Transpaco Limited

June 2020 Integrated Annual Report

June 2020 Integrated Annual Report

www.transpaco.co.za

Contents

01

FY20 Highlights

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

Total Operations

KEY FEATURES

Level 2
B-BBEE CONTRIBUTOR

8 Production
FACILITIES

4 Trading
FACILITIES

1 525
EMPLOYEES

DISTRIBUTION
CAPABILITY ACROSS ALL
9 Provinces

FINANCIAL HIGHLIGHTS

NET ASSET VALUE PER SHARE
2 066c

HEADLINE EARNINGS PER SHARE
243.9c

TOTAL DIVIDEND
PER SHARE
111c

GROUP REVENUE
R1.954bn

TOTAL OPERATING PROFIT
R113.4m

CLOSING MARKET CAP
R460.4m
(30 JUNE 2020)

FINANCIAL STATISTICS

	2020	2019	2018	2017	2016
Current ratio (x)	**1,9**	2,0	2,1	2,1	2,3
Net interest-bearing debt: equity ratio (%)	**2,7**	10,5	11,6	Net cash positive	Net cash positive
Operating income margin (%)	**5,8**	4,5	8,1	7,4	9,2
Net asset value per share (cents)	**2 066**	1 940	1 886	1 708	1 592

INVESTMENT CASE

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

REVENUE
(RANDS)

2020	R 1 953 782
2019	R 1 985 139
2018	R 1 721 876
2017	R 1 635 790
2016	R 1 712 376

DILUTED HEPS
(CENTS)

2020	243,9
2019	172,3
2018	297,4
2017	262,4
2016	329,6

DIVIDEND PER SHARE
(CENTS)

2020	111
2019	80
2018	135
2017	120
2016	150

NET ASSET VALUE
(CENTS)

2020	2 066
2019	1 940
2018	1 886
2017	1 708
2016	1 592

About this report

We are pleased to present our integrated annual report which covers the financial year ended 30 June 2020. 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 (CFO) and Charly Bouzaglou. They can be contacted at the registered office of the company.

The company secretary is Hendrik van Niekerk. See page 96 of this integrated report for contact details.

This integrated annual report is available online at http://www.transpaco.co.za/investors/annual-report

For feedback regarding the content and usability of this report, please contact the company secretary.

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 2019 to 30 June 2020, and follows our integrated annual report for the previous year published in October 2019. Content, including the company's consolidated financial statements as set out on pages 39 to 89, covers all divisions and subsidiaries of the company, as illustrated on pages 8 to 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.

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 2020): 32 886 359

CAPITALS OF VALUE CREATION

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

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

ASSURANCE

We undertake the following assurance to ensure reporting integrity:

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

APPROVAL OF THE REPORT

The Transpaco board confirms that it has approved this integrated annual report and authorised its release on 15 October 2020.

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 2020. Actual results may differ materially from the company's expectations if known and unknown risks or uncertainties affect the business, or if estimates or assumptions prove inaccurate. The company cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, save as required by the JSE Listings Requirements and/or any other legislation/regulations.

Phillip Abelheim
CEO

Louis Weinberg
CFO
15 October 2020

02
Transpaco at a glance

COMPANY PROFILE

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 exported into Southern Africa. We operate through two main divisions: Plastic Products and Paper & Board (see pages 8 to 9).

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:

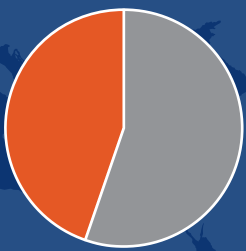
1. Organic and acquisitive growth
2. Employee security
3. Continually improved efficiencies and capacity
4. Strict cost and working capital control
5. Transformation
6. Quality products at competitive prices with requisite service delivery

