the year to 150 cents per share (2015: 108 cents).

ACCOUNTING POLICIES

The group and company's annual financial statements set out on pages 45 – 93 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, distribute and recycle plastic and paper packaging products. Transpaco specialises in:

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

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 AND SUSTAINABILITY

Transpaco continued improving corporate governance policies and procedures in line with the King III Report and Companies Act requirements. Sustainability is viewed as an essential operational and strategic imperative.

ACQUISITION

Effective 1 August 2015 Transpaco acquired refuse bag manufacturer, East Rand Plastics, from Astrapak Manufacturing Proprietary Limited for R96 million. The acquisition includes a 10 000m^2 factory situated in Vulcania Springs, for an additional cost of R14 million (refer to note 10).

DIRECTORATE

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

EXECUTIVE DIRECTORS

Phillip Abelheim (CEO)
Louis Weinberg (FD)
Charly Bouzaglou

INDEPENDENT NON-EXECUTIVE DIRECTORS

Harry Botha
Stephen van der Linde (Lead independent director)

NON-EXECUTIVE DIRECTORS

Selwyn Jacobson
Derek Thomas (Chairman)

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

DIRECTORS' SHAREHOLDING

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

	2016				2015			
	Beneficial		Non-beneficial		Beneficial		Non-beneficial	
Director	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
AJ Aaron*›	-	-	-	-	333 300	-	-	-
PN Abelheim	3 515 871	-	-	2 146 565	3 515 871	-	-	2 146 565
HA Botha*›	200 000	-	-	49 837	200 000	-	-	49 837
SR Bouzaglou	1 019 562	-	-	-	1 019 562	-	-	-
SI Jacobson*	-	880 500	-	293 500	-	900 000	-	300 000
DJJ Thomas*	-	693 068	-	7 579 944	-	-	-	8 273 012
SP van der Linde*›	41 000	-	-	1 030 142	41 000	-	-	1 030 142
L Weinberg	163 227	-	-	-	133 227	-	-	-
	4 939 660	1 573 568	-	11 099 988	5 242 960	900 000	-	11 799 556

** Non-executive*
› Independent

The following movement in shares took place between the date of publishing the annual financial results on SENS and the date of this report:

Director	Shares	Nature of transaction
L Weinberg	19 000	Shares purchased
L Weinberg	20 000	Share options exercised
SI Jacobson	19 637	Shares sold

Save for the above, 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

The interests of directors and officers in the group's contracts and directors' emoluments are set out in note 4 and note 27 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).

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			
					Shares		Indebtedness
		2016 R	2015 R	**2016 R**	2015 R	**2016 R**	2015 R
Transpaco Admin and Financial Services	Administrative	2	2	1	1	90 181 734	87 117 641
Disaki 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 Polymer Recyclers	Dormant	-	10 000	-	10 000	-	-
Transpaco Recycling	Plastic recycling	1	1	1	1	-	-
Transpaco Sheet Extrusion	Plastic recycling	100	100	5 540 829	5 540 829	-	-
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	-	-
Snapshot Investments	Property owning	-	100	-	1	-	-
Transpaco Consumer Plastics	Dormant shares	125	125	105 747	105 747	-	-
		66 381	**76 481**	**24 700 237**	**24 710 238**	**90 181 734**	**87 117 641**

Transpaco has consolidated the Transpaco Share Incentive Scheme.

AUDITORS

Ernst & Young Inc. will continue in office as auditors of the company in accordance with section 90 of the South African Companies Act, subject to shareholder approval at the upcoming annual general meeting.

SHARE OPTIONS

Transpaco has consolidated the Transpaco Share Incentive Scheme. The Transpaco Share Incentive Scheme provides, *inter alia*, that the trustees will, if the board so directs, offer applicants the opportunity to acquire share options; that offers must be made in writing and accepted in writing by no later than 20 days after the date on which the offer was made; and that (i) prior to 4 December 2009 the price per share payable by a participant will be the average closing price at which shares are traded on the JSE on the three trading days immediately prior to the date on which the board will have resolved to direct trustees to offer the relevant options to applicants; and that (ii) after 4 December 2009 the price per share payable by a participant will be the par value of the shares. The Transpaco Share Incentive Scheme is an equity-settled scheme and dividends do not accrue to the participants during the vesting periods. The Transpaco Share Incentive Scheme does not prescribe the date by which the offer of the options must be made by the trustees after the board has so directed.

Share options were granted in the relevant period at the prices as set out below. The options vest as to one-third on a cumulative basis, on the day after the second, third and fourth anniversaries of the relevant acceptance dates. The accepted options must be exercised within eight years of continuous employment from the date of acceptance of the options.

The Transpaco Share Incentive Scheme currently owns 476 123 shares which are available for allocation on exercising of options.

Year of grant	Number of options	Price R	Earliest vesting periods	Latest vesting periods	Lapsed	Excercised & delivered	**At 30 June 2016**
2010	320 000	0,01	2012-2014	2018	-	275 000	45 000
Total					**-**	**275 000**	**45 000**

Year of grant	Number of options	Price R	Earliest vesting periods	Latest vesting periods	Lapsed	Excercised & delivered	At 30 June 2015
2006	1 315 000	5,66	2008-2010	2014	306 862	1 008 138	-
2010	320 000	0,01	2012-2014	2018	-	255 000	65 000
Total					**306 862**	**1 263 138**	**65 000**

DIRECTORS' OPTIONS 30 JUNE 2016

				No of options				
Director	Year of Allocation	As at 30 June 2015	Taken Up During 2016	Granted During 2016	As at 30 June 2016	Option Price R	Date Received	Expiry Date
L Weinberg	2010	65 000	20 000	-	45 000	0,01	2010	2018

SHARE CAPITAL

Details of the authorised and issued share capital are set out in note 16 to the annual financial statements.

The company's unissued shares have been placed under the control of the directors until the upcoming annual general meeting subject to the proviso that shares issued during any financial year may not exceed five percent (5%) of the ordinary shares in issue. This is recorded in an ordinary resolution in respect of issues for cash proposed annually at the company's annual general meeting, subject to shareholder approval.

EVENTS SUBSEQUENT TO REPORTING DATE

To the knowledge of the directors there have been no facts or circumstances of a material nature that have occurred between the accounting date and the date of this report.

10 October 2016

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

		Group		Company	
	Notes	**June 2016 R'000**	June 2015 R'000	**June 2016 R'000**	June 2015 R'000
REVENUE	3	**1 714 724**	1 358 739	**45 008**	30 088
Turnover	3	**1 712 376**	1 356 025	**-**	-
Cost of sales		**(1 099 905)**	(891 763)	**-**	-
Profit before operating costs and depreciation		**612 471**	464 262	**-**	-
Operating costs		**(412 613)**	(319 148)	**-**	-
Impairment		**-**	-	**(10)**	(53)
Depreciation		**(42 878)**	(34 967)	**-**	-
Operating profit		**156 980**	110 147	**(10)**	(53)
Finance income	3	**2 348**	2 714	**-**	-
Finance costs	4	**(6 767)**	(2 480)	**-**	-
Dividends received	3	**-**	-	**45 008**	30 088
Profit before taxation	4	**152 561**	110 381	**44 998**	30 035
Taxation	5	**(43 313)**	(31 095)	**-**	-
Profit for the year		**109 248**	79 286	**44 998**	30 035
Other comprehensive income that will be recycled to profit or loss in future		**-**	-	**-**	-
Other comprehensive income that will not be recycled to profit or loss in future		**-**	-	**-**	-
Total comprehensive income for the year		**109 248**	79 286	**44 998**	30 035
Weighted average ranking number of ordinary shares in issue ('000)	6	**32 838**	32 323	**-**	-
Diluted weighted average ranking number of ordinary shares in issue ('000)	6	**32 883**	32 388	**-**	-
Earnings per share (cents)	6	**332,7**	245,3	**-**	-
Diluted earnings per share (cents)	6	**332,2**	244,8	**-**	-

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2016

	Notes	Group June 2016 R'000	Group June 2015 R'000	Company June 2016 R'000	Company June 2015 R'000
ASSETS					
Non-current assets		**311 664**	205 680	**24 700**	24 710
Property, plant and equipment	7	**267 823**	199 813	**-**	-
Intangibles	8	**17 855**	482	**-**	-
Goodwill	9	**23 195**	3 204	**-**	-
Investment in subsidiaries	11	**-**	-	**24 700**	24 710
Deferred taxation	20	**2 791**	2 181	**-**	-
Current assets		**558 051**	523 763	**90 182**	87 118
Inventories	12	**212 704**	164 428	**-**	-
Trade and other receivables	13	**259 524**	202 635	**-**	-
Taxation receivable	30,2	**656**	3 100	**-**	-
Cash and cash equivalents	14	**85 167**	153 600	**-**	-
Amounts owing from subsidiaries	15	**-**	-	**90 182**	87 118
Total assets		**869 715**	729 443	**114 882**	111 828
EQUITY AND LIABILITIES					
Capital and reserves		**522 954**	455 176	**114 636**	111 618
Issued share capital	16	**328**	328	**333**	333
Share premium	16	**11 019**	11 019	**11 019**	11 019
Other reserves	16	**4 005**	4 005	**19 138**	19 138
Distributable reserve		**507 602**	439 824	**84 146**	81 128
Non-current liabilities		**99 345**	50 424	**-**	-
Interest-bearing borrowings	18	**58 733**	18 598	**-**	-
Deferred income	19	**12 007**	7 639	**-**	-
Deferred taxation	20	**28 605**	24 187	**-**	-
Current liabilities		**247 416**	223 843	**246**	210
Trade payables and accruals	21	**201 221**	187 847	**246**	210
Provisions	22	**29 462**	23 379	**-**	-
Current portion of interest-bearing borrowings	18	**14 077**	11 484	**-**	-
Deferred income	19	**2 098**	1 131	**-**	-
Taxation payable	30,2	**558**	2	**-**	-
Total equity and liabilities		**869 715**	**729 443**	**114 882**	**111 828**

