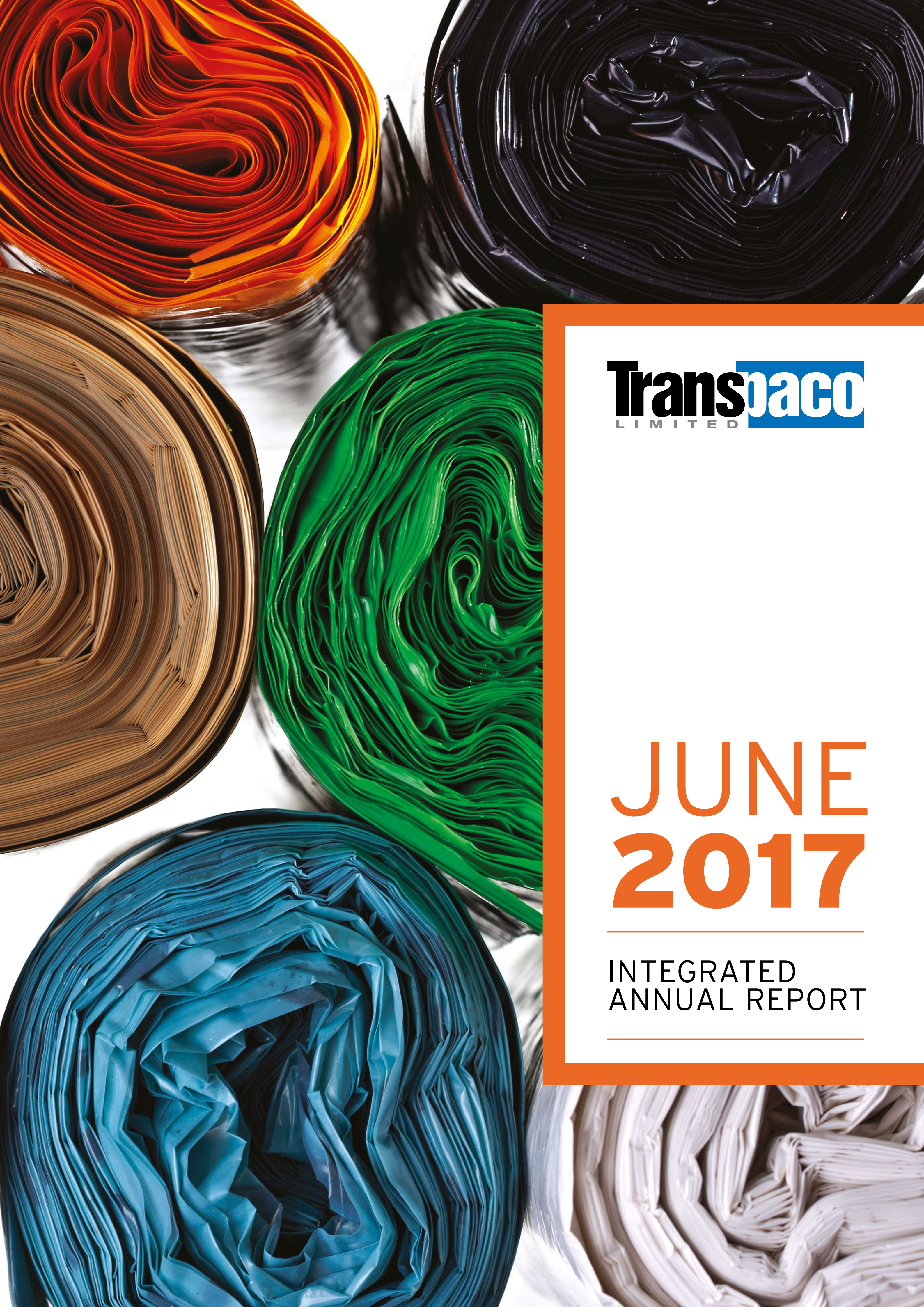

Transpaco
LIMITED

JUNE
2017

INTEGRATED
ANNUAL REPORT

www.transpaco.co.za

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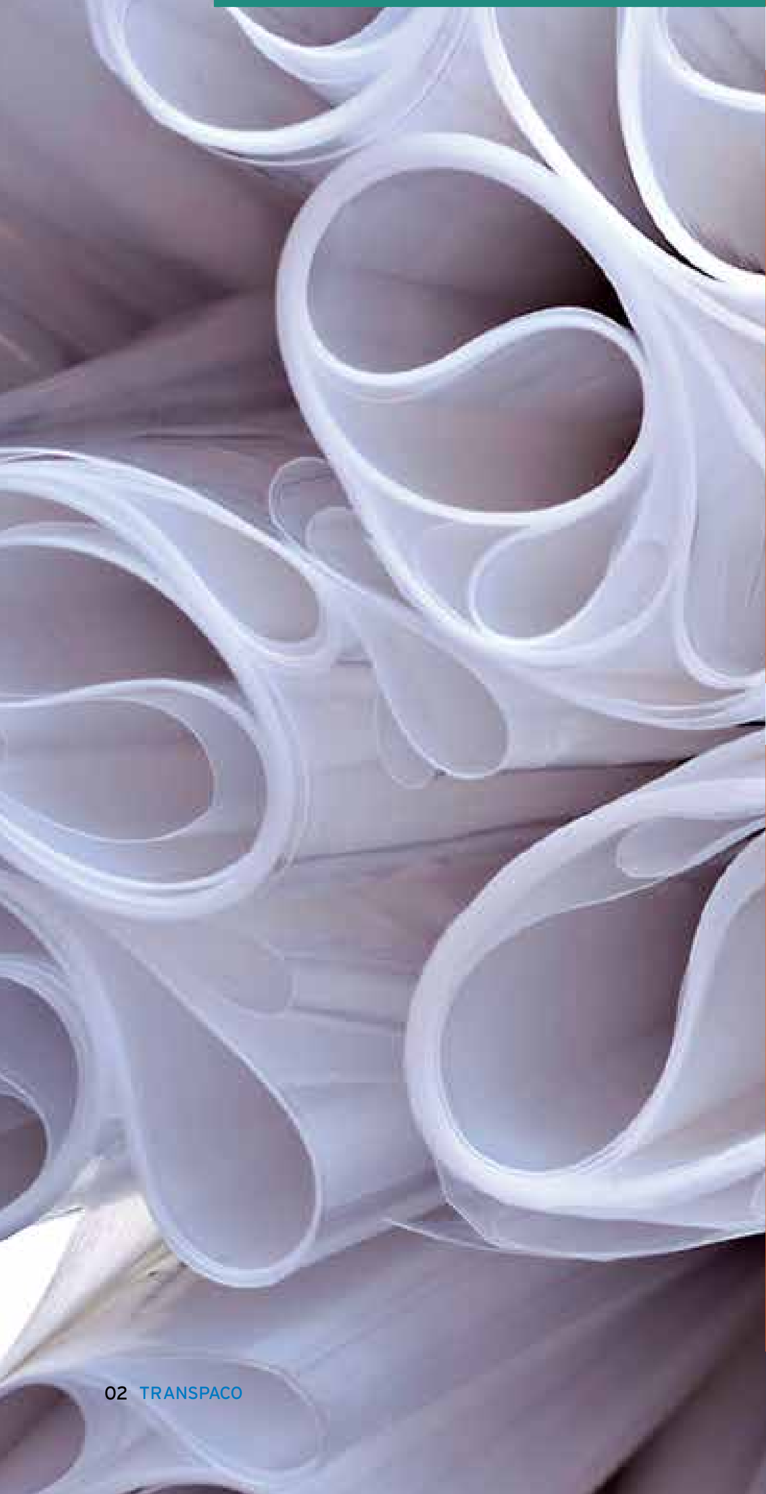


01

FY17 AT A GLANCE

Transpaco is a leading JSE manufacturer, recycler and distributor of paper and plastic packaging products with national distribution capability. The group is headquartered in Johannesburg, South Africa.

FINANCIAL HIGHLIGHTS

Net asset value per share
1 708c

Group turnover
R1.6bn

Headline earnings per share
263c

Total operating profit
R122m

Total dividend per share
120c

KEY FEATURES

Level 5
B-BBEEE contributor

1 314
employees

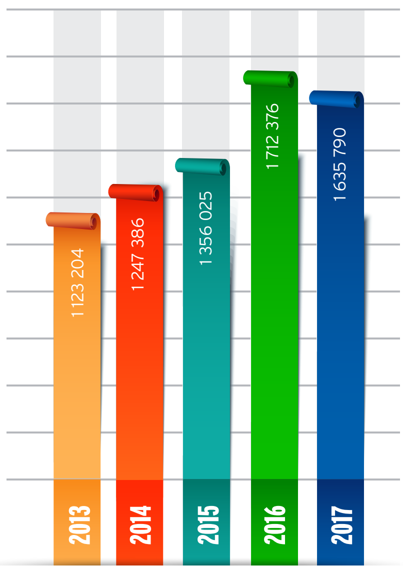
Closing market cap
R882.9 million
(30 June 2017)

Distribution capability across all
9 provinces

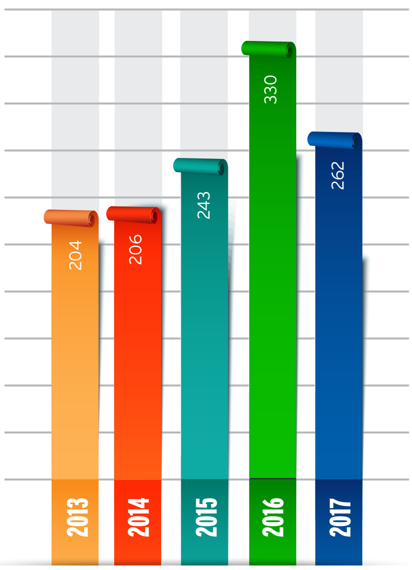
9 production
facilities

FINANCIAL STATISTICS

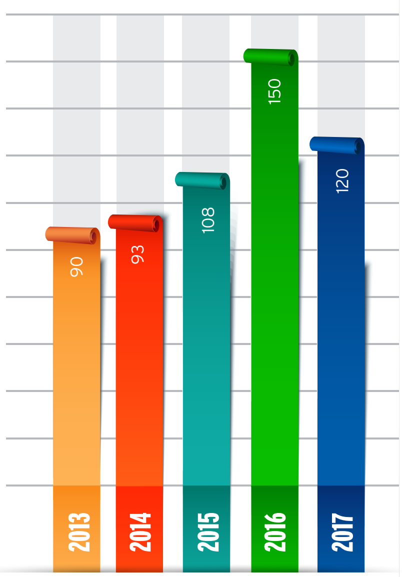
	2017	2016	2015	2014	2013
Current ratio (x)	2,12	2,26	2,34	2,17	2,16
Net interest-bearing debt : equity ratio	Net cash positive	Net cash positive	Net cash positive	Net cash positive	Net cash positive
Operating income margin (%)	7,4	9,2	8,1	7,8	8,3
NAV per share (cents)	1 708	1 592	1 387	1 249	1 127



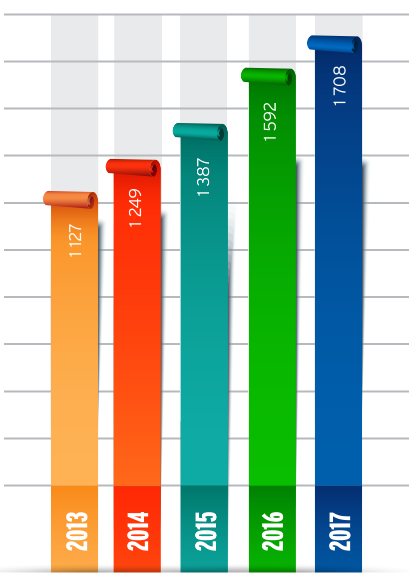
TURNOVER (RANDS) **9.85%** CAGR



DILUTED HEPS **6.54%** CAGR



DIVIDEND PER SHARE **7.46%** CAGR



NET ASSET VALUE **10.95%** CAGR

OPERATIONAL

New Specialised Film pallet wrap **plant fully operational**

Acquisition of recycling business **property**

TRANSFORMATION

Appointment of **independent black female director**

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 (30 June 2017): **33 317 482**

We are pleased to present our seventh integrated annual report which covers the financial year ended 30 June 2017. 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 page 95 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 2016 to 30 June 2017, and follows our integrated annual report for the previous year published in October 2016. Content - including the company's consolidated financial statements as set out on pages 43-89 - covers all divisions and subsidiaries of the company, as illustrated on pages 8-9, 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 IV and the International Integrated Reporting Framework issued in December 2013, as well as South African legislation including:

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

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 Company Profile, 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 Impacts 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 Impacts, Remuneration Report and Transformation, Social & Ethics Committee Report.