OUR JOURNEY MILESTONES

33
YEARS LISTED ON THE JSE

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

SEGMENTAL BREAKDOWN



56% PLASTIC PRODUCTS

44% PAPER & BOARD

CONTRIBUTION TO GROUP REVENUE BY DIVISION

24% PAPER & BOARD

65% PLASTIC PRODUCTS

11% GROUP SERVICES

CONTRIBUTION TO GROUP OPERATING PROFIT BY DIVISION

Discontinued operation has been included in the plastic segment

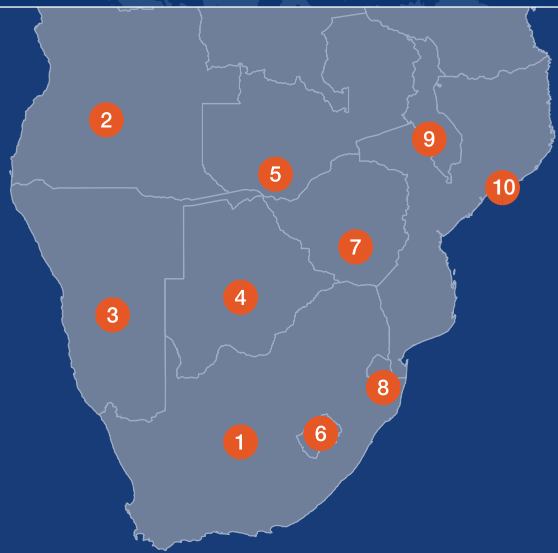
OUR MARKET REACH

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

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

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

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



Our Operations

PLASTIC PRODUCTS

EAST RAND PLASTICS

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

PRODUCTS
- Black, clear and colour refuse bags, bin liners, sheeting and film
- Light, medium and heavy duty for 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
- High density polyethylene
- Low density polyethylene

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
- Paper straws

SPECIALISED FILMS

- Manufactures specialised films – three, five, seven and (a first in Africa) fifty-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, seven and fifty-seven layer cast film

PACKAGING AND MACHINERY

- A lead packaging supplier to the retail, industrial, wholesale, agricultural, automotive, construction, food & beverage and telecommunication markets
- Six distribution centres
- 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
- General packaging
- Labels

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

OF THE GROUP

STATEMENTS OF COMPREHENSIVE INCOME

	2020 R'000	2019# R'000	2018 R'000	2017 R'000	2016 R'000
CONTINUING OPERATIONS					
Revenue	**1 905 764**	1 892 316	1 721 876	1 635 790	1 712 376
Operating profit before net finance costs	**135 890**	96 981	139 209	121 703	156 980
Net finance costs	**(10 771)**	(11 062)	(4 167)	(2 358)	(4 419)
Profit before taxation	**125 119**	85 919	135 042	119 345	152 561
Taxation	**(33 632)**	(23 641)	(37 556)	(32 986)	(43 313)
Profit for the year	**91 487**	62 278	97 486	86 359	109 248
DISCONTINUED OPERATION					
Loss for the year from discontinued operation	**(22 533)**	(5 090)	-	-	-
Profit for the year	**68 954**	57 188	97 486	86 359	109 248
Other comprehensive income	**-**	-	-	-	-
Total comprehensive income for the year	**68 954**	57 188	97 486	86 359	109 248

Restated as required by IFRS 5 in relation to the treatment of Transpaco Recycling (Plastic Products) as a discontinued operation. Refer to note 31.

STATEMENTS OF FINANCIAL POSITION

	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000
Assets					
Non-current assets	**549 309**	435 852	432 831	382 035	311 664
Current assets	**561 486**	641 346	649 978	541 469	558 051
Disposal group assets classified as held for sale	**10 062**	-	-	-	-
Total assets	**1 120 857**	1 077 198	1 082 809	923 504	869 715
Equity and liabilities					
Capital and reserves	**679 515**	637 856	620 131	561 225	522 954
Non-current liabilities	**143 691**	117 249	158 362	106 303	99 345
Current liabilities	**297 365**	322 093	304 316	255 976	247 416
Disposal group liabilities classified as held for sale	**286**	-	-	-	-
Total equity and liabilities	**1 120 857**	1 077 198	1 082 809	923 504	869 715

STATEMENTS OF CASH FLOWS

	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000
Net cash inflow from operating activities	**182 217**	50 507	47 557	120 756	51 832
Net cash outflow from investing activities	**(105 263)**	(45 420)	(133 890)	(115 754)	(162 993)
Net cash (outflow)/inflow from financing activities	**(52 815)**	(28 852)	47 247	9 365	42 728
Net movement in cash for the year	**24 139**	(23 765)	(39 086)	14 367	(68 433)
Cash and cash equivalents at the beginning of the year	**36 683**	60 448	99 534	85 167	153 600
Cash and cash equivalents at the end of the year	**60 822**	36 683	60 448	99 534	85 167