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

Group

R'000	Notes	Issued share capital	Share premium	Other reserves	Distributable reserve	Total
Balance at 1 July 2014		**322**	**11 019**	**3 856**	**386 986**	**402 183**
Profit for the year		-	-	-	79 286	**79 286**
Other comprehensive income		-	-	-	-	**-**
Total comprehensive income		-	-	-	79 286	**79 286**
Share-based payments	17	-	-	149	-	**149**
Dividend paid		-	-	-	(28 534)	**(28 534)**
Share capital issued		1	-	-	-	**1**
Inflow of treasury shares		5	-	-	2 086	**2 091**
Balance at 1 July 2015		**328**	**11 019**	**4 005**	**439 824**	**455 176**
Profit for the year		-	-	-	109 248	**109 248**
Other comprehensive income		-	-	-	-	**-**
Total comprehensive income		-	-	-	109 248	**109 248**
Dividend paid		-	-	-	(41 470)	**(41 470)**
Balance at 30 June 2016		**328**	**11 019**	**4 005**	**507 602**	**522 954**

Company

R'000	Issued share capital	Share premium	Other reserves	Distributable reserve	Total
Balance at 1 July 2014	**332**	**11 019**	**19 138**	**80 337**	**110 826**
Profit for the year	-	-	-	30 035	**30 035**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive income	-	-	-	30 035	**30 035**
Dividend paid	-	-	-	(29 244)	**(29 244)**
Share capital issued	1	-	-	-	**1**
Balance at 1 July 2015	**333**	**11 019**	**19 138**	**81 128**	**111 618**
Profit for the year	-	-	-	44 998	**44 998**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive income	-	-	-	44 998	**44 998**
Dividend paid	-	-	-	(41 980)	**(41 980)**
Balance at 30 June 2016	**333**	**11 019**	**19 138**	**84 146**	**114 636**

STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2016

		Group		Company	
	Notes	**June 2016 R'000**	June 2015 R'000	**June 2016 R'000**	June 2015 R'000
Cash flow from operating activities					
Cash generated/(utilised) from operations	30,1	**139 090**	144 772	**(3 028)**	(845)
Dividends received		**-**	-	**45 008**	30 088
Dividends paid		**(41 470)**	(28 534)	**(41 980)**	(29 244)
Finance costs paid		**(6 767)**	(2 480)	**-**	-
Finance income received		**2 348**	2 714	**-**	-
Taxation paid	30,2	**(41 369)**	(28 050)	**-**	-
Net cash inflow from operating activities		**51 832**	88 422	**-**	(1)
Cash flow used in investing activities					
Proceeds on disposal of property, plant and equipment		**2 777**	1 290	**-**	-
Acquisition of business	10	**(109 650)**	-	**-**	-
Expansion and replacement of property, plant and equipment		**(56 120)**	(28 023)	**-**	-
Proceeds from short-term receivables		**-**	642	**-**	-
Net cash outflow from investing activities		**(162 993)**	(26 091)	**-**	-
Cash flow used in financing activities					
Proceeds from borrowings		**90 622**	8 192	**-**	-
Repayment of borrowings		**(47 894)**	(10 281)	**-**	-
Proceeds from share capital issued		**-**	1	**-**	1
Proceeds from treasury shares		**-**	2 091	**-**	-
Net cash inflow from financing activities		**42 728**	3	**-**	1
Net movement in cash for the year		**(68 433)**	62 334	**-**	-
Cash and cash equivalents at the beginning of the year		**153 600**	91 266	**-**	-
Cash and cash equivalents at the end of the year		**85 167**	153 600	**-**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. ACCOUNTING POLICIES

The group and company's annual financial statements set out on pages 54 to 93 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 of South Africa.

The accounting policies are consistent in all material respects with those applied in the preparation of the group's annual financial statements for the year ended 30 June 2015. 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, except where otherwise indicated. 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.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the group's accounting policies.

Non-controlling interests represent the portion of profit or loss and net assets not held by the group, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

1.2 BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which are deemed to be either of an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income.
If the contingent consideration is classified as equity, it shall not be remeasured. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash generating units ("CGUs") that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those CGUs.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

1.3 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.

The following Standards have been issued or revised and will become effective after June 2016:

- IFRS 9 Financial Instruments In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 could have an effect on the classification and measurement of the group's financial assets, but no impact on the classification and measurement of the group's financial liabilities. The impact of this standard will be assessed.
- IFRS 15 Revenue from Contracts with Customers - IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of disposal of certain non-financial assets including property, equipment and intangible assets. Effective for annual periods beginning on or after 1 January 2018. The impact of the standard will be assessed.
- IAS 1 Disclosure Initiative (Amendments to IAS 1) - The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement. Effective for annual periods beginning on or after 1 January 2016. The impact of the standard will be assessed.
- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38. The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. Effective for annual periods beginning on or after 1 January 2016. This is not expected to impact the group.

IFRS 16 Leases - The IASB has issued IFRS 16 Leases that requires lessees to recognise most leases on their balance sheets. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard contains additional disclosure requirements for leasing arrangements entered into. Effective for annual periods beginning on or after 1 January 2019. The impact of the standard will be assessed.

ANNUAL IMPROVEMENTS 2012-2014

IAS 27 Separate Financial Statements - Equity Method in Separate Financial Statements

The amendments to IAS 27 Separate Financial Statements allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either:

- At cost
- In accordance with IFRS 9 (or IAS 39); or
- Using the equity method

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016

The entity must apply the same accounting for each category of investments.

Effective for annual periods beginning on or after 1 January 2016.

The amendment is not expected to impact the group.

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

- The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report).
- The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

Effective for annual periods beginning on or after 1 January 2016.

The impact on the group is still being considered.

IFRS 7 Financial Instruments: Disclosures - Servicing contracts and Applicability of the offsetting disclosures to condensed interim financial statements

- The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.
- The amendment also clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.

Effective for annual periods beginning on or after 1 January 2016.

The amendment is not expected to impact the group.

1.4 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	Up to 50 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.

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.

1.5 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 either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Useful lives, amortisation methods and residual values are reviewed at each year-end.

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.

1.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amount of property, plant and equipment and intangible assets with finite useful lives is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated at the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. In determining fair value less costs to sell, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, statistics or other available fair value indicators. An impairment loss is recognised in profit or loss whenever the carrying amount exceeds the recoverable amount, which is the higher of fair value less cost to sell and value in use, and the assets are written-down to their recoverable value.

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.

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.

Intangible assets
Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June either individually or at CGU level.

1.7 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 first-in-first out 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.

1.8 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.

1.9 REVENUE RECOGNITION

Revenue includes turnover, interest received and dividends received. Revenue is measured at the fair value of consideration received or receivable.

Turnover is recognised net of trade discounts and rebates. Turnover on the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Dividends received are recognised when the shareholders right to receive payment is established.

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available for sale, interest income 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 instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss.

1.10 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.

Where the group receives non-monetary grants, the asset and the grant are recorded at nominal amounts and released to profit and loss over the expected useful life of the relevant asset by equal annual instalments.

1.11 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.

1.12 LEASES

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. The classification of the lease is determined using IAS 17 Leases.

Leases that transfer substantially all the risks and rewards of ownership of the underlying assets to the group are classified as finance leases. Assets acquired in terms of a finance lease are capitalised at the lower of fair value and the present value of the minimum lease payments at the commencement of the lease, and depreciated over the shorter of the useful life of the asset and the lease term where there is no reasonable certainty that the group will obtain ownership of the asset at the end of the lease term.

The capital elements of future obligations under the lease are included as liabilities in the statement of financial position. The finance charge will be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Operating leases are expensed to profit and loss on a straight-line basis over the lease term.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2016

1.13 INVESTMENTS IN SUBSIDIARIES

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

1.14 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of the asset. All other 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.

1.15 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 not 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 reversal of the temporary differences can be controlled and 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 or 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.

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 15% 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.

1.16 PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the amount expected to be incurred in settling the obligation. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

A contingent liability is either a possible obligation whose existence will only be confirmed in the future; or a present obligation that is not recognised as either it is not probable or the amount cannot be measured reliably. Contingent liabilities are not recognised, but are disclosed, unless the possibility of an outflow of economic resources is remote.

1.17 FINANCIAL INSTRUMENTS

Financial assets and liabilities are accounted for when the entity becomes party to the contractual provisions of the instrument and are initially measured at fair value, plus in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Classification

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

Description of asset/liability	Classification
Trade and other receivables	Loans and receivables
Loans to subsidiaries	Loans and receivables
Cash and cash equivalents	Loans and receivables
Interest bearing borrowings	Financial liabilities at amortised cost
Trade and other payables	Financial liabilities at amortised cost
Loans from subsidiaries	Financial liabilities at amortised cost

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purposes of selling in the near term. Gains and losses on investments held for trading are recognised in profit or loss.