Social and relationship capital in terms of stakeholder engagement is covered in Stakeholder Engagement, Our Impacts, Being Accountable and 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 4 October 2017.

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 STATEMENT

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 30 June 2017. 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

02 WHO WE ARE

COMPANY PROFILE

GROUP SNAPSHOT

Transpaco manufactures, distributes and recycles plastic and paper packaging products for sectors including retail, industrial, agriculture, mining, pharmaceutical and automotive. Our products are customised to customer requirements and distributed across the country and into southern Africa. We operate through two main divisions: Plastic Products and Paper & Board (see pages 8-9).

OUR JOURNEY MILESTONES

30 YEARS LISTED ON THE JSE

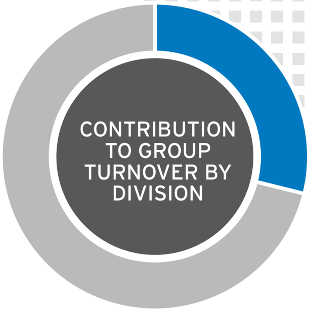
1987	Transpaco listed on JSE
	Acquired Framen Paper (later Transpaco Cores, subsequently Transpaco Cores and Tubes)
1997	Acquired Transpaco Sheet Extrusion
1998	Acquired Silverpack group
1999	Established Transpaco Flexibles Mpumalanga
2004	Acquired Recycling Plastics (merged into Transpaco Recycling)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

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

This key strategic objective is supported by six drivers:

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

SEGMENT BREAKDOWN



29%
PAPER & BOARD

71%
PLASTIC PRODUCTS

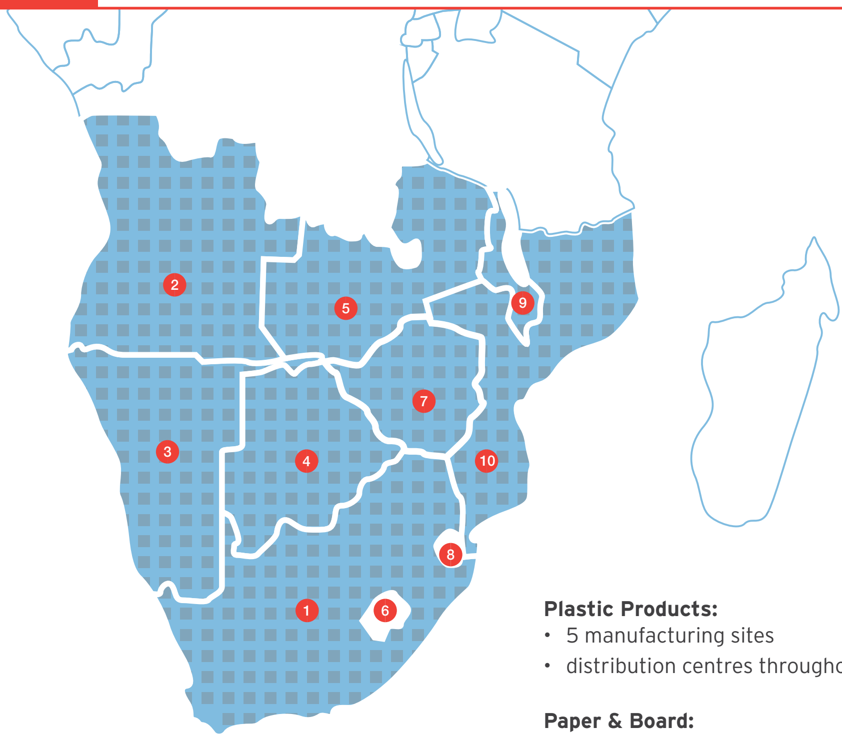
7%
GROUP SERVICES

34%
PAPER & BOARD

59%
PLASTIC PRODUCTS

OUR MARKET REACH

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



Plastic Products:

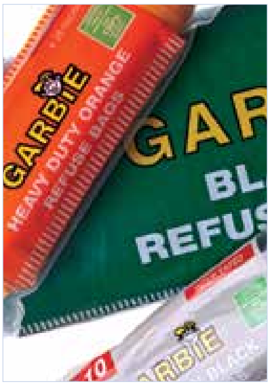
- 5 manufacturing sites
- distribution centres throughout South Africa

Paper & Board:

- 4 plants and 1 distribution centre

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

OUR OPERATIONS



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 local and export household and garden markets
- Heavy duty industrial markets

FLEXIBLES

- Manufactures flexible plastic packaging solutions
- Two 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
- One recycling plant (Elandsfontein)
- Well-developed sustainable sources of supply
- Modern, efficient plant and equipment
- Comprehensive quality assurance system

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 for 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 & BOARD

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

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
- Propateez 62
- Booysens Road Properties
- Explosive Film Technologies
- Transpaco Administrative and Financial Services

FIVE YEAR REVIEW

STATEMENTS OF COMPREHENSIVE INCOME

	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
Continuing operations					
Turnover	**1 635 790**	1 712 376	1 356 025	1 247 386	1 123 204
Operating profit before net finance costs	**121 703**	156 980	110 147	97 844	93 140
Net finance (costs)/income	**(2 358)**	(4 419)	234	(1 024)	(1 029)
Profit before taxation	**119 345**	152 561	110 381	96 820	92 111
Taxation	**(32 986)**	(43 313)	(31 095)	(27 169)	(25 246)
Profit for the year	**86 359**	109 248	79 286	69 651	66 865
Other comprehensive income	**-**	-	-	-	-
Total comprehensive income for the year	**86 359**	109 248	79 286	69 651	66 865

STATEMENTS OF FINANCIAL POSITION

	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
Assets					
Non-current assets	**382 035**	311 664	205 680	213 606	202 602
Current assets	**541 469**	558 051	523 763	441 404	393 393
Non-current assets held-for-sale	**-**	-	-	-	885
Total assets	**923 504**	869 715	729 443	655 010	596 880
Equity and liabilities					
Capital and reserves	**561 225**	522 954	455 176	402 183	360 935
Non-current liabilities	**106 303**	99 345	50 424	49 222	53 491
Current liabilities	**255 976**	247 416	223 843	203 605	182 454
Total equity and liabilities	**923 504**	869 715	729 443	655 010	596 880

STATEMENTS OF CASH FLOWS

	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
Net cash inflow from operating activities	**120 756**	51 832	88 422	60 763	47 749
Net cash outflow from investing activities	**(115 754)**	(162 993)	(26 091)	(40 516)	(37 460)
Net cash inflow /(outflow) from financing activities	**9 365**	42 728	3	(12 667)	2 845
Net movement in cash for the year	**14 367**	(68 433)	62 334	7 580	13 134
Cash and cash equivalents at the beginning of the year	**85 167**	153 600	91 266	83 686	70 552
Cash and cash equivalents at the end of the year	**99 534**	85 167	153 600	91 266	83 686

SHARE STATISTICS

	2017	2016	2015	2014	2013
HEPS (cents)	**262,6**	330,1	243,3	209,2	208,2
Diluted HEPS (cents)	**262,4**	329,6	242,8	205,5	203,7
Basic EPS (cents)	**262,8**	332,7	245,3	216,5	208,9
Diluted EPS (cents)	**262,6**	332,2	244,8	212.7	204,4
Cash generated from operations per share (cents)	**622,0**	423,6	441,1	375.7	312,5
Dividend per share (cents)	**120,0**	150,0	108,0	93.0	90.0
Share price - high (cents)	**3 440**	2 775	2 000	1 950	2 000
- low (cents)	**2 305**	1 875	1 649	1 520	1 500
- year-end (cents)	**2 650**	2 360	1 900	1 720	1 700
Total value of shares traded (R'000)	**67 175**	23 983	70 549	31 140	28 168
Number of shares traded ('000)	**2 454**	1 100	3 727	1 800	1 641
Market capitalisation at 30 June (R'000)	**882 913**	786 293	633 032	570 653	564 009
Ordinary shares in issue ('000)	**33 317**	33 317	33 317	33 177	33 177
Ranking number of ordinary shares ('000)	**32 861**	32 841	32 821	32 197	32 017
Weighted average ranking number of ordinary shares ('000)	**32 858**	32 838	32 323	32 164	32 012

KEY RISKS

We regard risk management as central to growing a sustainable business. Our risk management framework is set out in the risk report on page 38. Our key risks and how we mitigate against them are outlined alongside:

CATEGORY	RISK	MITIGATION
COMPLIANCE	Breach of any South African laws	• Comprehensive Code of Conduct • Competition regulation compliance training for all managing directors and employees • Declaration of compliance with competition regulations signed by all managing directors monthly
	Health and safety	• Health and safety committees at all factories • Regular factory inspections by health and safety committees – monitored by HR • All risks addressed timeously • Regular independent risk assessments and management
	Environment	• Compliance inspections
CUSTOMERS	Debtors	• Selected debtors insured • Stringent credit controls
	Reliance on large customers	• Attract additional customers to broaden the spread • Develop export opportunities
HUMAN RESOURCES	Ethical leadership	• Code of Conduct
	Loss of skills due *inter alia* to AIDS	• Ongoing internal and external skills development programmes (cross-skilling) • AIDS policy
	Labour unrest	• Maintain good relationships with unions • BEE shareholder is the investment company of CEPPWAWU, a union representing employees
	Succession	• Succession policy in place
	Attracting suitably qualified employees	• Formal recruitment policy
MARGINS	Input cost (electricity)	• All new plant energy-efficient • Control of power usage
	Input cost (raw materials)	• Negotiations with raw materials suppliers • Seeking new suppliers locally and abroad
	Oil prices	• Diversification into fields of operation less dependent on oil e.g. paper related products
	Exchange rates	• Hedging of all trade creditors in foreign currency
	Import replacement competition	• Ensuring efficient manufacturing processes to maintain competitiveness • Consultation with local raw materials suppliers to secure raw materials at competitive prices
PLANT	Technology advancement	• Executive managing directors visits to international trade fairs
	Breakdowns	• Ongoing machinery upgrades and maintenance
	Fire, theft and floods	• Independent risk analysis • All plant adequately insured • Replacement values regularly updated
PRODUCTS	New product	• International research on new product development by managing directors
	Product redundancy	• Research and development
	Stocks	• Inventory conservatively valued • Regular stock take • Most unsaleable product recycled and carried forward at reduced values
SUPPLIERS	Dependence on few major raw materials suppliers	• 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 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)
FD
Appointed: 18 February 2004

With more than 30 years' experience in financial management and administration, Louis originally 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Henry (Harry) André Botha

M.A.P. (WITS)
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.

Bonge Mkhondo

MBA (GIBS) BCom Accounting (UCT) Graduate Diploma in Marketing Management (IMM)
Appointed: 19 May 2017

Bonge is an experienced marketing executive and strategy consultant with diverse experience. She has worked in senior marketing executive positions and on marketing consulting projects, predominantly within the financial services sectors, for various organisations including Hollard, Clientele, LegalWise, Absa Capital and Real People Group. She sits on the audit and risk and board governance and remuneration committees.

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.

EXECUTIVE MANAGEMENT: MANAGING DIRECTORS AND OPERATIONAL 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

Sagren Krishnasamy
Production Director
Cores and Tubes

John Latter
Managing Director
Britepak

Johnny Moloantoa
Divisional Marketing Director
Group Services

Robinson Mpofu
General Manager
Transpaco Recycling

Lorraine O'Neill
Joint Managing Director
Transpaco Flexibles

Vino Padayachee
Production Director
Transpaco Flexibles

Nick Swan
Sales Director
Britepak

Cesseri Taylor
Managing Director
Transpaco Flexibles
Mpumalanga

Eddie Wallace
Managing Director
East Rand Plastics

Ilse Uys
New Business Development
Director Group Services

Hendrik van Niekerk
Administration Director
and Company Secretary
Group Services

03

FROM THE LEADERSHIP

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.

INTRODUCTION

This year marks 30 years since Transpaco listed on the JSE in 1987.

Congratulations and thanks to all our loyal stakeholders, not least of which the Abelheim family and their close associates over this extended period of time. I have served on the board for 12 of those years and I have had the pleasure of seeing Transpaco grow from an annual turnover of about R250 million to R1,6 billion. This growth has been mirrored by substantial job creation in the group.

Despite this growth in scale, Transpaco remains at its core an 'unfancy' and cost-conscious company. We still occupy the same head office in Wynberg, above one of our factories, and in those twelve years we've only added one senior head office executive – the company secretary, Hendrik.