SHARE STATISTICS

	2020	2019#	2018	2017	2016
CONTINUING OPERATIONS					
Headline earnings per share (cents)	**277,5**	187,8	297,4	262,6	330,1
Diluted headline earnings per share (cents)	**277,5**	187,8	297,4	262,4	329,6
Basic earnings per share (cents)	**278,2**	189,4	298,8	262,8	332,7
Diluted basic earnings per share (cents)	**278,2**	189,4	298,8	262,6	332,2
TOTAL OPERATIONS					
Headline earnings per share (cents)	**243,9**	172,3	297,4	262,6	330,1
Diluted headline earnings per share (cents)	**243,9**	172,3	297,4	262,4	329,6
Basic earnings per share (cents)	**209,7**	173,9	298,8	262,8	332,7
Diluted basic earnings per share (cents)	**209,7**	173,9	298,8	262,6	332,2
Cash generated from operations per share (cents)	**747,8**	378,4	382,3	622,0	423,6
Dividends per share (cents)	**111,0**	80,0	135,0	120,0	150,0
Share price – high (cents)	**2 079**	2 500	2 750	3 440	2 775
– low (cents)	**1 145**	1 731	1 700	2 305	1 875
– year-end (cents)	**1 400**	1 950	2 100	2 650	2 360
Total value of shares traded (R'000)	**15 491**	69 297	53 465	67 175	23 983
Number of shares traded ('000)	**1 020**	3 483	2 252	2 454	1 100
Market capitalisation at year-end (R'000)	**460 409**	641 284	690 614	882 913	786 293
Ordinary shares in issue ('000)	**32 886**	32 886	32 886	33 317	33 317
Ranking number of ordinary shares ('000)	**32 886**	32 886	32 886	32 861	32 841
Weighted average ranking number of ordinary shares ('000)	**32 886**	32 886	32 629	32 858	32 838

Restated as required by IFRS 5 in relation to the treatment of Transpaco Recycling (Plastic Products) as a discontinued operation. Refer to note 31.

Key Risks

We regard risk management as central to growing a sustainable business. Risks are constantly evolving and there is a formal process of debating these annually by the board based on submissions from the audit and risk committee. Our risk management framework is set out in the Risk report on page 34. Our key risks and how we mitigate against them are outlined below:

CATEGORY	RISK	MITIGATION
COMPLIANCE	Breach of any South African laws	• Code of Conduct enforced • Competition regulation compliance training for all managing directors and certain employees • Declaration of compliance with competition regulations signed by all managing directors monthly • The company and its employees compelled to abide by all South African laws
	Fraud	• Internal and external audits • Comprehensive internal audit function
	Health and safety	• Health and safety committees at all factories • Regular factory inspections by health and safety committees • Health and safety inspections and administration outsourced to an external service provider • All identified risks addressed timeously
CUSTOMERS	Debtors	• Selected debtors insured • Stringent credit control in place at all operations
	Reliance on large customers	• Attract additional customers to broaden the spread • Develop export opportunities • Diversification of the group; adding divisions through mergers and acquisitions
HUMAN RESOURCES	Ethical leadership	• Comprehensive Code of Conduct
	Labour unrest	• Maintain good relationships with unions • BEE shareholder is the investment company of CEPPWAWU, a union representing employees • Ensure sound and fair labour practices
	Succession	• Succession policy in place
	Attracting suitably qualified employees	• Formal recruitment policy • Compliance with transformation strategies • Competitive remuneration • Establish favourable and secure working environment
MARGINS	Input cost (electricity)	• All new plant energy-efficient • Control of power usage
	Input cost (raw materials)	• Negotiations with raw materials suppliers • Secure 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 import 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

CATEGORY	RISK	MITIGATION
PLANTS	Technology advancement	• Executive managing directors visits to international trade fairs to keep abreast of latest technology
	Fire, theft and floods	• Independent risk analysis • All operations adequately insured* • Replacement values regularly updated
PRODUCTS	New product	• International research on new product development by managing directors
	Stocks	• Inventory conservatively valued • Regular stock take at all venues • Minimise redundant stock
SUPPLIERS	Dependence on few major raw materials suppliers	• Establishing relationships with new suppliers both local and foreign
NEGATIVE PLASTIC AND PLASTIC PRODUCT SENTIMENT	Customers switch from plastic to alternative products	• Invest and expand into non-plastic packaging products and businesses • Investigate alternatives to fossil based polymers (biodegradable) • Encourage a circular economy with the use of post-consumer recycled material by customers • Engage with customers, government and environmental bodies
CYBERSECURITY	Cyberhack or data loss	• Adequate firewall and virus protection updated and in place at all times • Complete IT backups performed hourly and housed off site
SOCIAL MEDIA	Reputational damage	• Detailed social media policy in place governing employee social media behaviour
COVID-19	Infection of employees	• Awareness programme • Distribution of masks • Offices and factories sanitised • Compliance offices appointed at head office and each facility
	Business interruption	• Classified as essential service

* Recent developments in the South African insurance industry has resulted in a reluctance of local insurers to provide fire insurance cover for the paper and plastic industry. Transpaco has spent a substantial amount of money improving fire prevention facilities at all plants in line with insurers' requirements. However, there appears to be a never-ending moving target which in some cases results in unreasonable demands from insures in particular the installation of ASIB certified sprinkler systems. While installations are taking place, cover has been suspended at two Transpaco factories until completed. The installations should be completed during the current financial year.

Directors

NON-EXECUTIVE CHAIRMAN

Derek Thomas

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

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

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.