Loans and receivables

Trade and other receivables

Trade and other receivables are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial instruments are subsequently measured at amortised cost using the effective interest rate method. Trade receivables are recognised and carried at original invoice amount as the effect of imputing interest is considered to be insignificant. The allowance raised is the amount needed to reduce the carrying value to the present value of expected future cash receipts. Bad debts are written off when concrete cases of default are identified. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Amounts owing from subsidiaries are classified as loans and receivables. These are subsequently measured at amortised cost. These are tested for impairment in accordance with the policy stated in 1.19 below. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

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.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are measured at fair value in the financial statements on a recurring basis, the group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial liabilities at fair value through profit and loss: derivative financial instruments

Where forward foreign exchange contracts have been entered into as economic hedges of the movements in the foreign exchange rates, they are initially recognised at fair value on the date the contract is entered into and is subsequently remeasured at fair value. Any fair value gains or losses on remeasurements are recognised in profit or loss.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The group does not apply hedge accounting in terms of IAS 39.

LOANS AND BORROWINGS

Trade and other payables

Trade and other payables being short-term in nature are carried at cost as the effect of imputing interest is not considered to be material.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated 'as at fair value through profit and loss'. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well through the amortisation process.

1.18 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar assets) is derecognised when:

- the rights to receive cash flows from the asset has expired;
- the group retains the right to receive cash flows from the asset, but has assumed the obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred it rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control if the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of the new liability, and the difference in the respective carrying amounts is recognised in profit and loss.

1.19 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.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured at the difference between the asset's carrying amount and the present value of the estimated cash flow calculated using the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed what its amortised cost would have been at the reversal date had no impairment been recognised.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

1.20 OFFSET

Financial assets and liabilities are offset and disclosed on a net basis in the consolidated statement of financial position where there is a legal right to set off and there is either an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 SHARE INCENTIVE TRUST

Transpaco has consolidated its Share Incentive Trust. Shares which are held by the trust are treated as treasury shares.

1.23 SHARE-BASED PAYMENTS

Equity-settled transactions

The cost of the equity-settled transactions is recognised at grant date fair value, together with a corresponding increase in other reserves in equity over the period in which the vesting conditions are fulfilled. The fair value is measured using a binomial model. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in note 17. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting conditions is satisfied, provided that all other performance and / or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share- based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

1.24 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.

1.25 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.

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.

- 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. 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 7. The carrying value of the intangible assets subject to estimation is included in note 8.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2016

3 REVENUE

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Sale of goods	**1 712 376**	1 356 025	**-**	-
Dividends received	**-**	-	**45 008**	30 088
Finance income	**2 348**	2 714	**-**	-
	1 714 724	1 358 739	**45 008**	30 088

4 PROFIT BEFORE TAXATION

Determined after charging/crediting

Auditors' remuneration	**2 890**	2 349	**-**	-
Fee	**2 722**	2 260	**-**	-
Other services	**168**	89	**-**	-
Depreciation	**42 878**	34 967	**-**	-
Plant and machinery	**35 083**	27 929	**-**	-
Vehicles	**4 721**	4 050		
Buildings	**1 960**	1 766	**-**	-
Furniture, fittings and computer	**1 114**	1 222	**-**	-
Foreign exchange loss	**119**	42	**-**	-
Operating rental charges -land and buildings	**26 402**	22 988	**-**	-
Profit on disposal of property, plant and equipment	**(1 181)**	(884)	**-**	-
Finance costs	**6 767**	2 480	**-**	-
Bank overdrafts	**1 552**	805	**-**	-
Finance charges payable under installment sale agreements	**1 817**	1 250	**-**	-
Finance charges payable under revolving credit facility	**2 787**	-	**-**	-
Finance charges payable under mortgage bonds	**611**	425	**-**	-
Finance revenue	**(2 348)**	(2 714)	**-**	-
Bank interest receivable	**(2 348)**	(2 714)	**-**	-
Secretarial fees	**51**	81	**-**	-
Staff costs excluding excutive directors' remuneration	**263 854**	220 539	**-**	-
Salaries and wages	**246 776**	206 527	**-**	-
Pension and provident fund	**17 078**	14 012		

EXECUTIVE DIRECTORS' REMUNERATION 2016

	Remuneration R'000	Bonus R'000	Pension and Medical Aid R'000	Total fixed and Flexible Remuneration R'000	Share options Excercised R'000	**Total Remuneration R'000**
PN Abelheim	4 346	3 673	703	8 722	-	**8 722**
SR Bouzaglou	3 021	1 896	541	5 458	-	**5 458**
L Weinberg	3 012	2 275	481	5 768	400	**6 168**
Total	10 379	7 844	1 725	19 948	400	**20 348**

The value of the share options taken up were calculated by multiplying the number of share options taken up, by the difference between the option price (see Directors' Report page 52) and the market value of R20.00 (2015: R17.90 and R18.50) per share on the date the options were taken up.

EXECUTIVE DIRECTORS' REMUNERATION 2015

	Remuneration R'000	Bonus R'000	Pension and Medical Aid R'000	Total fixed and Flexible Remuneration R'000	Share options Excercised R'000	**Total Remuneration R'000**
PN Abelheim	3 949	2 957	641	7 547	984	**8 531**
SR Bouzaglou	2 798	1 729	500	5 027	1 409	**6 436**
L Weinberg	2 775	1 858	438	5 071	458	**5 529**
Total	9 522	6 544	1 579	17 645	2 851	**20 496**

PRECRIBED OFFICER'S REMUNERATION 2016

	Remuneration R'000	Bonus R'000	Pension and Medical Aid R'000	Total fixed and Flexible Remuneration R'000	Share options Excercised R'000	**Total Remuneration R'000**
HJ van Niekerk	935	150	81	1 166	-	**1 166**

PRECRIBED OFFICER'S REMUNERATION 2015

	Remuneration R'000	Bonus R'000	Pension and Medical Aid R'000	Total fixed and Flexible Remuneration R'000	Share options Excercised R'000	**Total Remuneration R'000**
HJ van Niekerk	813	100	71	984	-	**984**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016

NON-EXECUTIVE DIRECTORS' REMUNERATION

	2016 Fees R'000	2015 Fees R'000
AJ Aaron	306	283
HA Botha	230	213
SI Jacobson	444	411
DJJ Thomas	319	228
SP van der Linde	221	205
Paid by a subsidiary	1 520	1 340

5 TAXATION

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
SA normal taxation				
Current taxation				
Current year	43 602	28 785	-	-
Prior year	767	-	-	-
Deferred taxation	(1 056)	2 310	-	-
	43 313	31 095	-	-
Tax rate reconciliation (%)				
Standard SA normal tax rate on companies	28,00	28,00	28,00	28,00
Adjusted for:				
Disallowable expenditure	0,57	0,28	0,00	0,00
Fines,donations and penalties	0,07	0,24	0,00	0,00
Prior period taxation	0,50	0,00	0,00	0,00
Share-based payment expense	0,00	0,04	0,00	0,00
Non-taxable income - Learnerships	(0,18)	(0,11)	(28,00)	(28,00)
Effective taxation rate	28,39	28,17	0,00	0,00

6 EARNINGS AND DIVIDENDS PER SHARE

	Group	
	2016	2015
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.		
Earnings per ordinary share (cents)	**332,7**	245,3
Headline earnings per ordinary share (cents)	**330,1**	243,3
Earnings per ordinary share - fully diluted (cents)	**332,2**	244,8
Headline earnings per ordinary share - fully diluted (cents)	**329,6**	242,8
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	**109 248**	79 286
Headline and diluted headline earnings		
Net profit attributable to ordinary equity holders for basic earnings	**109 248**	79 286
Profit on disposal of property, plant and equipment	**(851)**	(636)
Gross amount	**(1 181)**	(884)
Taxation	**330**	248
Net profit attributable to ordinary equity holders for headline earnings	**108 397**	78 650
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares (excluding treasury shares)	**32 838**	32 323
for basic earnings per share		
Effect of dilution:		
Share options	**45**	65
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effects of dilution	**32 883**	32 388
	cents	cents
Dividends per share (cents)	**150,0**	108,0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016

7 PROPERTY, PLANT AND EQUIPMENT

	Group					
	Assets under construction R'000	Land and buildings R'000	Vehicles R'000	Plant machinery R'000	Furniture fittings & computers R'000	**Total R'000**
At 1 July 2015, net of accumulated depreciation and impairment	6 959	25 102	10 480	152 675	4 597	**199 813**
Additions	731	3 952	8 152	42 180	1 104	**56 119**
Acquisition of a business	-	14 167	88	41 909	200	**56 364**
Transfers	(6 959)	-	-	6 959	-	**-**
Disposals at carrying value	-	-	(122)	(1 442)	(31)	**(1 595)**
Disposals at cost	-	-	(1 075)	(3 575)	(228)	**(4 878)**
Disposals - reversal of accumulated depreciation	-	-	953	2 133	197	**3 283**
Depreciation	-	(1 960)	(4 721)	(35 083)	(1 114)	**(42 878)**
At 30 June 2016, net of accumulated depreciation and impairment	731	41 261	13 877	207 198	4 756	**267 823**
Cost	731	53 419	39 093	449 102	18 443	**560 788**
Accumulated depreciation and impairment	-	(12 158)	(25 216)	(241 904)	(13 687)	**(292 965)**
Net carrying amount	731	41 261	13 877	207 198	4 756	**267 823**

The amount of borrowing costs capitalised during the year was R61 900 (2015: R205 801) and related to qualifying assets. All construction relating to the qualifying assets were completed at year-end.