We enjoyed phenomenal growth last financial year. This financial year has been challenging for the group resulting in a negative revenue and profit change relative to last year.

The South African operating environment has been difficult for Transpaco and countless other businesses. However, the natural swings of the business cycle and the inevitable downturns have been amplified by exogenous factors. The continuous reports of intolerable fraud and corruption in the private and public sectors hindering economic stability and growth simply must come to an end. The resultant context for both business and ordinary South Africans negatively distracts us from the overall goal of nation building.

Business cannot shirk its responsibility. Business leaders must ensure the highest ethical standards, meaningful transformation is realised, and contribute to institutions and practices that support democracy and the constitution. It is incumbent on all South Africans, corporate and individuals, to ensure that our moral compass is pointing in the right direction. While our primary role as business is about sustainable jobs and value creation, we are mindful of this broader set of responsibilities. At Transpaco we have always been focused on this imperative and will continue to do so. Transpaco's directors and management are acutely aware of the importance of positively contributing to the nation's overall morality. To this end, Transpaco, as a responsible corporate citizen, its management and employees are governed by a strict code of conduct ensuring that the group operates strictly in accordance with good corporate governance and the laws governing South Africa.

The board and key members of the executive team will be meeting next year to strengthen our approach to business strategy ensuring a positive contribution to Transpaco and South Africa.

Notwithstanding the challenging environment Transpaco has enjoyed the benefits of scale with improved efficiencies. It has also put us in a position to consider larger acquisitions.

A board must review the efficacy of its operations on a continual basis. As a result we have recently consolidated operations from our Recycling and Flexible Plastics divisions into larger plants respectively. We are also challenging our definition of Transpaco at a sectoral level, as a strictly packaging company, so that we don't miss out on potentially value-accretive commercial opportunities.

We have adopted a thorough process for reviewing our factory facilities and premises. This has informed a prudent upgrading and modernisation programme to all these facilities. In terms of our on-going capex programme, I'm happy to report that the new machine installed at Specialised Films in the prior year is now fully operational and positively contributing to the bottom line.

We are pleased to welcome our first black female board member following an extensive search. Bonge Mkhondo comes with a wealth of experience and qualifications as well as new complementary skills. This represents a renewed focus on improving board diversity across multiple dimensions (skills, age, race and gender).

We are optimistic regarding the long term view of the group. We will maintain our proactive approach to acquisitions, along with the injection of new executive talent at the divisional level and our programme of investment in plant and equipment across the group. The firm will retain its cost consciousness and judicious balance sheet management, allowing us to take advantage of new opportunities. Transpaco has witnessed and survived tough times before, and come out stronger. Our initiatives are aimed at continuing in this vein.

In closing I wish to thank Phil, Louis and the executive team as well as the non-executive directors. It is a pleasure to serve in this collective.

Derek Thomas

Chairman
4 October 2017

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.

	2017 R'000	Value added %	2016 R'000	Value added %
Creation of wealth				
Revenue	**1 635 790**		**1 714 724**	
Cost of goods, services and expenses	**1 119 424**		**1 187 246**	
	516 366		**527 478**	
Distribution of wealth				
Employees:				
Salaries, wages and benefits	**312 344**	60.5	**283 802**	53.8
Government:				
Taxes	**32 986**	6.4	**43 313**	8.2
Providers of capital:				
Finance costs	**6 429**	1.2	**6 767**	1.3
Dividends	**32 986**	6.4	**41 470**	7.9
Maintenance and expansion:				
Depreciation	**45 262**	8.8	**42 878**	8.1
Retained income	**86 359**	16.7	**109 248**	20.7
	516 366	100.0	**527 478**	100.0

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

Transpaco's reduced performance is indicative of the unfavourable prevailing economic conditions following a stellar 2016 financial year.

Selling price deflation, reduced customer spend and a continued softening demand for recycled material all impacted negatively on Transpaco's performance resulting in a decrease in revenue, operating profit and headline earnings for the year to June 2017. The decrease in turnover and operating profits occurred in both paper and plastic divisions.

The downturn in the recycling industry is not particular to South Africa and is a global phenomenon. In addition, forex constraints across a number of African countries resulted in our export volumes being lower than expected.

Although the group's gross profit percentage increased slightly, the reduced revenue resulted in a decrease in operating margin to 7,4% (June 2016: 9,2%).

Transpaco's performance was supported by disciplined working capital management and tightly controlled operating costs. Despite increased operating costs in electricity, wages, rentals and distribution we were able to reduce expenses by 2,1%.

Notwithstanding Transpaco's trading performance, the balance sheet remains robust with the company ending the year in a net cash positive position. Our solid cash balance of R100 million compared to the prior year R85 million is further indication of Transpaco's stringent management of working capital.

During the year the Mpumalanga production facilities in the Recycling and Flexible operations were consolidated into the Recycling factory in Elandsfontein and the Flexible site in the Western Cape respectively.

The non-recurring employee costs associated with the consolidation amounting to R6,2 million have been fully accounted for in these results.

Negotiations with the relevant trade unions were cordial and the process was resolved amicably. We extend our thanks and appreciation to the unions in particular NUMSA, AMCU and CEPPWAWU.

The combination of our continued aggressive focus on marketing and sales strategies, disciplined working capital management and controlled operating costs ensured we were better positioned to navigate the challenging economic conditions.

FINANCIAL OVERVIEW

Operating profit decreased 22,5% to R121,7 million (2016: R157,0 million) with total comprehensive income of R86,4 million (2016: R109,2 million). Headline earnings declined 20,4% to R86,3 million (2016: R108,4 million) resulting in HEPS of 262,6 cents (2016: 330,1 cents). EPS fell 21,0% to 262,8 cents (2016: 332,7 cents) while HEPS declined 20.4% to 262.6 (2016: 330.1 cents). Diluted HEPS declined to 262,4 cents (2016: 329,6 cents). The weighted average number of shares in issue in calculating EPS and HEPS was 32 858 000 (2016: 32 838 000).

Cash generated from operations increased to R204,4 million (2016: R139,1 million) with cash and cash equivalents at year-end totalling R99,5 million (June 2016: R85,2 million).

The net interest-bearing debt-to-equity position remains cash positive due to efficient working capital management. Net asset value per share increased 7,3% to R17,08 per share (2016: R15,92 per share). Net interest paid decreased 47%. Long-term liabilities increased in line with the purchase of the property and pallet wrap line (see 'Acquisitions' below).

CAPITAL INVESTMENTS

During the year Transpaco acquired the property from which the recycling business operates. The property is well-suited to recycling and has significant electrical installations required for a business of that nature. In addition there is a third party tenant on the property with a favourable long-term lease.

Further, the multilayer high capacity pallet wrap extrusion line purchased in the prior year was commissioned during the year. The plant is fully operational enabling Transpaco to substantially increase capacity. Transpaco, South Africa's leading pallet wrap supplier to the agricultural, logistics, distribution, construction, motor, pharmaceutical and beverage industries, produces superior quality pallet wrap at competitive prices.

OUR STRATEGY

Transpaco remains a growth focused business with controlled operating costs and strict working capital management. We will continue to expand our sales within Africa and explore international markets for our products.

We remain acquisitive and will assess suitable packaging and related industry opportunities. This may include diversification into alternative lucrative possibilities provided they fall within Transpaco's competencies.

OPERATIONS

PLASTIC PRODUCTS

This division was impacted by the combined effect of deflationary pricing, the slowdown in demand for plastic packaging, the reduction in retail spend, the closure of retail stores as well as increased competition. In order to maintain market share, an aggressive pricing strategy has been implemented.

As the downturn in the recycling industry continues, we consolidated our two recycling operations into one. The Bronkhorstspruit operation was combined with the Elandsfontein factory resulting in a substantial reduction in operating expenses. All labour costs associated with the consolidation have been fully accounted for in these results.

In addition, two of Transpaco's retail plastic bags operations were consolidated into the Transpaco-owned Cape Town site characterised by lower production costs, improved production efficiencies and superior quality product.

The labour costs associated with the consolidation have also been fully accounted for in FY17. In order to facilitate the combined operations into a single factory, additional plant for the Cape Town facility has been acquired. The new high speed, low cost running equipment will allow for increased capacity, reduced overtime and ideally place Transpaco in a position to increase sales as opportunities arise.

We continue to seek new clients locally and in neighbouring states in order to mitigate against the downturn in South Africa.

The East Rand Plastics acquisition continues to prove a worthy addition, maintaining market share and a positive contribution to group profits. The full purchase price for the acquisition has been settled three years earlier than anticipated.

Recent innovative developments by major FMCG retailers requiring increased post-consumer recycled plastic material in their carrier bags may prove beneficial for Transpaco. As a substantial recycler of post-consumer plastic material we are well placed to take advantage of this initiative. Independent verification and product development is underway in anticipation of implementation by retailers.

PAPER PRODUCTS

The division was negatively impacted by the slowdown in the economy and reduced demand.

Transpaco Packaging (our trading division) delivered improved earnings whilst profits declined in Britepak, Transpaco's printed folded carton and package insert business, and Transpaco Cores and Tubes (formally Disaki).

Transpaco Cores and Tubes has acquired additional plant during the year to increase capacity in its angle board and void filling divisions.

Britepak, is expanding its market to include cartons for industries other than strictly pharmaceutical. With opportunities existing in these markets, additional sales and marketing resources have been allocated to enter such markets.

GOVERNANCE AND ETHICAL LEADERSHIP

Transpaco's board endorses effective governance as a key driver of sustainability and accountability. We continually strive to improve related policies and procedures in line with regulations and best practice. Our Code of Good Conduct is strictly enforced and all employees are required to adhere to its principles. MDs continue to sign a monthly acknowledgement of competition law conformity in addition to several other issues related to good corporate governance.

TRANSFORMATION

As a responsible corporate citizen in South Africa, transformation and genuine empowerment are important strategic objectives. Transpaco's investment in skills development has proven very successful. Included in the training programme are our own employees, unemployed youth and disabled people.

Emphasis is placed on learnerships which are encouraged throughout the group ultimately improving employee efficiency benefitting both the participant and the company.

Suitable BEE candidates are continuously identified within the group for training and advancement.

Preferential Procurement remains a key Transpaco imperative. We strive to purchase from BEE certified companies with the appropriate accreditation levels wherever possible. We are constrained in some areas in this regard, as certain key raw material supply is controlled by a limited number of entities which are not adequately transformed.

Transpaco's well established CSI programme has continued with funds and goods provided to charities, NGOs and schools.

Our commitment to Enterprise Development is encapsulated in our supply of an interest free loan to a black-owned firm to develop and expand their products, which they will in turn supply to Transpaco.

We are pleased to welcome our first female black director to the board. We look forward to a long and fruitful contribution from Bonge Mkhondo. Bonge brings unique and complementary skills to the board.

HEALTH AND SAFETY ENVIRONMENT

Transpaco is acutely aware of the need to provide a healthy and safe environment for our workers. To this end Transpaco employs a respected independent health and safety service provider at most of our factories to ensure our workers are provided with a healthy, safe and secure working environment at all times.

DIRECTORS' REMUNERATION

It is noteworthy that when reviewing Transpaco remuneration in light of these results, cognisance must be taken that the incentive bonus paid in FY17 relates to the financial performance of FY16. The incentive bonuses are provided for in the FY16 results but paid after year end retrospectively in FY17.

DIVIDEND

The board declared a final dividend of 72,0 cents per share, resulting in total dividends of 120,0 cents per share (2016: 150,0 cents per share).

PROSPECTS

The group will continue its proven business strategy, targeting organic growth while maintaining strict financial control and at the same time identifying and pursuing appropriate acquisitions. While challenging trading conditions continue, management will endeavour to react as timeously as possible to mitigate against such difficult times.

APPRECIATION

My thanks to all our employees for their dedication and contribution to Transpaco's success and sustainability. In particular I wish to thank our executive managing directors who are operating under trying times for their unwavering commitment, passion and loyalty. I also extend my appreciation to our non-executive directors for their guidance and support during the year.

My thanks and gratitude to Transpaco's customers, business partners, labour unions, shareholders, suppliers and service providers for their loyal support.

Phillip Abelheim

CEO
4 October 2017

OUR IMPACTS

OUR STAKEHOLDERS

We believe that being a good corporate citizen is part and parcel of being a sustainable business which can in turn help drive a sustainable national economy. The transformation, social & ethics committee is responsible for outlining our goals and targets and monitoring our performance in this regard.