CHIEF EXECUTIVE OFFICER

Phillip Abelheim

FCIS

Appointed: 12 December 1977

Phillip has over 45 years' experience in the plastic and packaging industry, primarily with Transpaco.

CHIEF FINANCIAL OFFICER

Louis Weinberg

B.Compt. (Honours) CA(SA)

Appointed: 18 February 2004

With more than 36 years' experience in financial management and administration, Louis originally joined the group on 17 September 2002.

EXECUTIVE DIRECTOR

Shalom (Charly) Raphael Bouzaglou

M.A.P. (WITS)

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 36 years' experience in the paper, plastic and packaging industry.

INDEPENDENT NON-EXECUTIVE DIRECTOR

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 31 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.

INDEPENDENT NON-EXECUTIVE DIRECTOR

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.

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Stephen van der Linde

B.Sc Chemical Engineering

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

As an investment analyst, Stephen has over 21 years' experience in manufacturing and finance.

03 Our performance

CEO'S Report

INTRODUCTION

Notwithstanding an extremely challenging year due to a lacklustre economy, compounded by the Covid-19 pandemic, Transpaco performed well above expectations, improving performance by 20.6%.

R1 953,8m

REVENUE
(2019: R1 985,1m)

During the lockdown, Transpaco was classified as an essential industry and was able to continue operating across the group albeit at reduced levels. Subsequent to Level 5, revenue has been well within expectations. The medium to long-term impact that Covid-19 will have on Transpaco is yet to be determined and subject to national economic recovery.

Transpaco's revenue reduced slightly resulting from the impact of the Covid-19 lockdown, poor trading conditions due to the state of the economy and the closure of Transpaco Recycling. Notwithstanding the revenue reduction of 1.6%, operating profit increased 26.1%.

Through stringent cost control, continued focus on margins and sound working capital management, operating margins increased to 5.8% (June 2019: 4.5%).

Transpaco's paper division, including general packaging distribution was negatively affected by South Africa's economic difficulties and the Covid-19 pandemic leading to reduced results while the plastic division performed above expectations.

While the anti-plastic debate continues, and in particular the unfavourable sentiment toward retail plastic bags, Transpaco's plastic division performed well. We continue to actively engage with all interested parties, including the Department of Environmental Affairs, retailers, and environmental bodies in an effort to dispel misconceptions related to the overstated impact retail plastic bags have on the environment.

FINANCIAL OVERVIEW - TOTAL OPERATIONS

	June 2020	June 2019	% change
Revenue (R'm)	1 953,8	1 985,1	(1,6)
Operating profits (R'm)	113,4	89,9	26,1
Total comprehensive income (R'm)	69,0	57,2	20,6
Headline earnings (R'm)	80,2	56,7	41,5
Earnings per share (cents)	209,7	173,9	20,6
Headline earnings per share (cents)	243,9	172,3	41,5
Diluted headline earnings per share (cents)	243,9	172,3	41,5
Net asset value per share (cents)	2 066	1 940	6,5

The group adopted IFRS 16 with effect from 1 July 2019. The amendments to lease accounting in terms of IFRS 16 had a negative effect on earnings and headline earnings amounting to R1 362 000, or 4.1 cents for both earning and headline earning per share.

CAPITAL INVESTMENTS

Transpaco's ability to remain competitive is key to its success. It is crucial that we operate efficient factories and investment in new plant and equipment therefore amounted to R117 573 000 during the year, compared to R47 037 000 last year.

OPERATIONS

DISCONTINUED OPERATION

On 30 September 2019, the board of directors approved a decision to discontinue all recycling manufacturing operations carried out by Transpaco Recycling (Pty) Ltd due to international and local market forces in the plastic recycling industry. With no likelihood of the situation improving in the short to medium term, and in order to stem losses, the board decided to discontinue recycling manufacturing operations and sell the plant and equipment.

PLASTIC PRODUCTS

Transpaco's pallet wrap operation installed a new extrusion line, placing the business at the forefront of pallet stabilisation film production. We are now the only company in South Africa capable of producing 57-layer film, a product far superior to any available locally.

During the 2021 financial year Transpaco Specialised Films will be relocating to the group owned property in Johannesburg previously occupied by Transpaco Recycling.

The refuse bag division has successfully entered the export market, securing a substantial contract commencing in the 2021 financial year. Domestic sales for Garbie and retail house brand refuse bags remain buoyant. Additional plant will be acquired to cater for anticipated growth for the local and international markets.

CEO'S REPORT CONTINUED

R113,4m

OPERATING PROFIT
(2019: R89,9m)

Transpaco Flexibles continues to manufacture retail shopping bags utilising post-consumer recycled material, supporting current circular economy environmental initiatives.