No property, plant and equipment have been pledged or have any restrictions on title. Refer to note 18 for more detail.

Assets under construction relates to plant and machinery that is in the process of construction.

	Assets under construction R'000	Land and buildings R'000	Vehicles R'000	Plant machinery R'000	Furniture fittings & computers R'000	**Total R'000**
At 1 July 2014, net of accumulated depreciation and impairment	21 311	26 390	13 227	141 203	5 032	**207 163**
Additions	6 959	478	1 542	18 231	798	**28 008**
Transfers	(21 311)	-	-	21 311	-	**-**
Disposals at carrying value	-	-	(239)	(141)	(11)	**(391)**
Disposals at cost	-	-	(1 451)	(618)	(67)	**(2 136)**
Disposals - reversal of accumulated depreciation	-	-	1 212	477	56	**1 745**
Depreciation	-	(1 766)	(4 050)	(27 929)	(1 222)	**(34 967)**
At 30 June 2015, net of accumulated depreciation and impairment	6 959	25 102	10 480	152 675	4 597	**199 813**
Cost	6 959	35 300	31 928	361 629	17 367	**453 183**
Accumulated depreciation and impairment	-	(10 198)	(21 448)	(208 954)	(12 770)	**(253 370)**
Net carrying amount	6 959	25 102	10 480	152 675	4 597	**199 813**

The amount of borrowing costs capitalised during the year was R205 801 (2014: Nil) and related to qualifying assets. All construction relating to the qualifying assets were completed at year-end.

No property, plant and equipment have been pledged or have any restrictions on title. Refer to note 18 for more detail.

Assets under construction relates to plant and machinery that is in the process of construction.

8 INTANGIBLES

	R'000
Cost as at 1 July 2015, net of accumulated impairment	482
Acquisition of a business	17 373
At 30 June 2016	**17 855**
At 30 June 2016	
Cost (gross carrying amount)	18 112
Accumulated impairment	(257)
Net carrying amount	**17 855**
Jiffy brand	482
Garbie brand	17 373

	R'000
Cost as at 1 July 2014, net of accumulated impairment	482
At 30 June 2015	**482**
At 30 June 2015	
Cost (gross carrying amount)	739
Accumulated impairment	(257)
Net carrying amount	**482**

The group applied the "relief-from-royalty" valuation methodology to value 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 cost generating unit (CGU) and the value in use has been used as the recoverable amount. Main inputs used were forecast future sales of 8% (2015: 8%), a notional royalty rate payable in an arm's length transaction of 2% (2015: 2%) and a terminal growth rate of 1% (2015: 1%).

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 value in use has been used as the recoverable amount. Main inputs used were forecast future sales of 5% , a royalty percentage rate payable in an arm's length transaction of 2%, a weighted average cost of capital of 14% with a risk premium of 1% being added.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016

9 GOODWILL

	R'000
Cost as at 1 July 2015, net of accumulated impairment	3 204
Acquisition of a business	19 991
At 30 June 2016	**23 195**
At 30 June 2016	
Cost (gross carrying amount)	23 195
Accumulated impairment	-
Net carrying amount	**23 195**

	R'000
Cost as at 1 July 2014, net of accumulated impairment	3 204
At 30 June 2015	**3 204**
At 30 June 2015	
Cost (gross carrying amount)	3 204
Accumulated impairment	-
Net carrying amount	**3 204**

Britepak Trading (Pty) Ltd
Goodwill acquired through business combinations has been allocated to Britepak Trading (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 forecast future sales of 9%, increased profit before interest and tax of 5%, movement on working capital of 8%, a pre-tax average weighted cost of capital rate of 14% (2015: 11%)and a terminal growth rate of 1% (2015: 1%).

East Rand Plastics (Pty) Ltd
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 forecast future profit before interest and tax of 5%, movement on working capital of 5%, a pre-tax average weighted cost of capital rate of 14% and a terminal growth rate of 1%.

10 ACQUISITION OF BUSINESS

ACQUISITION OF EAST RAND PLASTICS

On 1 August 2015, the Group acquired the East Rand Plastics division of Astrapak Manufacturing (Pty) Limited, a wholly owned subsidiary of Astrapak Limited. East Rand Plastics operates as a manufacturer of polyethylene flexible packaging materials and is predominantly active in the production of refuse bags and bin liners.

The Group acquired the fixed assets, inventory and goodwill as well as the property from which the business of East Rand Plastics operates. Thus the division was acquired as an indivisible whole and is owned 100% by the Group.

East Rand Plastics was acquired due to it's achievement of consistent growth in sales and profitability, strong growth prospects and the opportunity to grow the current Group's operations. The purchase consideration for the business includes a premium of R20,0 million of which the Group believes to be a fair and reasonable consideration payable for the impressive production facility operating dedicated refuse bag manufacturing machinery with sound standard operating procedures, scalable business model which allows for significant growth through production expansion without excessive capex requirements and anticipated earnings enhancement.

It was proved impractical to report on turnover and net profit after tax values resulting from the acquisition. Post the combination, certain East Rand Plastics business activities were merged with existing Transpaco business activities and *vice-versa* particularly since December 2015. This has made it difficult to identify which portion can be attributed solely to the acquisition and which portion came from existing operations.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of East Rand Plastics as at the date of acquisition were:

	Fair Value recognised at acquisition R'000
Assets	
Property, plant and equipment	56 364
Intangible asset	17 373
Inventory	23 024
Deposits	7
	96 768
Liabilities	
Employee liabilities	1 923
Deferred tax	4 864
	6 787
Total identifiable net assets at fair value	89 981
Goodwill	19 991
Purchase consideration transferred	**109 972**

Consideration transferred

The acquisition of the business was settled through a combination of existing facilities and cash resources.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016

11 INVESTMENT IN SUBSIDIARIES

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Shares at cost	**-**	-	**24 700**	24 710

The investments in unlisted subsidiaries carry a cumulative net asset value of R420 814 018 (2015: R365 574 759). The detail of the respective investments is scheduled in the Directors' Report.

In 2016, the impairment loss of R10 000 represented the write-down of the investments in Transpaco Polymer Recyclers (Pty) Ltd and Snapshot Investments 34 (Pty) Ltd, dormant subsidiaries of Transpaco Limited. The write-down was as a result of the deregistration of the companies during the financial period.

12 INVENTORIES

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Raw materials	**104 359**	79 230	**-**	-
Work in progress	**20 778**	19 132	**-**	-
Finished goods	**87 567**	66 066	**-**	-
	212 704	164 428	**-**	-

No write-down of inventories took place during the year (2015: Nil). The cost of inventories expensed amounted to R1 286 444 000 (June 2015: R1 042 046 000). Inventories of nil (2015: nil) was carried at net realisable value.

No inventories have been restricted or pledged as security for any liabilities.

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Trade receivables	**254 277**	188 442	**-**	-
Less provision for bad debts	**(2 429)**	(2 629)	**-**	-
	251 848	185 813	**-**	-
Deposit	**744**	644	**-**	-
Sundry accounts receivable	**6 932**	16 178	**-**	-
	259 524	202 635	**-**	-

Trade receivables are non-interest bearing and are generally on 30-90 days' terms. Sundry accounts receivable include pre-payments and VAT receivable.

Movements in the provision for impairment of receivables is as follows:

At 1 July	**2 629**	1 488	**-**	-
Charge for the year	**1 112**	1 340	**-**	-
Utilised	**(1 312)**	(199)	**-**	-
At 30 June	**2 429**	2 629	**-**	-

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

	Neither past due nor impaired R'000	Past due but not impaired 30 Days R'000	Past due but not impaired 60 days R'000	Past due but not impaired 90 days R'000	Past due but not impaired 120 days R'000	Past due but not impaired Greater than 120 days R'000	**Total R'000**
2016	**149 026**	**84 400**	**13 224**	**3 456**	**514**	**1 228**	**251 848**
2015	115 812	58 509	9 849	894	272	477	**185 813**

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

See note 28 on credit risk of trade receivables, which explains how the group manages and measures credit quality of trade receivables that are neither past due nor impaired.

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Cash and cash equivalents	**85 167**	153 600	**-**	-

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash is R85 167 000 (2015: R153 600 000).

At 30 June 2016, the group had available R115 250 000 (2015: R67 750 000) of undrawn uncommitted borrowing facilities in respect of which all conditions precedent had been met.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016

15 AMOUNTS OWING FROM SUBSIDIARIES

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Transpaco Administration and Financial Services (Pty) Ltd	**-**	-	**90 182**	87 118
	-	-	**90 182**	87 118

The loan is non-interest bearing, unsecured and has no fixed terms of repayment, however is payable on demand. There have been no guarantees provided or received. For the year ended 30 June 2016, the group has not recorded any impairment of receivables owing by the subsidiary (2015: Nil). This assessment is undertaken each financial year through examining the financial position of the subsidiary.

16 SHARE CAPITAL AND PREMIUM

	Group			Company		
	No of shares	**2016 R'000**	2015 R'000	**No of shares**	**2016 R'000**	2015 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	**33 317 482**	**333**	333	**33 317 482**	**333**	333
Shares held by Share Incentive Trust	**(476 123)**	**(5)**	(5)	**-**	**-**	-
Ranking ordinary shares of 1 cents each	**32 841 359**	**328**	328	**33 317 482**	**333**	333
Share premium						
Balance at beginning of year		**11 019**	11 019		**11 019**	11 019
Balance at end of year		**11 019**	11 019		**11 019**	11 019
		11 347	11 347		**11 352**	11 352

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.