We are committed to communicating with all stakeholders openly, transparently and timeously and have an active stakeholder engagement programme. We ensure regular engagement with our identified key stakeholders through diverse means which include our website, integrated annual report, SENS, one-on-one meetings and ongoing formal and informal sessions.

We believe that our relationship and interactions with our stakeholders enable us to further clarify and evaluate issues that impact our business and industry, which can feed and solidify an effective growth strategy.

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

INTERNAL	EXTERNAL
EMPLOYEES AND TRADE UNIONS: Job security, sustainability, remuneration, personal growth and development, skills development, remuneration and incentives, working conditions, safety **Responsibility:** HR department, managing directors/managers, transformation, social & ethics committee, health and safety committees	**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 **FUNDERS:** Solvency and liquidity, capital management, sustainability, credit rating, risk management **Responsibility:** CEO, FD **CUSTOMERS:** Security of supply, pricing, quality, reliability, service **Responsibility:** Marketing, managing directors/managers **CONTRACTORS AND SUPPLIERS:** Timely payment, sales volumes, fair business practices **Responsibility:** Managing directors/managers **GOVERNMENT, REGULATORS:** Employment equity, environmental impact, safety, taxation, compliance, environmental impact, adherence to the JSE Listings Requirements and company legislation **Responsibility:** CEO, FD, Company secretary **INDUSTRY ASSOCIATIONS:** Industry trends, expertise, collective lobbying, industry-specific issues, labour issues **Responsibility:** CEO, managing directors/managers **COMMUNITIES:** Job creation, CSI projects **Responsibility:** Subsidiary company marketing directors, transformation, social & ethics committee, HR department

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

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

OUR IMPACTS

OUR PEOPLE

Our people remain the cornerstone of our business. Our regard for our workforce is reflected in our consistent, exceptionally low staff turnover.

Employee relations are prioritised at every level with senior management maintaining an open door policy. We are committed to continually investing in staff development to unlock and realise their highest potential and value add. We also seek to provide amenable and positive working conditions and an inclusive culture to ensure we attract and then retain superior talent in a skills-scarce environment.

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 represents certain of our employees in terms of a broad based black empowerment agreement, and the strength of our partnership with the union is reflected in its stakeholding in the group through its investment company.

EMPLOYMENT EQUITY AND NON-DISCRIMINATION

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

Employment equity targets are 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:

	2017		2016	
Category /Level	**Total Number**	**HDI**	**Total Number**	**HDI**
Top Management	11	0	11	0
Senior Management	31	14	31	14
Professionally Qualified	67	26	67	23
Skilled	308	206	308	200
Semi-Skilled	266	266	305	275
Unskilled	630	630	678	678
Disabled	1	0	1	0
Total	**1 314**	**1 142**	**1 401**	**1 190**

SKILLS DEVELOPMENT

Ongoing internal and external skills development programmes are in place and, in addition, we remain committed to "on-the-job" training. We also offer a study learnership scheme.

Last year we introduced a new training programme aimed widely at our own employees and their children as well as disabled unemployed individuals in the community. 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.

OUR IMPACTS

HEALTH, SAFETY AND ENVIRONMENT

The safety and wellbeing of our employees is paramount and we are committed to maintaining a safe and healthy working environment in strict compliance with the South African Occupational Health and Safety Act, 85 of 1993.

Given the prominence of the HIV-impact in South Africa, our formal 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.

In all but three of the operations the group has appointed a third party to conduct health and safety inspections as well as training. The third party conducts comprehensive monthly health and safety checks and reports back to Transpaco. They also attend all health and safety meetings and provide all safety related training such as first aid and fire fighting. This provides the group with a structured approach to track progress in health and safety matters. This service will be extended to the remaining operations going forward.

In addition, independent risk assessments were conducted on all buildings within the group in the year.

Transpaco safety framework:

SUBSIDIARY HEALTH AND SAFETY COMMITTEE	• Performs regular inspections at the factories • Overseen by Group HR department
SUBSIDIARY MANAGING DIRECTORS	• 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
MANAGING DIRECTORS AND GROUP HR DEPARTMENT	• Monitor SHEQ procedures, progress and risk • Delegate risk mitigation to the appropriate staff member and ensure that this is actioned effectively

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 organisations. Transpaco donates 1% of NPAT to its CSI initiatives.

04

BEING ACCOUNTABLE

ETHICAL LEADERSHIP

From the board of directors down throughout all levels of the group, we at Transpaco adhere to the highest standards of ethical behaviour and effective governance and seek to act in the best interests of the company at all times. Respect for human rights is the general underlying principle guiding all interactions, whether internally or with external stakeholders.

The board embodies the qualities as outlined by King IV for effective ethical leadership, namely integrity, competence, responsibility, accountability, fairness and transparency. This ethos is encapsulated and governed by our comprehensive Code of Business Principles and Ethics ("the Code"), which is in the process of being updated to comply with and accommodate the tenets of King IV.

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.

The Code encapsulates our commitment to creating diversity in the workplace, to minimising our environmental impact, and to providing quality products that meet consumers' needs while complying with rigorous safety standards.

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

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

Day-to-day responsibility in this regard is delegated to senior management of the divisions and operations, who are tasked with reporting back to head office. The audit & risk committee and the EXCO provide assurance of overall compliance each year to the board, which remains ultimately responsible.

OUR ETHICS COMMITMENT

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

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

TRANSFORMATION

We are a Level 5 B-BBEE rating in terms of the new revised Codes. Our scorecard (B-BBEE Codes of Good Practice issued by the Department of Trade and Industry) is set out alongside:

BEE CODE	SCORECARD RATING 2017*
Ownership	25/25
Management Control	3/19
Skills Development	18.5/25
Enterprise and Supplier Development	24.22/40
Socio-Economic Development	5/5
Total	**75.72**

No comparative provided due to new codes.

PREFERENTIAL PROCUREMENT

Our preferential procurement policy seeks to continually expand our supplier base to include more empowered enterprises. Managing directors are tasked with reporting on progress in this regard at monthly management meetings.

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

ENTERPRISE DEVELOPMENT

We are committed to enterprise development and seek 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;
- Purchases of scrap from SMMEs are paid within approximately five days to assist with cash flow; and
- R3 million interest-free loan to a SMME operating in the chemical industry. This company is developing a product to supply Transpaco.

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WARNING
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KEEP AWAY FROM CHILDREN.
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CORPORATE GOVERNANCE

GOVERNANCE STRUCTURE

	BOARD		
MEMBERS	Derek Thomas* (Chairman) Phillip Abelheim (CEO) Louis Weinberg (FD) Harry Botha**	Charly Bouzaglou Selwyn Jacobson* Bonge Mkhondo** Stephen van der Linde** (Lead independent director)	
RESPONSIBILITY	• Performance and affairs of the group and its subsidiaries • Internal financial and operational control • Monitoring operational performance and management • Determining policy and processes for the group's risk management and internal controls • Meaningful interaction with stakeholders		
	COMMITTEES		
	AUDIT & RISK COMMITTEE See page 47 for full report	**BOARD GOVERNANCE & REMUNERATION COMMITTEE** See page 40 for full report	**TRANSFORMATION, SOCIAL & ETHICS COMMITTEE** See page 42 for full report
MEMBERS	Harry Botha** (Committee Chairman) Bonge Mkhondo** Stephen van der Linde** *Attended by invitation* Derek Thomas* (Chairman) Phillip Abelheim (CEO) Louis Weinberg (FD) Charly Bouzaglou Selwyn Jacobson*	Harry Botha** Bonge Mkhondo** 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	3/3	2/3	1/5

*** Independent non-executive*
** Non-executive*
 # Determining appropriate board committee leadership structures depends on a number of factors including, current board and committee composition and taking director's tenures into account. The board intends to address the independence of the Remco chairperson within the next financial year.

Good governance remains a business imperative and the board sets the tone in this regard (see Ethical leadership page 28) . 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 as the Companies Act, King IV 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 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 adhoc 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

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

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 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 and Derek Thomas will retire by rotation at the upcoming annual general meeting, and being eligible, will offer themselves for re-election. Bonge Mkhondo will stand to have her appoinment in the year confirmed. 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.

BOARD AND COMMITTEE MEETING ATTENDANCE

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

DIRECTOR	BOARD MEETINGS	AUDIT & RISK COMMITTEE MEETINGS	BOARD GOVERNANCE & REMUNERATION COMMITTEE MEETINGS	TRANSFORMATION, SOCIAL & ETHICS COMMITTEE MEETINGS
PN Abelheim (CEO)	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)
B Mkhondo *>^	N/A	N/A	N/A	N/A
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
^ appointed 19 May 2017 - No meeting held from 19 May 2017 - 30 June 2017

CORPORATE GOVERNANCE

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

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.

During the year, the group's first black female board member was appointed following a comprehensive and recruitment process. 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. A policy that promotes gender diversity is in place.

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.