The 2020 Jiffy branded back to school season was particularly favourable resulting in substantial sales growth compared to the previous year.

Notwithstanding the negative sentiment towards retail plastic shopping bags, demand remains robust.

PAPER PRODUCTS

Britepak, Transpaco's printed folded carton and pharmaceutical package insert business, expanded capacity with the installation of additional plant to cater for several long-term contracts. We anticipate further capacity expansion during the 2021 financial year due to increased market share in the pharmaceutical industry.

The group's packaging trading business, incorporating Transpaco Packaging and the Future Packaging and Machinery Group, performed within expectation with a focus on developing new markets and growing revenue. Transpaco purchased the property from which Future Packaging (Jhb) operates with the intention to combine the two businesses as soon as possible.

The division expanded its offering of personal protective products to include a full range of PPE in line with Covid-19 demand.

Transpaco Cores and Tubes' entry in to the paper straw market has proved successful with possible expansion likely in the future.

Several unexpected factors had a negative impact on the operation including the Covid-19 lockdown, deterioration in the paper industry and current trading conditions.

Several strategies have been implemented to mitigate against these factors.

GOVERNANCE

As a good corporate citizen, Transpaco is committed to sound and effective governance. Policies and procedures are continually under review and updated where necessary. Our Code of Good Conduct is strictly enforced and all employees are required to adhere to its principles.

TRANSFORMATION

Transpaco's tenth Black Economic Empowerment audit reflected the group as a Level 2 value added contributor, an improvement from Level 4 in the previous year.

Transformation and genuine empowerment is essential to Transpaco's sustainability and central to our strategic objectives, as evidenced by our investment in skills development in support of employees, unemployed youth, and disabled people through our learnership programme. During the year Transpaco funded 72 unemployed abled and 15 unemployed disabled learners achieving a 95% pass rate.

In addition, Transpaco as a YES For Youth Business Partner employed 60 youth this year.

Beneficiaries including schools, orphanages, old age homes, churches, welfare organisations and other deserving institutions received donations in excess of R800 000.

HEALTH, SAFETY AND ENVIRONMENT

The safety and wellbeing of our employees is paramount and we are committed to maintaining a safe and healthy working environment. In order to ensure a healthy and safe work environment, Transpaco employs the services of an accredited third party health and safety organisation. The service provider conducts onsite inspections, attends health and safety meetings and provides safety related training.

Employee Covid-19 infection rates at Transpaco have been minimal with all fully recovered. We continue to apply strict Covid-19 safety protocols to minimise the impact the pandemic has on Transpaco, its employees, customers, service providers and the public at large.

DIVIDEND

The board has declared a final gross cash dividend out of income reserves of 78 cents per share, resulting in total dividends of 111 cents per share for the year ended 30 June 2020 (June 2019: 80 cents per share). The net dividend was 88.8 cents (June 2019: 64 cents).

OUR BOARD

This year there were no changes to the board. At our AGM held on Friday, 6 December 2019, three members were re-appointed to various committees. Henry Botha, Bonge Mkhondo, and Stephen van der Linde were appointed as members of the audit and risk committee.

PROSPECTS AND STRATEGY

We expect challenging trading conditions to persist while South Africa's economy remains difficult in the short to medium term. However, Transpaco will remain focused on revenue growth, margin stability, cost containment and sound working capital management.

The group will continue its proven business strategy, targeting organic growth and maintaining strict financial control. Strategic acquisition opportunities will be pursued when identified.

APPRECIATION

I wish to extend my appreciation and gratitude to our chairman Derek Thomas, CFO Louis Weinberg, non-executive directors, managing directors, divisional directors, and employees who in difficult times rise to the occasion and remain fully committed. Their dedication and devotion is highly commendable.

I thank our loyal customers, shareholders, unions and service providers for their valued support.

Phillip Abelheim

CEO

15 October 2020

NET ASSET VALUE
PER SHARE INCREASED

6,5%

Chairman's letter to stakeholders

I write this Chairman's report at a time of an unprecedented global crisis. Covid–19 is almost without comparison in its widespread devastation.

A pandemic that has killed millions and devastated economies globally; whole industries and millions of jobs will be permanently upended and simply not return. The best estimate I have seen is that we can expect that in rich countries the virus will endure until end-2021 and presumably much longer in under-developed countries. Covid-19 while natural in origin has been man made in the extent of its disastrous effects.

For the world Covid-19 is a huge wake-up call. I'd suggest we can draw at least five key lessons: 1. technically competent and empathetic leadership in politics matters and voters must become more discerning in their choices; 2. international collaboration across nations is critically important 3. science and skilled scientists must be respected and elevated, in our various nation's affairs; 4. the value of an ingrained culture of human interconnectedness must be recognised and purposeful action must be taken to ensure it regains prominence in our national and global discourse; 5. there is simply no substitute for a competent and technically staffed government bureaucracy. Its incredible to see how some countries have managed the crisis with great effectiveness doing relatively simple interventions while other countries (especially ironic in the case of rich ones) have bungled the response to the virus at every turn.