Treasury shares	**No of shares**
At 1 July 2014	980 297
Share options issued	140 000
Share options exercised	(624 174)
At 30 June 2015	496 123
Share options exercised	(20 000)
At 30 June 2016	**476 123**

Share options exercised in each respective year have been settled using the treasury shares of the group. The reduction in the treasury share equity component is equal to the cost incurred to acquire the shares, on a weighted average basis. Any excess between the cash received from employees and reduction in treasury shares is adjusted in retained income. The difference between total number of treasury shares and the share options allocated relates to share options that have lapsed but the treasury shares have not been cancelled.

Other Reserves	Employee equity benefits reserve R'000
At 1 July 2014	3 856
Share-based payment expense	149
At 30 June 2015	4 005
Share-based payment expense	-
At 30 June 2016	**4 005**

Employee equity benefits reserve
The employee equity benefits reserve is used to record the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 17.

17 SHARE-BASED PAYMENTS

The number and weighted average exercise prices of share options are as follows

	Group 2016		**Group 2015**	
	Number	**Average price R**	Number	Average price R
Beginning of year	**65 000**	**0,01**	715 036	3,15
Granted	**-**	**-**	-	-
Cancelled	**-**	**-**	-	-
Lapsed	**-**	**-**	(25 862)	5,66
Exercised	**(20 000)**	**0,01**	(624 174)	4,05
End of year	**45 000**	**0,01**	65 000	0,01
Exercisable at 30 June	**45 000**		65 000	

The options outstanding at 30 June 2016 have an exercise price of R0.01 and a weighted average contractual life of 2,50 years (June 2015: 3,50).

The terms and conditions of the share options are as detailed in the Directors' Report (page 49).

The fair value of services received in return for share options is measured based on a binomial method. The contractual life of an option is used as input into the model.

The group recognised expenses of Nil (June 2015: R148 578) related to equity-settled share-based payment expense.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2016

18 INTEREST-BEARING BORROWINGS

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Secured				
First Mortgage Bond	**399**	580	-	-
Non-current	**260**	398	-	-
Current	**139**	182	-	-
Secured over property situated at 331 6th Street Wynberg, Sandton. The loan bears interest at 0,43% below prime overdraft rate and is repayable monthly in instalments of R19 158, terminating no later than 2018. The carrying amount amount of the property is R2 872 322.				
First Mortgage Bond	**-**	169	-	-
Non-current	**-**	-	-	-
Current	**-**	169	-	-
Secured over property situated at 330 6th Street Wynberg, Sandton. The loan bears interest at 0,5% below prime overdraft rate and is repayable monthly in instalments of R0, terminating no later than 2016. The carrying amount of the property is R1 855 675.				
First Mortgage Bond	**1 760**	3 372	-	-
Non-current	**-**	2 755	-	-
Current	**1 760**	617	-	-
Secured over property situated at 1 Glucose Way Bellville South, Western Cape. The loan bears interest at 1% below prime overdraft rate and is repayable monthly in instalments of R154 332, terminating no later than 2017. The carrying amount of the property is R13 104 422.				
First Mortgage Bond	**13 650**	-	-	-
Non-current	**12 250**	-	-	-
Current	**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 R14 004 512.				
Instalment sale agreements	**27 002**	25 961	**-**	-
Non-current	**16 223**	15 445	**-**	-
Current	**10 779**	10 516	**-**	-
Secured in terms of instalment sale agreements over certain plant and equipment. The liabilities bear interest at between 0,25% and 2,00% below prime overdraft rate and are repayable in instalments of between R1 000 and R320 020 per month over periods up to 60 months. The carrying amount of the plant and equipment is R50 194 334				
Revolving credit facility	**30 000**	-	**-**	-
Non-current	**30 000**	-	**-**	-
Current	**-**	-	**-**	-
The loan bears interest at 2.20% above JIBAR and is repayable in monthly in instalments of R1 291 667 over 60 months. The carrying amount of the loan is R30 000 000				
Total borrowings	**72 810**	30 082	**-**	-
Long-term portion of borrowings	**58 733**	18 598	**-**	-
Short-term portion of borrowings	**14 077**	11 484	**-**	-
	72 810	30 082	**-**	-

Borrowing powers of the group, in terms of the memorandum of incorporation, are unlimited.

19 DEFERRED INCOME

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
At 1 July	**8 770**	5 919	**-**	-
Received during the year	**7 616**	4 054	**-**	-
Released to the statement of comprehensive income	**(2 281)**	(1 203)	**-**	-
At 30 June	**14 105**	8 770	**-**	-
Current	**2 098**	1 131	**-**	-
Non-current	**12 007**	7 639	**-**	-
	14 105	8 770	**-**	-

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

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

20 DEFERRED TAXATION

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Property, plant and equipment	**36 660**	34 257	**-**	-
Intangible assets	**4 864**	-	**-**	-
Deferred income	**(3 949)**	(2 456)	**-**	-
Lease accrual	**(687)**	(511)	**-**	-
Provision for bad debts	**(475)**	(552)	**-**	-
Provision for bonus and incentive bonus	**(8 459)**	(6 651)	**-**	-
Provision for holiday & leave pay	**(2 140)**	(1 769)	**-**	-
Tax losses available for set-off against future taxable income	**-**	(312)	**-**	-
Net deferred taxation	**25 814**	22 006	**-**	-
Reconciliation of deferred taxation				
At beginning of year	**22 006**	19 696	**-**	-
Differential between carrying value and tax value of property, plant and equipment	**2 403**	3 036	**-**	-
Differential between carrying value and tax value of intangible assets	**4 864**	-	**-**	-
Other temporary differences	**(3 771)**	(2 178)	**-**	-
Tax losses	**312**	1 452	**-**	-
	25 814	22 006	**-**	-
Represented by:				
Deferred taxation asset	**(2 791)**	(2 181)	**-**	-
Deferred taxation liability	**28 605**	24 187	**-**	-
	25 814	22 006	**-**	-

The group has an assessed tax loss of nil (2015: R1 115 000) that is available for offset against future taxable profits of the company in which the loss arose.

Other temporary differences include provision for holiday and leave pay and bonuses.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016

21 TRADE PAYABLES AND ACCRUALS

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Trade payables and accruals	**196 374**	184 672	**-**	-
Other	**4 847**	3 175	**246**	210
	201 221	187 847	**246**	210

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

22 PROVISIONS - GROUP 2016

Holiday & leave pay

A provision is recognised for the employer's liability which would arise in the event of employees leaving the company at 30 June and having to be paid out their holiday and leave pay. This is considered to be short-term in nature.

Incentive bonus

A provision is recognised for the incentive bonus to be paid based on the criteria establised by the remuneration committee of the group. This is considered to be short-term in nature.

	Holiday & leave pay R'000	Incentive bonus R'000	**Total R'000**
Balance 30 June 2014	5 874	13 351	**19 225**
Arising during the year	10 841	14 588	**25 429**
Utilised	(10 400)	(10 875)	**(21 275)**
Balance 30 June 2015	6 315	17 064	**23 379**
Arising during the year	13 793	23 858	**37 651**
Utilised	(12 465)	(19 103)	**(31 568)**
Balance 30 June 2016	7 643	21 819	**29 462**

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 makers monitor 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.

23 SEGMENTAL ANALYSIS CONTINUED

	Plastic Products R'000	Paper and Board Products R'000	Properties and Group Services R'000	**Total Group Operations R'000**
Revenue - 2016	1 231 499	481 104	2 121	**1 714 724**
Revenue to all customers	1 279 367	509 911	2 121	**1 791 399**
Less revenue to internal customers	47 868	28 807	-	**76 675**
Revenue - 2015	898 727	457 435	2 577	**1 358 739**
Revenue to all customers	977 793	479 964	2 577	**1 460 334**
Less revenue to internal customers	79 066	22 529	-	**101 595**
Operating profit - 2016	99 626	50 929	6 425	**156 980**
Operating profit - 2015	54 810	51 191	4 146	**110 147**
Depreciation - 2016	30 787	10 808	1 283	**42 878**
Depreciation - 2015	24 227	9 901	839	**34 967**
Finance income - 2016	213	14	2 121	**2 348**
Finance income - 2015	104	33	2 577	**2 714**
Finance costs - 2016	4 403	1 644	720	**6 767**
Finance costs - 2015	860	1 078	542	**2 480**
Profit before tax - 2016	95 436	49 299	7 826	**152 561**
Profit before tax - 2015	54 054	50 146	6 181	**110 381**
Capital expenditure - 2016	33 798	17 645	4 677	**56 120**
Capital expenditure - 2015	14 880	12 783	360	**28 023**
Assets - 2016	549 871	192 446	127 398	**869 715**
Assets - 2015	408 648	182 698	138 097	**729 443**
Liabilities - 2016	217 105	97 766	31 890	**346 761**
Liabilities - 2015	160 827	95 210	18 230	**274 267**
Taxation - 2016	26 467	14 591	2 255	**43 313**
Taxation - 2015	15 153	14 155	1 787	**31 095**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2016

24 OPERATING LEASE COMMITMENTS

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:				
Property				
Due within one year	**15 654**	19 638	**-**	-
Due after one year but not later than five years	**29 263**	41 524	**-**	-
	44 917	61 162	**-**	-

The group has entered into commercial property leases. These non-cancellable leases have remaining terms of between 1 and 5 years with renewal options in the contracts. There are no restrictions placed on the group by entering into these leases. The lease payments escalate on an annual basis at varying rates.