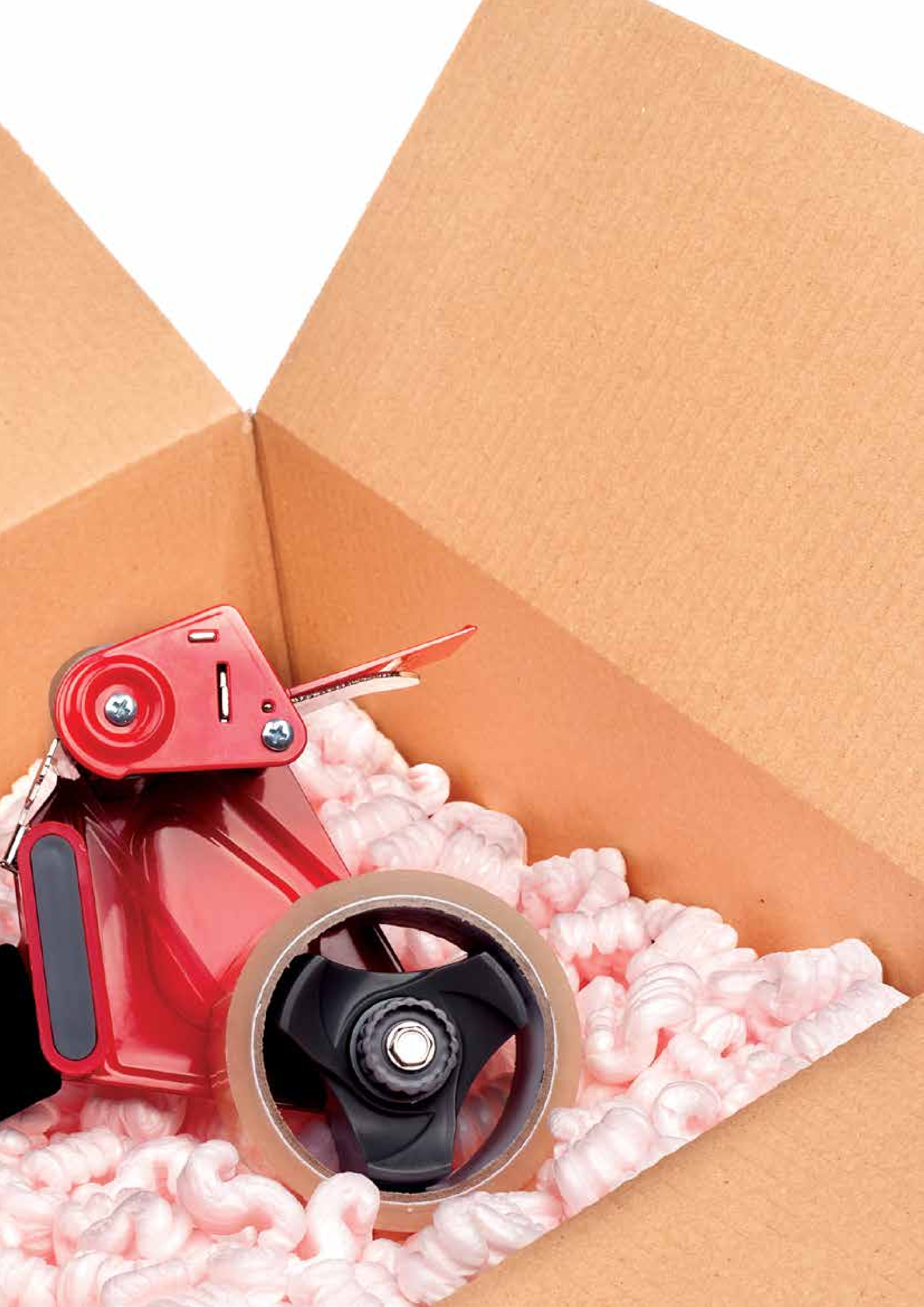
COMPANY SECRETARY

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



APPLICATION OF KING IV

	Leadership, ethics and corporate citizenship	
1)	The governing body should lead ethically and effectively.	The actions of the board and committees are governed by charters which are reviewed every year. These charters are in accordance with the requirements of King IV. Further all directors subscribe to our Code of Business Principles and Ethics.
2)	The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The transformation, social and ethics committee is tasked with reviewing, overseeing and reporting to the board and shareholders on all matters relating to ethics. The charter of this committee is in accordance with the requirements of King IV and the Companies Act.
3)	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	Compliance with laws and regulations are non-negotiable and a specific requirement contained in the Code of Business Ethics and Principles. It is a continuous consideration in all meetings and discussions and plays a vital role in decision-taking and all aspects of business.
	Strategy, performance and reporting	
4)	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	Budgets are prepared and presented to the board on an annual basis. As part of this presentation the risks and opportunities are discussed with the board. Monthly management packs are sent to each board member. These packs contain the results for the past month and year-to-date, the performance against the budget presented as well as performance against the prior year. This allows the board to be fully informed regarding the performance of the group and progress achieved in reaching goals.
5)	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.	All members of the board are required to review and comment on the integrated report, interim reports and other reports distributed to stakeholders prior to distribution. Where necessary or required, reports will also be reviewed by the sponsor and/or auditors. This ensures that all relevant matters are reported on in a fair and transparent manner.
	Leadership, ethics and corporate citizenship	
6)	The governing body should serve as the focal point and custodian of the corporate governance in the organisation.	The board strives to lead by example by following the requirements of its charters and Code of Business Ethics and Principles 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.
7)	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The composition of the board complies with the requirements of King IV and the JSE Listings Requirements. Voting powers prescribed in the Memorandum of Incorporation and board charter prevents any director from exercising unfettered powers of decision-making. The board charter and policies and procedures for the appointment of new directors specifically require that the members should collectively have a wide ranging area of expertise, skills and experience to effectively contribute to the requirements of the board and its committees. Directors are obliged through their directors agreements, Code of Business Principles and Ethics, own professional ethics, and various legislative and other requirements to act in the best interest of the company. All directors are informed regarding this responsibility and liability towards the company and understand the importance of acting in accordance with these responsibilities.
8)	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	The board has certain committees, including the audit and risk committee, transformation, social and ethics committee and the board governance and remuneration committee, to which certain tasks are delegated. The composition of these committees is in line with the requirements of the JSE Listings Requirements, King IV and where applicable the Companies Act. Each committee has a formal charter which governs its duties and the number of meetings required. Each committee reports back to the board on matters delegated to it and where required, a member of the committee reports to shareholders at the annual general meeting.

PRINCIPLE	PRINCIPLE DESCRIPTION	COMMENTS
9)	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	All board members are required to perform a self-evaluation annually. This evaluation contains specific sections with reference to individual members of the board, its chair and the CEO. A further evaluation regarding the independence of non-executive directors is also performed annually.
10)	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.	The board has appointed a CEO who leads the day-to-day management of the company. The role of the CEO is clear and in writing and forms part of the Directors' Information Manual of which each director has a copy. The CEO delegates certain daily tasks to executive management and serves as link between management and the board.
	Governance functional areas	
11)	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	Governance of risk is delegated to the audit and risk committee which 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 and risk committee on behalf of management.
12)	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	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 the directors to make an informed decision. The board also has an Information Technology Charter which communicates the responsibilities of the board for the effective management of IT resources.
13)	The governing body should govern compliance with applicable laws and adopt, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen.	Compliance with laws and regulations is non-negotiable and a specific requirement contained in our Code of Business Principles and Ethics. It is a continuous consideration in all meetings and discussions and plays a vital role in decision-taking and all aspects of business. Adherence to non-binding rules, codes and standards is recommended and implemented where possible.
14)	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.	The remuneration policy is presented for approval by shareholders at each annual general meeting. The board governance and 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.
15)	The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	A combined assurance model has been implemented which allows for different levels of assurance to be provided. Executive management oversees each subsidiary company on a daily basis and reports to the CEO and FD on an informal basis as well as through formal management meetings. Internal audit provides assurance on processes and procedures followed by executive management with reference to the approved standard operating procedures. Internal audit reports to the audit and risk committee and attends meetings to report in person. The CEO reports to the audit and risk committee on behalf of executive management. Further assurance is provided by means of an annual audit performed by a JSE approved external auditor as well as the independent verification done by an approved BEE auditor.
	Stakeholder relationships	
16)	In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	Stakeholder perceptions and the management and maintenance of our good reputation is always considered when the board deliberates. Good stakeholder relationships are a requirement of our Code of Business Principles and Ethics as we believe that our stakeholders play an important role in the sustainability of the company.
17)	The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	Not applicable

RISK REPORT

RISK MANAGEMENT PROCESS

Our risk management policy aims overall to ensure the group is adaptable to changing circumstances and can demonstrate 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 internal auditors guide all group subsidiaries in their risk assessment processes.

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. 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 IV, 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.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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 Bonge Mkhondo. CEO Phillip Abelheim attends meetings by invitation and is excluded from deliberations in respect of his own remuneration. The committee is governed by a formal charter, which is reviewed annually.

The committee is an independent and objective body 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.

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

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 respective 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.

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

NON-EXECUTIVE DIRECTORS	FEE (2016/17) R	PROPOSED FEE (2017/18) R	BOARD	AUDIT & RISK COMMITTEE	BOARD GOVERNANCE & REMUNERATION COMMITTEE	TRANSFORMATION, SOCIAL & ETHICS COMMITTEE
HA Botha	248 400	262 880	Member	Chairman	Member	
SI Jacobson	456 360	333 900	Member			Member
B Mkhondo*	27 846	253 340	Member	Member	Member	
DJJ Thomas	344 520	365 700	Chairman		Chairman	Member
SP van der Linde	238 680	253 340	Member	Member		Chairman

**Appointed 19 May 2017*

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 as:

- 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.

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 65 to the annual financial statements.

DJJ Thomas
Chairman board governance & remuneration committee

4 October 2017

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 33.)

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 Business Principles and 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 22-26 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

4 October 2017

05

ANNUAL FINANCIAL STATEMENTS

CONTENTS

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The preparation of the annual financial statements for the year ended 30 June 2017, which appear on pages 52-89, 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 pages 45-46.

The annual results were approved by the directors on 4 October 2017 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 2017 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
4 October 2017

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TRANSPACO LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Transpaco Limited and its subsidiaries (the group) set out on pages 48 to 89, which comprise the directors' report, the statements of financial position as at 30 June 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 30 June 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) the International Federation of Accountants' Code of Ethics for Professional Accountants (IFAC code) and other independence requirements applicable to performing the audit of the financial statements of Transpaco Limited. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, IFAC code and in accordance with other ethical requirements applicable to performing an audit of Transpaco Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

KEY AUDIT MATTER
Valuation of inventory: Inventory comprises 22% of total assets in the statements of financial position. Due to the high number of manufacturing sites across the group and the high level of judgement that management has applied in allocating overheads to finished products, the valuation of inventory is considered a Key Audit Matter. The disclosure is set out in the annual financial statements in note 12.
HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Our procedures included, amongst others: • Assessing management's inventory accounting policy by comparing it to the requirements of International Accounting Standards ('IAS") - IAS 2 Inventories. • Assessing the accounting policy and recalculated the capitalised manufacturing overheads in accordance with the requirements in IAS 2.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Annual Report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT CONTINUED TO THE MEMBERS OF TRANSPACO LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Transpaco Limited for 20 years.

Ernst & Young Inc.

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

102 Rivonia Road, Sandton,
Johannesburg 2146

4 October 2017

AUDIT & RISK COMMITTEE REPORT

The information below constitutes the report of the audit & risk committee in respect of the year under review, as required by the South African Companies Act. The audit & risk committee is chaired by HA Botha and comprises further of SP van der Linde and Bonge Mkhondo, 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 33. The formal audit & risk committee charter sets out the committee's responsibilities. It is reviewed annually to confirm compliance with King IV 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

4 October 2017

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 72 cents per share. This, together with the interim dividend of 48 cents per share paid to shareholders in March 2017, brings the total dividend for the year to 120 cents per share (2016: 150 cents).

ACCOUNTING POLICIES

The group and company's annual financial statements set out on pages 48-89 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 IV Report and Companies Act requirements. Sustainability is viewed as an essential operational and strategic imperative.

ACQUISITION OF PROPERTY

The group purchased Propateez 62 (Pty) Ltd, a property investment company that owns the property from which the Elandsfontein Recycling business operates.

DIRECTORATE

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

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Harry Botha
Bonge Mkhondo
Stephen van der Linde
(Lead independent director)

NON-EXECUTIVE DIRECTORS

Selwyn Jacobson
Derek Thomas (Chairman)

In terms of the Memorandum of Incorporation Harry Botha, Bonge Mkhondo and Derek Thomas 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:

	2017				2016			
	Beneficial		Non-beneficial		Beneficial		Non-beneficial	
Director	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
PN Abelheim	3 515 871	-	-	2 054 639	3 515 871	-	-	2 146 565
HA Botha *>	200 000	-	-	49 837	200 000	-	-	49 837
SR Bouzaglou	1 019 562	-	-		1 019 562	-	-	-
SI Jacobson*	-	823 653	-	274 551	-	880 500	-	293 500
DJJ Thomas*	-	693 068	-	7 579 944	-	693 068	-	7 579 944
SP van der Linde *>	41 000	-	-	1 030 142	41 000	-	-	1 030 142
L Weinberg	203 227	-	-		163 227	-	-	-
	4 979 660	1 516 721	-	10 989 113	4 939 660	1 573 568	-	11 099 988

** 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	25 000	Share options exercised

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

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	
		2017 R	2016 R	2017 R	2016 R	2017 R	2016 R
Transpaco Admin and Financial Services	Administrative	2	2	1	1	82 112 970	90 181 734
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 Mpumalanga	Plastic Carrier manufacturer	1	1	1	1	-	-
Transpaco Packaging	Packaging Distributor	4 000	4 000	10 724	10 724	-	-
East Rand Plastics	Refuse bag manufactures	1	1	1	1	-	-
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	-	-
Propateez 62	Property owning	1	-	10 988 533	-	-	-
Transpaco Consumer Plastics	Dormant shares	125	125	105 747	105 747		
		66 382	66 381	35 688 770	24 700 237	82 112 970	90 181 734

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.

Year of Grant	Number of Options	Price R	Earliest Vesting Periods	Latest Vesting Periods	Lapsed	Excercised & Delivered	**At 30 June 2017**
2010	320 000	0,01	2012-2014	2018	-	295 000	25 000
Total					**-**	**295 000**	**25 000**

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**

The Transpaco Share Incentive Scheme currently owns 456 123 shares which are available for allocation on exercising of options.

DIRECTORS' OPTIONS

			No of options					
Director	Year of Allocation	As at 30 June 2016	Taken Up During 2017	Granted During 2017	As at 30 June 2017	Option Price R	Date Received	Expiry Date
L Weinberg	2010	45 000	20 000	-	25 000	0,01	2010	2018

SHARE CAPITAL

Details of the authorised and issued share capital are set out in note 16 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.