In the middle of the most debilitating economic and health crisis that the country has perhaps ever endured, a small group of seemingly politically well-connected pseudo-business people chose personal avarice above country. South Africans are legitimately being called upon to sacrifice for the greater good and the survival of our nation. Yet this small group chose to exploit the procurement of the very PPE designed to keep emergency personnel and the vulnerable protected. Of course, this is simply an extension of the decade-long systemic corruption laid bare by the Zondo Commission. The net result is that we must face the pandemic with a depleted bureaucracy, and a fiscally constrained state. Perhaps there was an inevitability to South Africa going cap in hand to the IMF. This systemic corruption impoverishes all of us. Businesses like Transpaco that have product offerings relevant to the state at competitive prices and great quality rarely if ever get an opportunity to conduct legitimate business through public procurement processes. This must be reversed urgently, or the state will end up conducting all its procurement with businesses whose offerings and ethics are sub-par.

I support this President in his efforts to clean up the mess he inherited. I trust the predatory behaviour will be met with public outrage and concomitant state sanction. In a democracy all its citizens are obliged to exercise 'voice' and consistently and loudly express the desire for 'clean government'. Its patriotic to do so.

Now lest we forget private business in South Africa has not exactly clothed itself in pristine ethical robes. A 'captured state' has private sector dance partners. The number of large-scale private sector frauds and corporate scandals is simply unacceptable. Investigations must be completed and lead to competent criminal prosecutions. Similarly, the professional services firms that have acted as handmaidens to these proceedings must be brough to book. The very future of our country depends on what we do now.

Our moral fabric is in desperate need of a renewal. Our justice system needs the appropriate resources and leadership to deal with these crimes against the country and its peoples. Like you, I want a country that serves all its peoples equally. I want to live in a country where we have sovereignty over our actions. The corrupt have ensured that we must postpone our dreams.

Transpaco's revenue decreased by 1,6% mainly as a result of Covid-19 and the closure of Transpaco Recycling. Significantly, headline earnings for Continuing Operations increased by 47,7% and for Total Operations by 41,5% compared to our reduced performance in 2019. The firm's organic cash generation remains strong and our balance sheet is solid, poised for both organic and acquisitive growth. Trading conditions in South Africa have remained trying, exacerbated by the Covid-19 pandemic. In a unique situation such as this, Transpaco has been able to draw on the following strengths: an experienced management team, hardworking employees at all levels of the firm, loyal customers, a solid balance sheet, a diversified portfolio of cash generating divisions, and an organisational culture of entrepreneurial optimism.

Our ability to consistently generate cash from diversified operations remains one of our key strengths. This provides Transpaco with the ability to deploy these resources into growth opportunities. Our track record of acquisitions over the last fifteen years has been growth accretive. But we are not a hurried buyer. Rather Phil and Louis look for value and businesses that will fit into the group and contribute over the long term. They are an experienced acquisition team. While there have been no acquisitions in the financial year under review, perhaps the economic crisis will present opportunities that Transpaco can take advantage of. We have saved countless jobs in the past buying businesses that were being closed and resuscitated them into long-lived contributors to our group.

Transpaco is also consistent in capital expenditure on plant and equipment to support the growth and competitive position of our various divisions; it remains an important strategic pillar for the group. Our capital expenditure has allowed our divisions to maintain and improve their competitive position in their respective markets. Large clients are confident that they can rely on Transpaco to invest in additional capacity and the requisite quality standards to meet their product requirements. In the year under review Transpaco committed to significant investments in two divisions. Britepak's investment ensures that we can meet the increased volume requirements from a demanding pharmaceutical industry serving both the domestic and international markets. Our capital expenditure in Specialised Films is to meet increased volume and new technology standards.

One of Transpaco's strategic ambitions has been to secure additional diversified income streams through exports. An improved geographical market footprint would provide greater opportunities and a degree of risk mitigation. I am pleased to report that East Rand Plastics (ERP) has secured a more than respectable and hopefully sustainable export order. We look forward to building on this success. Perhaps other divisions will be able to pursue new market opportunities based on the relationships and lessons derived from ERP.

Transpaco is a growth-oriented firm. In very rare circumstances we must make difficult decisions to close a division. This financial year we sadly had to close Transpaco Recycling. The decision has proven to be a prudent one as it has eliminated the cash operating loss imposed by Recycling on Transpaco. The resultant job losses and our withdrawal from recycling as an important environmental activity weighed on the decision. But these tough decisions need to be made to guarantee the survival and success of Transpaco as a whole. I would invite both our stakeholders in the union and government to genuinely help us make sure that we can sustainably protect and grow our employment base in the country.