25 CAPITAL COMMITMENTS

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Commitments in respect of capital expenditure approved by the directors and contracted for:				
Plant and equipment	**39 665**	12 417	**-**	-

Capital expenditure will be funded by the group's cash resources. The group has provided for local third party guarantees to the value of R15 778 509 (2015 : R19 828 974). Refer to note 28 for the detail regarding the loan commited to Cirebelle (Pty) Ltd.

26 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 R18 646 094 (2015: R15 446 318).

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

27 RELATED PARTIES

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

Name	% of equity interest	
	2016	2015
Disaki 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 previouslyTranspaco Plastics (Pty) Ltd	**100**	100
Transpaco Packaging (Pty) Ltd	**100**	100
Transpaco Sheet Extrusion (Pty) Ltd	**100**	100
Transpaco Recycling (Pty) Ltd	**100**	100
Transpaco Polymer Recyclers (Pty) Ltd	**-**	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
Snapshot Investments (Pty) Ltd	**-**	100
Transpaco Consumer Plastics (Pty) Ltd	**100**	100
Transpaco Administration and Financial Services (Pty) Ltd	**100**	100
Transpaco Share Incentive Trust	**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 by subsidiaries which are interest free.

For further details refer to notes 4 and 15.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016

27 RELATED PARTIES CONTINUED

Compensation of key management personnel of the group

	2016 R'000	2015 R'000
Short-term employee benefits	**46 127**	39 458
Post-employment pension	**4 331**	4 286
Share-based payment expense	**-**	149
Total compensation paid to key personnel	**50 458**	43 893

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

	2016 R'000	2015 R'000
Britepak Trading (Pty) Ltd	**-**	8 000
Disaki Cores and Tubes (Pty) Ltd	**15 000**	-
Transpaco Cores (Pty) Ltd	**-**	88
Transpaco Flexibles Mpumalanga (Pty) Ltd	**17 500**	-
Transpaco Packaging (Pty) Ltd	**10 000**	10 000
Transpaco Polymer Recyclers (Pty) Ltd	**343**	-
Transpaco Sheet Extrusion (Pty) Ltd	**-**	12 000
Snapshot Investments (Pty) Ltd	**2 165**	-
	45 008	30 088
Amount owing by a subsidiary to the company		
Transpaco Administration and Financial Services (Pty) Ltd (see Note 15)	**90 182**	87 118
Loan to related party		
Cirebelle (Pty) Ltd	**69**	-

As part of our BEE strategy we have committed to loaning R3 000 000 to Cirebelle (Pty) Ltd of which DJJ Thomas is both a director and shareholder. This is for enterprise and supplier development. At 30 June 2016 R69 000 had been advanced. The balance of the committment of R2 931 000 was advanced post year-end.

28 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.

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 to 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 R72 810 000 (2015: R30 082 000). 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).

	Increase/ decrease in basis points	Effect on profit before tax R'000
2016	**+ 100**	**421**
	- 50	**- 210**
2015	+ 100	- 25
	-50	13

Company

The company has no exposure to interest rate risk.

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

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. Hedge accounting is not used.

The following table demonstrates the sensitivity to a reasonable possible change in the US dollar 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).

	Increase/ decrease in US dollar	Effect on profit before tax R'000	Effect on equity R'000
2016	**+10%**	**(1 497)**	**(1 078)**
	(5%)	**749**	**539**
2015	+10%	(1 032)	(743)
	(5%)	516	372

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

Imports	Settlement	Average contract rate	2016 R'000	2015 R'000
US dollars	July 2016 to August 2016	15,07	**14 974**	-
US dollars	July 2015 to August 2015	12,12	**-**	10 318

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 bad debts is not significant. The maximum exposure is R251 848 000 (2015: R185 813 000).

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 25% 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's maximum exposure to credit rate risk is detailed in Note 15.

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 installment 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 2016 based on contractual undiscounted payments.

Year ended 30 June 2016	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**
Interest-bearing loans and borrowings	-	4 405	13 214	66 083	**83 702**
Trade and other payables	-	196 374	-	-	**196 374**
Other liabilities	-	4 847	-	-	**4 847**
	-	205 626	13 214	66 083	**284 923**

Year ended 30 June 2015	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**
Interest-bearing loans and borrowings	-	3 328	9 984	17 864	**31 176**
Trade and other payables	-	184 672	-	-	**184 672**
Other liabilities	-	3 175	-	-	**3 175**
	-	191 175	9 984	17 864	**219 023**

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 2016 based on contractual undiscounted payments.

Year ended 30 June 2016	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**
Trade and other payables	-	246	-	-	**246**
	-	246	-	-	**246**

Year ended 30 June 2015	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**
Trade and other payables	-	210	-	-	**210**
	-	210	-	-	**210**

28 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 2016 and 30 June 2015, save for the issue of shares to allow for share options for employees of the group.

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.

	2016 R'000	2015 R'000
Interest-bearing borrowings	72 810	30 082
Bank balance	(85 167)	(153 600)
Net debt	**(12 357)**	(123 518)
Equity	522 954	455 176
Total capital	**522 954**	455 176
	%	%
Net interest-bearing debt : equity ratio	**Net cash positive**	Net cash positive

29 FINANCIAL INSTRUMENTS

Categorisation of Financial Assets and Financial Liabilities

	Fair value through profit and loss	Loans and receivables	Other liabilities	
		Amortised cost	Amortised cost	**Total**
	R'000	R'000	R'000	**R'000**
Group 2016				
Assets				
Trade and other receivables	-	258 754	-	**258 754**
Cash and cash equivalents	-	85 167	-	**85 167**
Total	**-**	**343 921**	**-**	**343 921**
Shareholders' equity and liabilities				
Interest-bearing borrowings	-	-	58 733	**58 733**
Trade payables and accruals	192	-	196 182	**196 374**
Current portion of interest-bearing borrowings	-	-	14 077	**14 077**
Total	**192**	**-**	**268 992**	**269 184**
Group 2015				
Assets				
Trade and other receivables	81	201 482	-	**201 563**
Cash and cash equivalents	-	153 600	-	**153 600**
Total	**81**	**355 082**	**-**	**355 163**
Shareholders' equity and liabilities				
Interest-bearing borrowings	-	-	18 598	**18 598**
Trade payables and accruals	-	-	184 672	**184 672**
Current portion of interest-bearing borrowings	-	-	11 484	**11 484**
Total	**-**	**-**	**214 754**	**214 754**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2016

29 FINANCIAL INSTRUMENTS CONTINUED

	Loans and receivables	Other liabilities	
	Amortised cost R'000	Amortised cost R'000	Total R'000
Company 2016			
Assets			
Amounts owing from subsidiary	90 182	-	**90 182**
Total	90 182	-	**90 182**
Shareholders' equity and liabilities			
Trade payables and accruals	-	246	**246**
Total	-	246	**246**
Company 2015			
Assets			
Amounts owing from subsidiary	87 118	-	**87 118**
Total	87 118	-	**87 118**
Shareholders' equity and liabilities			
Trade payables and accruals	-	210	**210**
Total	-	210	**210**

The fair values of the assets and liabilities listed above approximate the carrying amounts largely due to the short-term maturities of these instruments. Long-term receivables and 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.

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 2016, 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 2016, the Group held the following financial instruments carried at fair value in the statement of financial position:

	30 June 2016 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Financial instrument				
Foreign exchange forward contracts (Gross: R14 974 000)	(192)	-	(192)	-

As at 30 June 2015, the Group held the following financial instruments carried at fair value in the statement of financial position:

	30 June 2015 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Financial instrument				
Foreign exchange forward contracts (Gross: R10 318 000)	81	-	81	-

30 NOTES TO THE CASH FLOW STATEMENTS

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
30.1 Cash generated/utlised from operations	**198 677**	144 379	**-**	-
Operating profit before net interest paid and dividends received	**156 980**	110 147	**(10)**	(53)
Impairment	**-**	-	**10**	53
Depreciation	**42 878**	34 967	**-**	-
Share-based payment	**-**	149	**-**	-
Profit on disposal of property, plant and equipment	**(1 181)**	(884)	**-**	-
Movement in working capital	**(59 587)**	393	**(3 028)**	(845)
Increase in inventory	**(25 253)**	(2 593)	**-**	-
(Increase)/decrease in trade and other receivables	**(56 881)**	(18 878)	**-**	-
Increase/(decrease) in trade payables and accruals	**13 374**	14 859	**36**	42
Increase in deferred income	**5 335**	2 851	**-**	-
Increase in provisions	**3 838**	4 154	**-**	-
Increase in amount owing from subsidiary	**-**	-	**(3 064)**	(887)
	139 090	144 772	**(3 028)**	(845)
30.2 Taxation paid				
Net taxation receivable at beginning of year	**3 098**	3 833	**-**	-
Taxation receivable at beginning of year	**3 100**	3 904	**-**	-
Taxation payable at beginning of year	**(2)**	(71)	**-**	-
Taxation excluding deferred taxation	**(44 369)**	(28 785)	**-**	-
Net taxation refundable at end of year	**(98)**	(3 098)	**-**	-
Taxation receivable at end of year	**(656)**	(3 100)	**-**	-
Taxation payable at end of year	**558**	2	**-**	-
	(41 369)	(28 050)	**-**	-