4 October 2017

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

		Group		Company	
	Notes	**June 2017 R'000**	June 2016 R'000	**June 2017 R'000**	June 2016 R'000
REVENUE	3	**1 639 861**	1 714 724	**51 500**	45 008
Turnover	3	**1 635 790**	1 712 376	**-**	-
Cost of sales		**(1 046 749)**	(1 099 905)	**-**	-
Profit before operating costs and depreciation		**589 041**	612 471	**-**	-
Operating costs		**(422 076)**	(412 613)	**-**	-
Impairment		**-**	-	**-**	(10)
Depreciation		**(45 262)**	(42 878)	**-**	-
Operating profit		**121 703**	156 980	**-**	(10)
Finance income	3	**4 071**	2 348	**-**	-
Finance costs	4	**(6 429)**	(6 767)	**-**	-
Dividends received	3	**-**	-	**51 500**	45 008
Profit before taxation	4	**119 345**	152 561	**51 500**	44 998
Taxation	5	**(32 986)**	(43 313)	**-**	-
Profit for the year		**86 359**	109 248	**51 500**	44 998
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		**86 359**	109 248	**51 500**	44 998
Weighted average ranking number of ordinary shares in issue ('000)	6	**32 858**	32 838		
Diluted weighted average ranking number of ordinary shares in issue ('000)	6	**32 883**	32 883		
Earnings per share (cents)	6	**262,8**	332,7		
Diluted earnings per share (cents)	6	**262,6**	332,2		

STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2017

	Notes	Group		Company	
		June 2017 R'000	June 2016 R'000	**June 2017 R'000**	June 2016 R'000
ASSETS					
Non-current assets		**382 035**	311 664	**35 689**	24 700
Property, plant and equipment	7	**338 406**	267 823	**-**	-
Intangibles	8	**17 855**	17 855	**-**	-
Goodwill	9	**23 195**	23 195	**-**	-
Investment in subsidiaries	11	**-**	-	**35 689**	24 700
Deferred taxation	20	**2 579**	2 791	**-**	-
Current assets		**541 469**	558 051	**82 112**	90 182
Inventories	12	**204 006**	212 704	**-**	-
Trade and other receivables	13	**237 929**	259 524	**-**	-
Taxation receivable	30.2	**-**	656	**-**	-
Cash and cash equivalents	14	**99 534**	85 167	**-**	-
Amounts owing from subsidiaries	15	**-**	-	**82 112**	90 182
Total assets		**923 504**	869 715	**117 801**	114 882
EQUITY AND LIABILITIES					
Capital and reserves		**561 225**	522 954	**117 492**	114 636
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		**545 873**	507 602	**87 002**	84 146
Non-current liabilities		**106 303**	99 345	**-**	-
Interest-bearing borrowings	18	**65 259**	58 733	**-**	-
Deferred income	19	**13 153**	12 007		
Deferred taxation	20	**27 891**	28 605	**-**	-
Current liabilities		**255 976**	247 416	**309**	246
Trade payables and accruals	21	**208 813**	201 221	**309**	246
Provisions	22	**27 929**	29 462	**-**	-
Current portion of interest-bearing borrowings	18	**16 916**	14 077	**-**	-
Deferred income	19	**2 113**	2 098		
Taxation payable	30.2	**205**	558	**-**	-
Total equity and liabilities		**923 504**	**869 715**	**117 801**	**114 882**

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

Group R'000	Issued share capital	Share premium	Other reserves	Distributable reserve	Total
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 1 July 2016	**328**	**11 019**	**4 005**	**507 602**	**522 954**
Profit for the year	-	-	-	86 359	**86 359**
Other comprehensive income	-	-	-	-	**-**
Total comprehensivce income	-	-	-	86 359	**86 359**
Dividend paid	-	-	-	(48 088)	**(48 088)**
Balance at 30 June 2017	**328**	**11 019**	**4 005**	**545 873**	**561 225**

Company R'000	Issued share capital	Share premium	Other reserves	Distributable reserve	Total
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 1 July 2016	**333**	**11 019**	**19 138**	**84 146**	**114 636**
Profit for the year	-	-	-	51 500	**51 500**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive income	-	-	-	51 500	**51 500**
Dividend paid	-	-	-	(48 644)	**(48 644)**
Balance at 30 June 2017	**333**	**11 019**	**19 138**	**87 002**	**117 492**

STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2017

		Group		Company	
	Notes	**June 2017 R'000**	June 2016 R'000	**June 2017 R'000**	June 2016 R'000
Cash flow from operating activities					
Cash generated/(utilised) from operations	30.1	**204 387**	139 090	**8 077**	(3 028)
Dividends received		**-**	-	**51 500**	45 008
Dividends paid		**(48 088)**	(41 470)	**(48 644)**	(41 980)
Finance costs paid		**(6 429)**	(6 767)	**-**	-
Finance income receved		**4 071**	2 348	**-**	-
Taxation paid	30.2	**(33 185)**	(41 369)	**-**	-
Net cash inflow from operating activities		**120 756**	51 832	**10 933**	-
Cash flow used in investing activities					
Proceeds on disposal of property, plant and equipment		**2 615**	2 777	**-**	-
Acquisition of business	10	**-**	(109 650)	**-**	-
Expansion and replacement of property, plant and equipment		**(118 369)**	(56 120)	**-**	-
Investment in subsidiary	11	**-**	-	**(10 933)**	-
Net cash outflow from investing activities		**(115 754)**	(162 993)	**(10 933)**	-
Cash flow used in financing activities					
Proceeds from borrowings		**59 929**	90 622	**-**	-
Repayment of borrowings		**(50 564)**	(47 894)	**-**	-
Net cash inflow from financing activities		**9 365**	42 728	**-**	-
Net movement in cash for the year		**14 367**	(68 433)	**-**	-
Cash and cash equivalents at the beginning of the year		**85 167**	153 600	**-**	-
Cash and cash equivalents at the end of the year		**99 534**	85 167	**-**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. ACCOUNTING POLICIES

The group and company's annual financial statements set out on pages 52 to 89. 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 2017. 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.

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 2017:

- 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. The adoption of IFRS may impact on the impairment provisions for receivables as IFRS9 applies the expected credit loss model rather than the incured loss model. The group is currently assessing the impact and will adopt the new standard at the required effective date.
- 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 group is currently assessing the impact and will adopt the new standard at the required effective date.
- IAS 7 Disclosure Initiative – Amendments to IAS 7 - The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). Effective for annual periods beginning on or after 1 January 2017. The amendments are intended to provide information to help investors better understand changes in an entity's debt. The amendments are not expected to have a material impact to the group.
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12 - The IASB issued the amendments to IAS 12 Income Taxes to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Effective for annual periods beginning on or after 1 January 2017. The amendments are intended to remove existing divergence in practice in recognising deferred tax assets for unrealised losses. The amendments are not expected to have a material impact to the group.
- IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2 - The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas; the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations and The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. Effective for annual periods beginning on or after 1 January 2018. The amendments are intended to eliminate diversity in practice, but are narrow in scope and address specific areas of classification and measurement. This amendment 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 group is currently assessing the impact and will adopt the new standard at the required effective date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2017

ANNUAL IMPROVEMENTS 2014-2016

IFRS 12 Disclosure of Interests in Other Entities

Clarification of the scope of the disclosure requirements in IFRS 12

- The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.
- The amendments are effective from 1 January 2017 and must be applied retrospectively.

The amendments are not expected to have a material impact to 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. A reversal of an impairment loss is recognised directly in profit or loss.

Goodwill

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

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

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.

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 nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures,

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2017

where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

Value Added Tax

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

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

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

Dividend Withholding Tax and Dividends

A dividend withholding tax of 20% (on or after 22 February 2017) or 15% (prior to 22 February 2017) 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

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.

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 of 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. Refer to notes 8 and 9 for additional information.
- Inventory valuation – The carrying amount of inventory, including the allocation of overheads to those inventories, over the group's many manufacturing facilities requires judgement and estimation. These estimates and judgements in this regard are based on historical experience. The carrying amount of inventory is disclosed in note 12.
- Applying the principles of IFRS 3 *Business combinations* – Judgement is required in the application of the principles of IFRS 3 and, in particular, in determining whether a particular transaction falls within the definition of a business and therefore within the ambit of IFRS 3. The judgement required is based on considering the aspect of the definition of a business, being the existence of inputs, processes and outputs. Refer to note 11 for the current year's investment in a subsidiary for additional information.
- Residual values and useful lives of tangible assets and intangible assets – Residual values and useful lives of tangible assets and intangible assets are assessed on an annual basis. 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 2017

3 REVENUE

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Sale of goods	**1 635 790**	1 712 376	**-**	-
Dividends received	**-**	-	**51 500**	45 008
Finance income	**4 071**	2 348	**-**	-
	1 639 861	1 714 724	**51 500**	45 008

4 PROFIT BEFORE TAXATION

Determined after charging/crediting

Auditors' remuneration	**2 732**	2 890	**-**	-
Fee	**2 676**	2 722	**-**	-
Other services	**56**	168	**-**	-
Depreciation	**45 262**	42 878	**-**	-
Plant and machinery	**37 237**	35 083	**-**	-
Vehicles	**4 527**	4 721		
Buildings	**2 350**	1 960	**-**	-
Furniture, fittings and computer	**1 148**	1 114	**-**	-
Foreign exchange loss	**188**	119	**-**	-
Operating rental charges -land and buildings	**24 785**	26 402	**-**	-
Profit on disposal of property, plant and equipment	**(91)**	(1 181)	**-**	-
Finance costs	**6 429**	6 767	**-**	-
Bank overdrafts	**27**	1 552	**-**	-
Finance charges payable under installment sale agreements	**1 979**	1 817	**-**	-
Finance charges payable under revolving credit facility	**2 320**	2 787	**-**	-
Finance charges payable under mortgage bonds	**2 103**	611	**-**	-
Finance revenue	**(4 071)**	(2 348)	**-**	-
Bank interest received	**(4 071)**	(2 348)	**-**	-
Secretarial fees	**43**	51	**-**	-
Staff costs excluding excutive directors' remuneration	**288 450**	263 854	**-**	-
Salaries and wages	**269 988**	246 776	**-**	-
Pension and provident fund	**18 462**	17 078	**-**	-

EXECUTIVE DIRECTORS' REMUNERATION 2017

	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	4 733	5 257	766	10 756	-	**10 756**
SR Bouzaglou	3 265	2 354	585	6 204	-	**6 204**
L Weinberg	3 031	3 383	520	6 934	540	**7 474**
Total	11 029	10 994	1 871	23 894	540	**24 434**

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 48) and the market value of R27.00 (2016: R20.00) per share on the date the options were taken up.

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

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**

PRESCRIBED OFFICER'S REMUNERATION 2017

	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	1 029	200	89	1 318	-	**1 318**

PRESCRIBED 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**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2017

NON-EXECUTIVE DIRECTORS' REMUNERATION

	2017 Fees R'000	2016 Fees R'000
AJ Aaron	-	306
HA Botha	248	230
SI Jacobson	456	444
B Mkhondo	28	-
DJJ Thomas	345	319
SP van der Linde	239	221
Paid by a subsidiary	1 316	1 520

5 TAXATION

	Group		Company	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
SA normal taxation				
Current taxation				
Current year	33 488	43 602	-	-
Prior year	-	767	-	-
Deferred taxation	(502)	(1 056)	-	-
	(32 986)	43 313	-	-
Tax rate reconciliation (%)				
Standard SA normal tax rate on companies	28,00	28,00	28,00	28,00
Adjusted for:				
Disallowable expenditure	0,07	0,57	-	-
Fines,donations and penalties	0,07	0,07	-	-
Prior period taxation	-	0,50	-	-
Non-taxable income	(0,43)	(0,18)	(28,00)	(28,00)
Learnerships	(0,43)	(0,18)	-	-
Dividend income	-	-	(28,00)	(28,00)
Effective taxation rate	27,64	28,39	-	-

6 EARNINGS AND DIVIDENDS PER SHARE

	Group	
	2017	2016
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)	**262,8**	332,7
Headline earnings per ordinary share (cents)	**262,6**	330,1
Earnings per ordinary share - fully diluted (cents)	**262,6**	332,2
Headline earnings per ordinary share - fully diluted (cents)	**262,4**	329,6
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	**86 359**	109 248
Headline and diluted headline earnings		
Net profit attributable to ordinary equity holders for basic earnings	**86 359**	109 248
Profit on disposal of property, plant and equipment	**(65)**	(851)
Gross amount	**(91)**	(1 181)
Taxation	**26**	330
Net profit attributable to ordinary equity holders for headline earnings	**86 294**	108 397
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	**32 858**	32 838
Effect of dilution:		
Share options	**25**	45
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effects of dilution	**32 883**	32 883
	cents	cents
Dividends per share (cents)	**120,0**	150,0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
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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 2016, net of accumulated depreciation and impairment	731	41 261	13 877	207 198	4 756	**267 823**
Additions	13 316	54 614	2 945	46 602	892	**118 369**
Transfers	(731)	-	-	731	-	**-**
Disposals at carrying value	-	-	(438)	(2 084)	(2)	**(2 524)**
Disposals at cost	-	(749)	(1 506)	(28 489)	(2 220)	**(32 964)**
Disposals - reversal of accumulated depreciation	-	749	1 068	26 405	2 218	**30 440**
Depreciation	-	(2 350)	(4 527)	(37 237)	(1 148)	**(45 262)**
At 30 June 2017, net of accumulated depreciation and impairment	13 316	93 525	11 857	215 210	4 498	**338 406**
Cost	13 316	107 284	40 532	467 946	17 115	**646 193**
Accumulated depreciation and impairment	-	(13 759)	(28 675)	(252 736)	(12 617)	**(307 787)**
Net carrying amount	13 316	93 525	11 857	215 210	4 498	**338 406**

The amount of borrowing costs capitalised during the year was R1 293 829 (2016: R61 900) 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 other than those referred to in mortgage loans over properties. 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 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 other than those referred to in mortgage loans over properties. 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 2016, net of accumulated impairment	17 855
At 30 June 2017	**17 855**
At 30 June 2017	
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 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

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% (2016: 8%) over a 5 year period, a notional royalty rate payable in an arm's length transaction of 2% (2016: 2%) and terminal growth rate of 1%. (2016: 1%) and an appropriate discount rate of 14% (2016: 14%).