Transpaco entered the next evaluation of our B-BBEE credentials with us having invested heavily in the Youth Employment Scheme (YES) initiative, Skills Development, and Enterprise and Supplier Development. I am pleased to state that in November 2019, Transpaco elevated its B-BBEE status to Level 2, with a B-BBEE recognition level of 125%. We will continue to increase the diversity of the Board with respect to race, gender and skills. Our processes are thorough and take time, but I am confident we will secure the right candidates.

Transpaco supports the policy goal of transforming the economy to redress our past. So, while the improved B-BBEE accreditation achieved by Transpaco is recognition of the significant strides made by our organisation, I'd take this opportunity to argue that B-BBEE should be more aligned with a strategic industrial policy focus. South Africa simply cannot afford an elevation of B-BBEE over local valued addition for example. This represents a perverse incentive and is in effect an anti-worker, and anti-South African tax policy. The B-BBEE framework should be overhauled to promote local value addition and to cut out non-value adding middle-men.

Previously, I noted that our performance as a business has been negatively impacted by the mismanagement of South Africa's economy for a decade and more. The revelations have continued at the Zondo Commission of Inquiry at such a pace that the public has become numb to its saddening truths: that billions meant to support our country's poor and most vulnerable never reached its desired destination. We have recently witnessed positive moves from the justice system under the new political and executive leadership. We wish them well in their efforts.

As Transpaco, we continue to pursue value and seek solutions that not only strengthen our short-term ambitions, but which also satisfy our long-term strategic goals. South Africa's economic malaise, exacerbated by but not caused by the Covid-19, is the greatest threat our economy has faced since before World War II. I continue to be filled with confidence that Transpaco's journey of entrepreneurial optimism shall continue.

Thanks go to Phil, Louis and the Divisional Managing Directors for their achievements in the most trying of circumstances. A note of appreciation to all our employees (many of whom are life-long at Transpaco), and of course our numerous customers big and small. To the non-executive directors, a sincere and deep thanks to each of you for continuing to be a part of, and making our board, such a collegiate environment.

Derek Thomas

Chairman

15 October 2020

Our impacts

OUR STAKEHOLDERS

Being a good corporate citizen is imperative to ensuring a sustainable business. This in turn contributes to driving 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 open, transparent and timeous communication with all stakeholders and have an active stakeholder engagement programme. We engage regularly with our identified key stakeholders through various means including our website, integrated annual report, SENS, one-on-one meetings and ongoing formal and informal sessions.

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 below:

STAKEHOLDER	WHAT MATTERS TO THEM
Employees and trade unions	Job security, sustainability, personal growth and development, skills development, remuneration and incentives, working conditions, safety
Investors	Sustainability, profitability, ROI (share price and dividends), cash generation, corporate governance and compliance, risk management, remuneration practices, growth prospects, accessibility of leadership, succession
Funders	Solvency and liquidity, capital management, sustainability, credit rating, risk management
Customers	Security of supply, pricing, quality, reliability, service
Contractors and suppliers	Timely payment, sales volumes, fair business practices
Government and regulators	Employment equity, environmental impact, safety, taxation, compliance, environmental impact, adherence to the JSE Listings Requirements and company legislation
Industry associations	Industry trends, expertise, collective lobbying, industry-specific issues, labour issues
Communities	Job creation, CSI projects

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

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

- Plastics Federation
- Plastic Convertors Association
- Print Industry Federation of South Africa

OUR IMPACTS CONTINUED

TRANSFORMATION

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

	SCORECARD RATING	
BEE Code	2020	2019
Ownership	23,00	23,56
Management Control	5,80	7,12
Skills Development	17,53	17,05
Enterprise and Supplier Development	30,32	32,65
Socio-Economic Development	5,00	4,57
Total	81,65	**84,95**

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.

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. 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; and
- R3 million interest-free loan to a SMME operating in the chemical industry. This company developed a product for Transpaco, which the group purchases.

OUR PEOPLE

Our success is underpinned by our people, who are critical to our business and ensuring sustainable growth. Since inception we have been committed to creating jobs and in turn providing a responsible workplace.

Employee relations are prioritised at every level with senior management maintaining an open door policy. We are committed to continually investing in employee 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 retain superior talent in a skills-scarce environment. Employees are remunerated in line with industry norms. All of this underpins our consistently low staff turnover.

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 which represents certain of our employees through an empowerment partnership with its investment company is Transpaco's broad-based black empowerment shareholder.