[07] SHAREHOLDER INFORMATION

SHAREHOLDER ANALYSIS

SHAREHOLDER SPREAD	No of shareholdings	%	No of shares	%
1 - 1 000 shares	383	48,24	111 908	0,34
1 001- 10 000 shares	281	35,39	949 220	2,85
10 001- 100 000 shares	98	12,34	3 250 060	9,75
100 001- 1 000 000 shares	23	2,90	7 267 029	21,81
1 000 001 shares and over	9	1,13	21 739 265	65,25
Totals	794	100,00	33 317 482	100,00

DISTRIBUTION OF SHAREHOLDERS	No of shareholdings	%	No of shares	%
Banks/brokers	20	2,52	1 308 645	3,93
Close corporations	14	1,76	401 260	1,20
Individuals	631	79,46	8 297 733	24,91
Insurance companies	6	0,76	3 455 213	10,37
Medical schemes	1	0,13	1 739	0,01
Mutual funds	21	2,64	4 148 604	12,44
Other corporations	8	1,01	655 862	1,97
Private companies	30	3,78	13 715 735	41,17
Public companies	2	0,25	12 830	0,04
Retirement funds	16	2,02	314 738	0,94
Share Incentive Trust	1	0,13	476 123	1,43
Trusts	44	5,54	529 000	1,59
Totals	794	100,00	33 317 482	100,00

PUBLIC / NON - PUBLIC SHAREHOLDERS	No of shareholdings	%	No of shares	%
Non - public shareholders	13	1,64	20 545 619	61,67
Directors and associates of the company holdings	7	0,88	8 192 138	24,59
Issuer's share scheme	1	0,13	476 123	1,43
Strategic holdings (more than 10%)	5	0,63	11 877 358	35,65
Public shareholders	781	98,36	12 771 863	38,33
Totals	794	100,00	33 317 482	100,00

BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE	No of shares	%
Ceppwawu Investments (Pty) Ltd	6 661 225	19,99
Old Mutual Group	5 216 133	15,66
Abelheim Phillip Mr	3 515 871	10,55
Samuel Abelheim Holdings (Pty) Ltd	2 084 278	6,26
Letsema Strategy Services (Pty) Ltd	1 611 787	4,84
Totals	19 089 294	57,30

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

SIXTY FOURTH 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, 2 December 2016 at 09h00 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 2016;
- 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, 28 October 2016. The record date to participate in and vote at the annual general meeting is Friday, 25 November 2016.

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 Rules and Requirements of 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 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 95;
- Share capital of the company - page 78.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on pages 49 of the 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 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.

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

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 2017 annual general meeting, be authorised:

Non-executive directors	Fee (2015/16) R	Proposed Fee (2016/17) R	Board	Audit & Risk Committee	Board Governance & Remuneration	Transformation, Social & Ethics Committee
AJ Aaron	305 772	-	Retired	Retired	Retired	
HA Botha	230 364	248 400	Member	Chairman	Member	
SI Jacobson	444 323	456 360	Member			Member
DJJ Thomas	318 714	344 520	Chairman		Chairman	Member
SP van der Linde	220 904	238 680	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 2016 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: FINANCIAL ASSISTANCE

"To the extent required by the Companies Act 71 of 2008 ("the Companies Act"), the board of directors of the company may, subject to compliance with the requirements of the company's memorandum of incorporation and the Companies Act, each as presently constituted and as amended from time to time, authorise the company to:

- provide financial assistance, as contemplated in section 44 of the Companies Act, by way of loan, guarantee, provision of security or otherwise, to:
  - a related or inter-related company or corporation of the company (including any of its subsidiaries), or to a member of a related or inter-related corporation, or to a person related to any such company, corporation or member; and
  - a director or prescribed officer of the company or of a related or inter-related company (or any person related to any such company, director or prescribed officer) or to any other person who is a participant in any of the company's or a related or inter-related company's share or other employee incentive scheme where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act, for the purpose of, or in connection with, the subscription of any option or any securities issued or to be issued by the company or a related or inter- related company, or for the purchase of any securities of the company or a related or inter- related company; and
- provide direct or indirect financial assistance, as contemplated in section 45 of the Companies Act, to a director or prescribed officer of the company or of a related or inter-related company, or to a related or inter-related company

or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member, such authority/ies to endure for a period of two years from the date of the passing of this special resolution.

Any term used in this special resolution which has been defined in the Companies Act shall bear the same meaning in this special resolution as that defined in terms of the Companies Act."

REASON FOR AND EFFECT OF SPECIAL RESOLUTION 3

Notwithstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance provided by a company to related or interrelated companies and corporations, including, *inter alia,* its subsidiaries, for any purpose.

Furthermore, section 44 of the Companies Act may also apply to the financial assistance so provided by a company to related or inter-related companies, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the company or a related or inter related company, or for the purchase of any securities of the company or a related or inter-related company.

Both sections 44 and 45 of the Companies Act provide, *inter alia,* that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous 2 (two) years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that:

- immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

The company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Companies Act.

Furthermore, it may be necessary or desirous for the company to provide financial assistance to related or inter-related companies and corporations to subscribe for options or securities issued or to be issued by the company or a related or interrelated company or purchase securities of the company or another company related or inter-related to it. Under the Companies Act, the company will however require the special resolution referred to above to be adopted. In the circumstances and in order to, *inter alia,* ensure that the company's subsidiaries and other related and interrelated companies and corporations have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution 3.

Sections 44 and 45 contain exemptions in respect of employee share schemes that satisfy the requirements of section 97 of the Companies Act. To the extent that any of the company's or a related or inter-related company's share or other employee incentive schemes do not satisfy such requirements, financial assistance (as contemplated in sections 44 and 45 of the Companies Act) to be provided under such schemes will, *inter alia,* also require approval by special resolution. Accordingly, special resolution number 3 authorises financial assistance to any of the company's directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to them), or to any other person who is a participant in any of the company's or a related or inter-related company's share or other employee incentive schemes, in order to facilitate their participation in any such schemes that do not satisfy the requirements of section 97 of the Companies Act.

ORDINARY RESOLUTIONS

ORDINARY RESOLUTION 1: ADOPTION OF ANNUAL FINANCIAL STATEMENTS

"The annual financial statements of the company for the year ended 30 June 2016 are received and adopted."

ORDINARY RESOLUTION 2: UNISSUED ORDINARY SHARES

"In aggregate 1 609 859 of the authorised but unissued shares of the company, constituting 5% (five percent) of the company's issued share capital (after deducting the shares held by the Transpaco Share Incentive Scheme and treasury shares) 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 Limited ("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 1 642 068 shares which represent 5% (five percent) of the company's issued ordinary shares after deducting the shares held by the Transpaco Share Incentive Scheme and treasury 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: NON-BINDING RESOLUTION OF THE BOARD GOVERNANCE & REMUNERATION COMMITTEE

"To approve in accordance with the recommendations of King III, 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 2016."

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 50% of the voting rights plus 1 (one) vote to be cast on the resolution.

ORDINARY RESOLUTION 6: RE-ELECTION OF DIRECTOR

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

An abridged *curriculum vitae* for HA Botha is set on page 21 of the annual report of which this notice forms part.

ORDINARY RESOLUTION 7: RE-ELECTION OF DIRECTOR

"SI Jacobson be and is re-elected as a director of the company."

An abridged *curriculum vitae* for SI Jacobson is set out on page 20 of the 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 SP van der Linde is set out on page 21 of the 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) and SP van der Linde, both of whom are independent non-executive directors."

A brief curriculum vitae in respect of the above audit & risk committee members is included on page 21 of the annual report of which this notice forms part.

ORDINARY RESOLUTION 10: REAPPOINTMENT OF AUDITORS

"Ernst & Young Inc. be and are reappointed as auditors of the company with Penelope Wittstock 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

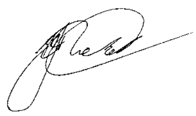
A shareholder of the company entitled to attend and vote at the general meeting is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, vote and speak in his/her stead.