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% (2016: 5%) over a 5 year period, a royalty percentage rate payable in an arm's length transaction of 2%, (2016: 2%), a weighted average cost of capital of 14% (2016: 14%)with a risk premium of 1% (2016: 1%) being added. A terminal growth rate of (2016: 3%) was used.

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9 GOODWILL

	R'000
Cost as at 1 July 2016, net of accumulated impairment	23 195
At 30 June 2017	**23 195**
At 30 June 2017	
Cost (gross carrying amount)	23 195
Accumulated impairment	-
Net carrying amount	**23 195**

	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**

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 8%, 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% (2016: 14%)and a terminal growth rate of 1% (2016: 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 sales of 8%, 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 3%.

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

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 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.

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 2017

11 INVESTMENT IN SUBSIDIARIES

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Shares at cost	**-**	-	**35 689**	24 700

The investments in unlisted subsidiaries carry a cumulative net asset value of R457 192 483 (2016: R420 814 018). The detail of the respective investments is scheduled in the Directors' Report.

On 1 March 2017, the company acquired Propateez 62 (Pty) Ltd for R10 933 000 which was settled in cash. This company owns a mortgaged property, from which the recycling factory operates, which is not considered to be an acquistion of a business.

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	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Raw materials	**99 268**	104 359	**-**	-
Work in progress	**21 327**	20 778	**-**	-
Finished goods	**83 411**	87 567	**-**	-
	204 006	212 704	**-**	-

No write-down of inventories took place during the year (2016: Nil). The cost of inventories expensed amounted to R1 284 666 000 (June 2016: R1 286 444 000). Inventories of nil (2016: 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	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Trade receivables	**233 313**	254 277	**-**	-
Less provision for bad debts	**(2 840)**	(2 429)	**-**	-
	230 473	251 848	**-**	-
Deposit	**961**	744	**-**	-
Sundry accounts receivable	**6 495**	6 932	**-**	-
	237 929	259 524	**-**	-

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

Provision for bad debts.

At 1 July	**2 429**	2 629	**-**	-
Charge for the year	**965**	1 112	**-**	-
Utilised	**(554)**	(1 312)	**-**	-
At 30 June	**2 840**	2 429	**-**	-

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**
2017	**155 662**	**69 146**	**5 133**	**234**	**103**	**195**	**230 473**
2016	149 026	84 400	13 224	3 456	514	1 228	251 848

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	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Cash and cash equivalents	**99 534**	85 167	**-**	-

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash is R99 534 000 (2016: R85 167 000).

At 30 June 2017, the group had available R115 568 000 (2016: R115 250 000) 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 2017

15 AMOUNTS OWING FROM SUBSIDIARIES

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Transpaco Administration and Financial Services (Pty) Ltd	**-**	-	**82 112**	90 182
	-	-	**82 112**	90 182

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 2017, the group has not recorded any impairment of receivables owing by the subsidiary (2016: 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	**2017 R'000**	2016 R'000	**No of shares**	**2017 R'000**	2016 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	**(456 123)**	**(5)**	(5)	**-**	**-**	-
Ranking ordinary shares of 1 cents each	**32 861 359**	**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 2015	496 123
Share options exercised	(20 000)
At 30 June 2016	476 123
Share options exercised	(20 000)
At 30 June 2017	**456 123**

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 2015	4 005
Share-based payment expense	-
At 30 June 2016	4 005
Share-based payment expense	-
At 30 June 2017	**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 2017		Group 2016	
	Number	**Average price R**	Number	Average price R
Beginning of year	**45 000**	**0.01**	65 000	0.01
Granted	**-**	**-**	-	-
Cancelled	**-**	**-**	-	-
Lapsed	**-**		-	
Exercised	**(20 000)**	**0.01**	(20 000)	0.01
End of year	**25 000**	**0.01**	45 000	0.01
Exercisable at 30 June	**25 000**		45 000	

The options outstanding at 30 June 2017 have an exercise price of R0.01 and a weighted average contractual life of 1,50 years (June 2016: 2,50).

The terms and conditions of the share options are as detailed in the Directors' Report (page 48). 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2017

18 INTEREST-BEARING BORROWINGS

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Secured				
First Mortgage Bond	**-**	399	**-**	-
Non-current	**-**	260	**-**	-
Current	**-**	139	**-**	-
Secured over property situated at 331 6th Street Wynberg, Sandton. The loan bore interest at 0,43% below prime lending rate and was repayable monthly in instalments of R19 158, terminating no later than 2018. The loan was settled in full during this financial year. The carrying amount of the property is R2 776 172 (2016: R2 872 322)				
First Mortgage Bond	**-**	1 760	**-**	-
Non-current	**-**	-	**-**	-
Current	**-**	1 760	**-**	-
Secured over property situated at 1 Glucose Way Bellville South, Western Cape. The loan bore interest at 1% below prime lending rate and was repayable monthly in instalments of R154 332, terminating no later than 2017. The loan was settled in full during this financial year. The carrying amount of the property is R13 656 981 (2016: R13 104 422).				
First Mortgage Bond	**12 250**	13 650	**-**	-
Non-current	**10 850**	12 250	**-**	-
Current	**1 400**	1 400	**-**	-
Secured over property situated at Erf 87 Vulcania Extension 2. The loan bears interest at 2.25% above JIBAR and is repayable monthly in installments of R116 667, terminating not later than 2025. The carrying amount of the property is R13 567 981 (2016: R14 004 512).				
First Mortgage Bond	**22 785**	-	**-**	-
Non-current	**21 382**	-	**-**	-
Current	**1 403**	-	**-**	-
Secured over property situated at 180 Barbara Road Elandsfontein purchased on the 1 March 2017. The loan bears interest at 0.5% below the prime lending rate and is repayable monthly in installments of R385 226, terminating not later than 2019. The carrying amount of the property is R52 455 518. The loan agreement ends June 2019 at which time the loan will have an outstanding balance of R17 410 000.00 which will either be refinanced or settled in full.				
Instalment sale agreements	**47 140**	27 001	**-**	-
Non-current	**33 027**	16 223	**-**	-
Current	**14 113**	10 778	**-**	-
Secured in terms of installment sale agreements over certain plant and equipment. The liabilities bear interest at between 0,25% and 2,00% below prime lending rate and are repayable in installments of between R1 000 and R704 663 per month over periods up to 60 months. The carrying amount of the plant and equipment is R61 191 170 (2016: 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 Nil (2016: R30 000 000)				
Total borrowings	**82 175**	72 810	**-**	-
Long-term portion of borrowings	**65 259**	58 733	**-**	-
Short-term portion of borrowings	**16 916**	14 077	**-**	-
	82 175	72 810	**-**	-

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

19 DEFERRED INCOME

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
At 1 July	**14 105**	8 770	**-**	-
Received during the year	**3 562**	7 616	**-**	-
Released to the statement of comprehensive income	**(2 401)**	(2 281)	**-**	-
At 30 June	**15 266**	14 105	**-**	-
Current	**2 113**	2 098	**-**	-
Non current	**13 153**	12 007	**-**	-
	15 266	14 105	**-**	-

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

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

20 DEFERRED TAXATION

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Property, plant and equipment	**37 843**	36 660	**-**	-
Intangible assets	**4 864**	4 864	**-**	-
Deferred income	**(4 275)**	(3 949)	**-**	-
Lease accrual	**(721)**	(687)	**-**	-
Provision for debts	**(626)**	(475)	**-**	-
Provision for bonus and incentive bonus	**(8 745)**	(8 459)	**-**	-
Provision for holiday & leave pay	**(2 433)**	(2 140)	**-**	-
Lease accrual income	**58**	-		
Tax losses available for set-off against future taxable income	**(653)**	-	**-**	-
Net deferred taxation	**25 312**	25 814	**-**	-
Reconciliation of deferred taxation				
At beginning of year	**25 814**	22 006	**-**	-
Differential between carrying value and tax value of property, plant and equipment	**1 183**	2 403	**-**	-
Differential between carrying value and tax value of intangible assets	**-**	4 864	**-**	-
Other temporary differences	**(1 032)**	(3 771)	**-**	-
Tax losses	**(653)**	312	**-**	-
	25 312	25 814	**-**	-
Represented by:				
Deferred taxation asset	**(2 579)**	(2 791)	**-**	-
Deferred taxation liability	**27 891**	28 605	**-**	-
	25 312	25 814	**-**	-

The group has an assessed tax loss of R 2 332 000 (2016: Nil) 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.

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FOR THE YEAR ENDED 30 JUNE 2017

21 TRADE PAYABLES AND ACCRUALS

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Trade payables and accruals	**204 654**	196 374	**-**	-
Other	**4 159**	4 847	**309**	246
	208 813	201 221	**309**	246

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

22 PROVISIONS - GROUP 2017

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 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**
Arising during the year	14 231	18 018	**32 249**
Utilised	(13 400)	(20 382)	**(33 782)**
Balance 30 June 2017	8 474	19 455	**27 929**

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 - 2017	1 168 733	467 173	3 955	**1 639 861**
Revenue to all customers	1 215 968	500 200	3 955	**1 720 123**
Less revenue to internal customers	47 235	33 027	-	**80 262**
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**
Operating profit - 2017	71 403	41 253	9 047	**121 703**
Operating profit - 2016	99 626	50 929	6 425	**156 980**
Depreciation - 2017	31 623	11 461	2 178	**45 262**
Depreciation - 2016	30 786	10 808	1 283	**42 877**
Finance income - 2017	1	115	3 955	**4 071**
Finance income - 2016	213	14	2 121	**2 348**
Finance costs - 2017	3 198	1 118	2 113	**6 429**
Finance costs - 2016	4 403	1 644	720	**6 767**
Profit before tax - 2017	68 207	40 250	10 888	**119 345**
Profit before tax - 2016	95 436	49 299	7 826	**152 561**
Capital expenditure - 2017	57 424	6 764	54 181	**118 369**
Capital expenditure - 2016	33 798	17 645	4 677	**56 120**
Assets - 2017	541 339	185 420	196 745	**923 504**
Assets - 2016	549 871	192 446	127 398	**869 715**
Liabilities - 2017	218 928	92 381	50 970	**362 279**
Liabilities - 2016	217 105	97 766	31 890	**346 761**
Taxation - 2017	18 608	11 274	3 104	**32 986**
Taxation - 2016	26 467	14 591	2 255	**43 313**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

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24 OPERATING LEASE COMMITMENTS

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:				
Property				
Due within one year	**17 414**	15 654	**-**	-
Due after one year but not later than five years	**22 995**	29 263	**-**	-
	40 409	44 917	**-**	-

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	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Commitments in respect of capital expenditure approved by the directors and contracted for:				
Plant and equipment	**6 386**	39 665	**-**	-

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 234 485 (2016: R15 778 509). Refer to note 27 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 R20 162 791 (2016: R18 646 094).

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

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	
	2017	2016
Transpaco Cores and Tubes (Pty) Ltd previously 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	**100**	100
Transpaco Packaging (Pty) Ltd	**100**	100
Transpaco Sheet Extrusion (Pty) Ltd	**100**	100
Transpaco Recycling (Pty) Ltd	**100**	100
Transpaco Specialised Films (Pty) Ltd	**100**	100
Britepak Trading (Pty) Ltd	**100**	100
Booysens Road Properties (Pty) Ltd	**100**	100
Explosive Films (Pty) Ltd	**100**	100
Propateez 62 (Pty) Ltd	**100**	-
Transpaco Consumer Plastics (Pty) Ltd	**100**	100
Transpaco Administration and Financial Services (Pty) Ltd	**100**	100
Transpaco Share Incentive Trust	**100**	100

Terms and conditions of transactions with related parties

Transactions with related parties are determined on an arms-length, market related basis, except for amounts owing 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 2017

27 RELATED PARTIES CONTINUED

Compensation of key management personnel of the group

	2017 R'000	2016 R'000
Short-term employee benefits	**54 796**	46 127
Post-employment pension	**5 381**	4 331
Total compensation paid to key personnel	**60 177**	50 458

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

	2017 R'000	2016 R'000
Cores and Tubes (Pty) Ltd	**20 000**	15 000
Transpaco Flexibles Mpumalanga (Pty) Ltd	**11 000**	17 500
Transpaco Packaging (Pty) Ltd	**8 000**	10 000
Transpaco Polymer Recyclers (Pty) Ltd	**-**	343
Transpaco Sheet Extrusion (Pty) Ltd	**12 500**	-
Snapshot Investments (Pty) Ltd	**-**	2 165
	51 500	45 008
Amount owing by a subsidiary to the company		
Transpaco Administration and Financial Services (Pty) Ltd (see Note 15)	**82 112**	90 182

Loan to related party

Cirebelle (Pty) Ltd	**3 000**	69

As part of our BEE strategy we have loaned R3 000 000 (2016: R69 000) to Cirebelle (Pty) Ltd of which DJJ Thomas is both a director and shareholder. This is for enterprise and supplier development. The loan is interest free and has no fixed terms of repayment.

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 R82 175 000 (2016: R72 810 000). 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
2017	**+ 100**	**248**
	-50	**124**
2016	+ 100	421
	-50	-210

Company

The company has no exposure to interest rate risk.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2017

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
2017	**+10%**	**(258)**	**(186)**
	-5%	**129**	**93**
2016	+10%	(1 497)	(1 078)
	-5%	749	539

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

Imports	Settlement	Average contract rate	2017 R'000	2016 R'000
US dollars	July 2017 to August 2017	13,22	**2 130**	-
US dollars	July 2016 to August 2016	15,07	**-**	14 974
Euro	July 2017 to August 2017	14,75	**449**	-
Euro	July 2016 to August 2016	-	**-**	-

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 R227 409 000 (2016: R251 848 000)

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 2017 based on contractual undiscounted payments.

Year ended 30 June 2017	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	-	4 229	12 687	65 258	**82 174**
Trade and other payables	-	204 654	-	-	**204 654**
Other	-	4 159	-	-	**4 159**
	-	213 042	12 687	65 258	**290 987**

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	-	4 847	-	-	**4 847**
	-	205 626	13 214	66 083	**284 923**

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 2017 based on contractual undiscounted payments.

Year ended 30 June 2017	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	-	309	-	-	**309**
	-	309	-	-	**309**

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**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2017

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 2017 and 30 June 2016, 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.

	2017 R'000	2016 R'000
Interest-bearing borrowings	**82 175**	72 810
Bank balance	**(99 534)**	(85 167)
Net debt	**(17 359)**	(12 357)
Equity	**561 225**	522 954
Total capital	**561 225**	522 954
	%	%
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 R'000	Loans and receivables Amortised cost R'000	Other liabilities Amortised cost R'000	**Total R'000**
Group 2017				
Assets				
Trade and other receivables	-	237 277	-	**237 277**
Cash and cash equivalents	-	99 534	-	**99 534**
Total	**-**	**336 811**	**-**	**336 811**
Shareholders' equity and liabilities				
Interest-bearing borrowings	-	-	65 259	**65 259**
Trade payables and accruals	356	-	204 654	**205 010**
Current portion of interest-bearing borrowings	-	-	16 916	**16 916**
Total	**356**	**-**	**286 829**	**287 185**
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**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2017

29 FINANCIAL INSTRUMENTS CONTINUED

	Loans and receivables	Other liabilities	
	Amortised cost R'000	Amortised cost R'000	**Total R'000**
Company 2017			
Assets			
Amounts owing from subsidiary	82 112	-	**82 112**
Total	82 112	-	**82 112**
Shareholders' equity and liabilities			
Trade payables and accruals	-	309	**309**
Total	-	309	**309**
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**

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 2017, 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 2017, the Group held the following financial instruments carried at fair value in the statement of financial position:

	30 June 2017 R'000	**Level 1 R'000**	**Level 2 R'000**	**Level 3 R'000**
Financial instrument				
Foreign exchange forward contracts (Gross: R2 579 000)	(356)	-	(356)	-

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)	-

30 NOTES TO THE CASH FLOW STATEMENTS

	Group		Company	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
30.1 Cash generated/utilised from operations	**166 874**	198 677	**-**	-
Operating profit before net interest paid and dividends received	**121 703**	156 980	**-**	(10)
Impairment	**-**	-	**-**	10
Depreciation	**45 262**	42 878	**-**	-
Profit on disposal of property, plant and equipment	**(91)**	(1 181)	**-**	-
Movement in working capital	**37 513**	(59 587)	8 077	(3 028)
Decrease/(increase) in inventory	**8 698**	(25 253)	-	-
Decrease/(increase) in trade and other receivables	**21 595**	(56 881)	-	-
Increase in trade payables and accruals	**7 592**	13 374	63	36
Increase in deferred income	**1 161**	5 335	-	-
(Decrease)/increase in provisions	**(1 533)**	3 838	-	-
Decrease/(increase) in amount owing from subsidiary	**-**	-	8 014	(3 064)
	204 387	139 090	8 077	(3 028)
30.2 Taxation paid				
Net taxation receivable at beginning of year	**98**	3 098	**-**	-
Taxation receivable at beginning of year	**656**	3 100	**-**	-
Taxation payable at beginning of year	**(558)**	(2)	**-**	-
Taxation excluding deferred taxation	**(33 488)**	(44 369)	**-**	-
Net taxation refundable at end of year	**205**	(98)	**-**	-
Taxation receivable at end of year	**-**	(656)	**-**	-
Taxation payable at end of year	**205**	558	**-**	-
	(33 185)	(41 369)	**-**	-

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SHAREHOLDER INFORMATION

SHAREHOLDER ANALYSIS

SHAREHOLDER SPREAD	No of shareholdings	%	No of shares	%
1 - 1 000 shares	408	49,75	115 965	0,35
1 001- 10 000 shares	280	34,15	944 547	2,83
10 001- 100 000 shares	101	12,32	3 462 794	10,39
100 001- 1 000 000 shares	22	2,68	6 973 181	20,93
1 000 001 shares and over	9	1,10	21 820 995	65,50
Totals	820	100,00	33 317 482	100,00

DISTRIBUTION OF SHAREHOLDERS	No of shareholdings	%	No of shares	%
Banks/Brokers	22	2,68	1 675 865	5,03
Close Corporations	13	1,59	398 246	1,20
Endowment Fund	1	0,12	1	0,00
Individuals	654	79,76	8 261 435	24,80
Insurance Companies	4	0,49	3 431 283	10,30
Medical Schemes	1	0,12	2 372	0,01
Mutual Funds	22	2,68	4 796 250	14,40
Other Corporations	8	0,98	661 214	1,98
Private Companies	31	3,78	12 728 722	38,20
Public Companies	1	0,12	400	0,00
Retirement Funds	17	2,07	365 357	1,10
Share Incentive Trust	1	0,12	456 123	1,37
Trusts	45	5,49	540 214	1,62
Totals	820	100,00	33 317 482	100,00

PUBLIC / NON - PUBLIC SHAREHOLDERS	No of shareholdings	%	No of shares	%
Non - Public Shareholders	**13**	**1,59**	**20 515 779**	**61,58**
Directors and Associates of the Company Holdings	7	0,86	8 125 703	24,39
Issuer’s Share Scheme	1	0,12	456 123	1,37
Strategic Holdings (more than 10%)	5	0,61	11 933 953	35,82
Public Shareholders	**807**	**98,41**	**12 801 703**	**38,42**
Totals	820	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	5 272 728	15,83
Phillip Abelheim	3 515 871	10,55
Samuel Abelheim Holdings (Pty) Ltd	2 054 639	6,17
Letsema Strategy Services (Pty) Ltd	1 611 787	4,84
Totals	19 116 250	57,38

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

SIXTY FIFTH 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, 1 December 2017 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 2017;
- 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, 27 October 2017. The record date to participate in and vote at the annual general meeting is Friday, 24 November 2017.

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 integrated annual report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- Major beneficial shareholders - page 90;
- Share capital of the company - page 74.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on pages 49 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all required information.

MATERIAL CHANGES

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

NOTICE OF ANNUAL GENERAL MEETING

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 2018 annual general meeting, be authorised:

Non-executive directors	Fee (2016/17) R	Proposed Fee (2017/18) R	Board	Audit & Risk Committee	Board Governance & Remuneration	Transformation, Social & Ethics Committee
HA Botha	248 400	262 880	Member	Chairman	Member	
SI Jacobson	456 360	333 900	Member			Member
B Mkhondo	27 846	253 340	Member	Member	Member	
DJJ Thomas	344 520	365 700	Chairman		Chairman	Member
SP van der Linde	238 680	253 340	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 2018 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 2017 are received and adopted."

ORDINARY RESOLUTION 2: UNISSUED ORDINARY SHARES

"In aggregate 1 644 318 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 1 644 318 shares which represent 5% (five percent) of the company's issued ordinary shares after deducting the shares held by the Transpaco Share Incentive Scheme;

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 IV, through a non-binding advisory vote, the company's remuneration policy as set out in the annual financial statements for the year ended 30 June 2017."

NOTICE OF ANNUAL GENERAL MEETING

As this is not a matter that is required to be resolved or approved by shareholders, no minimum voting threshold is required. Nevertheless, for record purposes, the minimum percentage of voting rights that is required for this resolution to be adopted as a non-binding advisory vote is 25% of the voting rights plus 1 (one) vote to be cast on the resolution.

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 14 of the integrated annual report of which this notice forms part.

ORDINARY RESOLUTION 7: RE-ELECTION OF DIRECTOR

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

An abridged curriculum vitae for B Mkhondo is set on page 14 of the integrated annual report of which this notice forms part.

ORDINARY RESOLUTION 8: RE-ELECTION OF DIRECTOR

"DJJ Thomas be and is re-elected as a director of the company."

An abridged curriculum vitae for DJJ Thomas is set on page 16 of the integrated annual report of which this notice forms part.

ORDINARY RESOLUTION 9: APPOINTMENT OF AUDIT & RISK COMMITTEE MEMBERS

"Resolved that the members of the company's audit & risk committee set out below be and are hereby appointed with effect from the end of this annual general meeting in terms of section 94(2) of the Companies Act 71 of 2008. The membership as proposed by the board of directors is HA Botha (chairman), B Mkhondo and SP van der Linde, all of whom are independent non-executive directors."

A brief curriculum vitae in respect of the above audit & risk committee members is included on page 14 of the integrated 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 Amelia Young as the individual registered."

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

VOTING AND PROXIES

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

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

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

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

By order of the board.

H van Niekerk

H van Niekerk
Company Secretary

4 October 2017

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

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

SHAREHOLDERS' DIARY

Financial year-end	30 June 2017
65th annual general meeting	1 December 2017

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 October

ADMINISTRATION

TRANSPACO LIMITED

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

REGISTERED OFFICE

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

COMPANY SECRETARY

H van Niekerk B.Compt. (Hons) CA(SA)
Transfer secretaries
Computershare Investor Services (Pty) Limited
Address: Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Postal address: PO Box 61051, Marshalltown, 2107

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Limited
Address: Rosebank Towers, 15 Biermann Avenue, Rosebank
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

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DEFINITIONS

"the board"	The board of directors of Transpaco Limited, as set out on pages 14-16.
"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 2018
"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 IV Report" or "King IV"	King Report on Corporate Governance for South Africa, 2016
"the previous year"	The year ended 30 June 2016
"SAPRO"	South African Plastic Recycling Organisation
"SHEQ"	Safety, Health, Environment and Quality
"the year" or "the year under review"	The year ended 30 June 2017

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

FORM OF PROXY

FOR USE AT THE ANNUAL GENERAL MEETING ON 1 DECEMBER 2017 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, 1 December 2017, 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, 1 December 2017 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 2017			
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 B Mkhondo as a director of the company			
8. To re-elect DJJ Thomas as a director of the company			
9. To appoint members of the audit & risk committee			
9.1 To appoint HA Botha as a member of the audit & risk committee			
9.2. To appoint B Mkhondo as a member of the audit & risk committee			
9.3 To appoint SP van der Linde as a member of the audit & risk committee			
10. To re-appoint Ernst & Young as auditors of the company with Amelia Young being the individual registered auditor			

Signed at ______________________ on ______________________ 2017.

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, faxed or emailed to the company's transfer secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) Telefax: (+27) 011 688 5238 or email proxy@computershare.co.za.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. Where there are joint holders of shares, the vote of the first joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
7. The chairperson of the general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, the chairperson is satisfied as to the manner in which the shareholder concerned wishes to vote.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Computershare Investor Services (Pty) Limited or waived by the chairperson of the general meeting.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
10. A minor must be assisted by his/her parent guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services (Pty) Limited.
11. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.

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