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, 331 6th Street, Wynberg, Sandton (PO Box 39601, Bramley 2018. Tele fax: (011) 887 0434) to be received by no later than 09h00 on Wednesday, 30 November 2016. 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

10 October 2016
Registered office
331 6th Street, Wynberg, Sandton
PO Box 39601, Bramley, 2018
Telefax: (011) 887 0434

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Ground Floor, 70 Marshall Street,
Johannesburg
PO Box 61051, Marshalltown, 2107
Telefax: (011) 688 5200

SHAREHOLDERS' DIARY

Financial year-end	30 June 2016
64th annual general meeting	2 December 2016

REPORTS AND RESULTS ANNOUNCEMENTS

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

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: Ground Floor 70 Marshall Street Johannesburg 2001
Postal address: PO Box 61051, Marshalltown, 2107

EXTERNAL AUDITORS

Ernst & Young Inc.
Address: 102 Rivonia Rd, Sandton, 2196, South Africa
Postal address: Private Bag X14, Sandton, 2146

BANKERS

First National Bank Limited
ABSA Bank Limited

SPONSOR

Investec Bank Limited

B''H

[08] ANNEXURES

ANNEXURE 1 - DEFINITIONS

"the board"	The board of directors of Transpaco Limited, as set out on pages 20 - 21 and 49
"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
"the current year"	The year ending 30 June 2017
"EXCO"	Executive committee of Transpaco Limited
"FD"	Financial Director. Transpaco's FD is Louis Weinberg
"the group" or "Transpaco"	Transpaco Limited and its subsidiaries
"HDI"	Historically disadvantaged individual
"HDPE"	High-density polyethylene
"IBC"	Inside back cover (of this integrated annual report)
"JSE"	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
"King III Report" or "King III"	King Report on Corporate Governance for South Africa, 2009
"the previous year"	The year ended 30 June 2015
"SAPRO"	South African Plastic Recycling Organisation
"SHEQ"	Safety, Health, Environment and Quality
"the year" or "the year under review"	The year ended 30 June 2016
Financial definitions	
"CAGR"	Compound annual growth rate
"Diluted HEPS"	Diluted headline earnings per share
"EBITDA"	Earnings before interest, taxation, depreciation and amortisation
"EPS"	Earnings per share
"FY"	Financial year, for Transpaco ending 30 June
"HEPS"	Headline earnings per share
"IFRS"	International Financial Reporting Standards
"NAV"	Net asset value
"ROE"	Return on equity

ANNEXURE 2 - KING III CHAPTER 2

Principle	Principle Description	Comments
Principle 2.1	The board acts as the focal point for and custodian of corporate governance	The board follows a top-down approach because it deems responsible leadership by example as the most effective way of maintaining good governance. Matters relevant to governance will be reported to the board and if required necessary action will be taken.
Principle 2.2	The board appreciates that the strategy, risk, performance and sustainability are inseparable	Strategy and growth received specific attention during the past year. Opportunities and implementation of objectives are continually monitored and assessed for feasibility and sustainability.
Principle 2.3	The board provides for effective leadership based on ethical foundation	The actions of the board and committees are governed by charters which are reviewed every year. These charters were set up in accordance with King III. All directors subscribe to our Code of Business Ethics.
Principle 2.4	The board ensures that the company is and is seen as a responsible corporate citizen	Compliance to laws and regulations are non-negotiable and a specific requirement contained in our Code of Business Ethics. It is a continuous consideration in all meetings and discussions and plays a vital role in decision-taking and all aspects of our business.
Principle 2.5	The board ensures that the company's ethics are managed effectively	The transformation, social & ethics committee is tasked with reviewing, overseeing and reporting to shareholders on all matters relating to ethics.
Principle 2.6	The board ensures that the company has an effective and independent audit committee	The company has an audit committee as required by the JSE, Companies Act and King III.
Principle 2.7	The board is responsible for the governance of risk	Governance of risk is the responsibility of the audit & risk committee who reports to the board. Management reports to the CEO and FD on matters regarding risk on a monthly basis. The CEO in turn reports to the Audit & Risk Committee on behalf of management.
Principle 2.8	The board is responsible for information technology (IT) governance	IT Governance is a standing point on the agenda for meetings. The board requires feedback at every meeting and where changes or improvements are required the board will require sufficient information to allow them to make an informed decision. The board also has an Information Technology Charter which communicated the responsibilities of the board for the effective management of IT resources.
Principle 2.9	The board ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Compliance to laws and regulations are non-negotiable and a specific requirement contained in our Code of Business Ethics. It is a continuous consideration in all meetings and discussions and plays a vital role in decision-taking and all aspects of our business. Adherence to non-binding rules, codes and standards is recommended and implemented where possible.
Principle 2.10	The board ensures that there is an effective risk-based internal audit	An internal audit department exists. This department will conduct audits on all subsidiaries based on an audit plan approved by the audit & risk committee. Where necessary ad-hoc projects and investigations can be conducted outside of the normal audit plan.
Principle 2.11	The board appreciates that stakeholders' perceptions affect the company's reputation	Stakeholder perceptions and the management and maintaining our reputation is always considered when the board deliberates. Good stakeholder relationships are a requirement of our Code of Business Conduct.

ANNEXURE 2 - KING III CHAPTER 2
CONTINUED

Principle	Principle Description	Comments
Principle 2.12	The board ensures the integrity of the company's integrated report	All board members are required to review and comment on the integrated report before it is distributed. This is to ensure that all relevant matters are reported on in a fair and transparent manner.
Principle 2.13	The board reports on the effectiveness of the company's internal controls	The effectiveness of internal controls is assessed continuously through the work of the internal auditor and reports based thereon. The board reports on these findings annually in the integrated report.
Principle 2.14	The board and its directors act in the best interests of the company	Directors are obliged through their directors' agreements, code of business conduct and professional ethics to act in the best interest of the company. All directors are informed regarding their responsibility and liability towards the company and understand the importance of acting in accordance with these responsibilities.
Principle 2.15	The board will/has consider/ed business rescue proceedings or other turnaround mechanisms as soon as the company has been/ may be financially distressed as defined in the Company's Act, 71 of 2008	Liquidity and solvency of the company is monitored continually. The company has been fortunate enough not to face a situation like this and do not foresee a situation like this in the near future. The board will however continue to monitor this and act accordingly if required.
Principle 2.16	The board has elected a chairman of the board who is an independent non executive director. The CEO of the company does not also fulfil the role of chairman of the Board	The chairman is not independent in terms of the requirements of King III and the JSE Listing Requirements. In line with JSE listing requirements and King III a lead independent director has been appointed.
Principle 2.17	The board has appointed the CEO and has established a framework for the delegation of authority	The role of the CEO is clear and in writing and forms part of the Directors Information Manual. The CEO reports to the board on behalf of management and also takes ultimate responsibility for the company on behalf of management.
Principle 2.18	The board comprises a balance of power, with a majority of non executive directors. The majority of non executive directors are independent	The composition of the board complies with the requirements of King III and the JSE Listing Requirements. Voting powers prescribed in the Memorandum of Incorporation and Board Charter prevents any director from exercising unfettered powers of decision-making.
Principle 2.19	Directors are appointed through a formal process	Director's nomination and appointment are a function for the board as a whole. This process is governed by the Board Charter and Procedure for Directors Nomination and Appointment.

Principle	Principle Description	Comments
Principle 2.20	The induction of and on going training, as well as the development of directors are conducted through a formal process	All directors receive a Directors Information Manual which contains information on the company and operations, board and committee charters, as well as board policies and procedures. This information is updated on an on going basis.
Principle 2.21	The board is assisted by a competent, suitably qualified and experienced company secretary	The board has assessed and satisfied itself on the competency, qualifications and experience of the company secretary.
Principle 2.22	The evaluation of the board, its committees and individual directors is performed every year	All board members are required to do a self evaluation annually. The independence of non-executive directors is also evaluated annually in line with the independence criteria contained in King III.
Principle 2.23	The board delegates certain functions to well-structured committees without abdicating from its own responsibilities	The role and responsibility of each committee is governed by a charter which is reviewed every year. Each charter specifically states that the deliberations of the committee do not reduce the individual and collective responsibilities of board members.
Principle 2.24	A governance framework has been agreed upon between the group and its subsidiary boards	All subsidiaries are fully owned and a good relationship exists between the company and all of its subsidiaries. Governance principles recommended and maintained by the company are also implemented and maintained by subsidiary companies where applicable.
Principle 2.25	The company remunerates its directors and executives fairly	The remuneration policy is presented for approval by shareholders at each annual general meeting. The board governance & remuneration committee governs the remuneration of directors and executives in line with the guidelines set by the remuneration policy. Incentive bonuses are linked to comprehensive financial and non-financial targets. Share options are awarded in expectation of service over a performance measurement period and are exercisable within three to eight years of grant.
Principle 2.26	The company has disclosed the remuneration of each individual director and prescribed officer	The remuneration of directors of the company and individuals identified as prescribed officers has been disclosed in the notes to the annual financial statements.
Principle 2.27	The shareholders have approved the company's remuneration policy	The remuneration policy is published in the integrated report and will be subject to approval by shareholders at the annual general meeting through a non-binding advisory vote.

ANNEXURE 3 - RESPONSIBILITY STATEMENT AND DISCLAIMER

The audit & risk committee acknowledges its responsibility on behalf of the board to ensure the integrity of this integrated annual report. The committee has applied its mind to the report and believes that it appropriately and sufficiently addresses all key strategic issues, and fairly presents the integrated performance of Transpaco and its subsidiaries for the year within the scope and boundary above. The audit & risk committee recommended this integrated annual report to the board for approval.

FORWARD-LOOKING DISCLAIMER

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 30 June 2016. 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
FD

Harry Botha
Audit & risk committee chairman
10 October 2016

FORM OF PROXY

FOR USE AT THE ANNUAL GENERAL MEETING ON 2 DECEMBER 2016 AT 09H00

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 09h00 on Friday, 2 December 2016, 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, 2 December 2016 at 09h00 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 2016			
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. To approve the company's remuneration policy			
6. To re-elect HA Botha as a director of the company			
7. To re-elect SI Jacobson 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 SP van der Linde as a member of the audit & risk committee			
10. To re-appoint Ernst & Young as auditors of the company with Penelope Wittstock being the individual registered auditor			

Signed at ______________________ on ______________________ 2016.

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 dematerialized 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 or faxed to Transpaco, 331 6th Street, Wynberg, Sandton (PO Box 39601, Bramley 2018) Telefax: (011) 887-0434, to be received by not later than 09h00 on Wednesday, 30 November 2016.

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.

NOTES

NOTES

Transpaco LIMITED

www.transpaco.co.za