EMPLOYMENT EQUITY AND NON-DISCRIMINATION

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

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

	2020		2019	
Category/Level	**Total number**	**HDI**	**Total number**	**HDI**
Top management	22	4	23	4
Senior management	87	27	83	25
Professionally qualified	79	50	82	50
Skilled	465	364	439	327
Semi-skilled	263	263	239	239
Unskilled	592	593	633	633
Disabled	17	16	-	-
Total	**1 525**	**1 317**	**1 499**	**1 278**

SKILLS DEVELOPMENT

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

Transpaco's skills development programme is aimed at training unemployed able and disabled individuals. The training courses and approved learnerships are designed to equip trainees with production, computer and call centre skills. Practical experience is provided by Transpaco.

On completion of the training, successful learners are offered employment with Transpaco, provided positions are available. We have 76 learnerships underway (46 abled learners and 30 disabled learners) in the current year.

Our support of the Youth Employment Service (YES) programme employs 55 candidates. The YES programme is set to employ 19-29 year olds creating new jobs and providing young people with an opportunity for employment and work experience.

OUR IMPACTS CONTINUED

SOCIO-ECONOMIC DEVELOPMENT

The Human Resources department is tasked with identifying beneficiaries from within the community for our Corporate Social Investment programmes. During the year, beneficiaries including schools, orphanages, old age homes, churches, welfare organisations and other deserving institutions received donations. Transpaco donates approximately 1% of NPAT to its CSI initiatives.

HEALTH, SAFETY AND ENVIRONMENT

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

In order to ensure a healthy and safe work environment, Transpaco employs the services of an accredited third party health and safety organisation. The service provider conducts onsite inspections, attends health and safety meetings and provides safety related training. This provides the group with a structured approach to the health and safety process.

In addition, independent risk assessments were conducted on all buildings within the group in the prior year. A programme to install sprinkler systems where required is progressing with sprinklers installed at two additional facilities to meet insurance requirements.

When the Covid-19 pandemic emerged Transpaco immediately appointed a compliance officer and assigned a further four people to report to her. In addition compliance officers were appointed at each location. Regular inspections were carried out at all facilities to ensure that the protocols of availability of hand sanitiser, maintaining social distance and wearing masks were being adhered to. In addition factories were regularly sanitised.

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

Transpaco had 31 cases of Covid-19 all of whom have since recovered. Where Covid-19 was suspected staff were sent for testing.

Transpaco safety framework:

SUBSIDIARY HEALTH AND SAFETY COMMITTEE	• Third party 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

Value added statement

FOR THE YEAR ENDED 30 JUNE 2020

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

This statement shows how the value added has been distributed.

	2020 R'000	Value Added %	2019 R'000	Value Added %
Creation of wealth				
Revenue	**1 953 782**		1 985 139	
Cost of goods, services and expenses	**1 315 073**		(1 406 717)	
	638 709		578 422	
Distribution of wealth				
Employees:				
Salaries, wages and benefits	**421 332**	**66,0**	397 412	68,7
Government:				
Taxes	**35 811**	**5,6**	28 577	5,0
Providers of capital:				
Finance costs	**12 859**	**2,0**	12 345	2,1
Dividends	**27 295**	**4,3**	39 463	6,8
Maintenance and expansion:				
Depreciation	**72 458**	**11,3**	43 437	7,5
Retained income	**68 954**	**10,8**	57 188	9,9
	638 709	**100,0**	578 422	100,0

04
Accountability

Ethical Leadership

As a good corporate citizen Transpaco seeks to adhere to the highest standards of ethical behaviour and effective governance at all times. The board, divisional directors, management and employees at all levels, are required to apply these principles and act in the best interests of the company. 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").

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 outlines 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

Corporate Governance

GOVERNANCE STRUCTURE

BOARD

MEMBERS

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

RESPONSIBILITY

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

COMMITTEES

AUDIT & RISK COMMITTEE

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

Attended by invitation

Derek Thomas*
Phillip Abelheim
Louis Weinberg
Charly Bouzaglou

RESPONSIBILITY

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

BOARD GOVERNANCE & REMUNERATION COMMITTEE

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

Attended by invitation

Phillip Abelheim

RESPONSIBILITY

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

TRANSFORMATION, SOCIAL & ETHICS COMMITTEE

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

RESPONSIBILITY

Overseeing transformation and other compliance and sustainability related matters

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

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.

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

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

THE BOARD

CHAIRMAN	• Provides independent board leadership and guidance • Facilitates suitable deliberation on matters requiring the board's attention • 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

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

The role and responsibilities of the non-executive chairman and the CEO have been clearly defined and are distinct to ensure checks and balances in decision-making, and a lead independent director has been appointed. No single director is positioned to exercise unfettered decision-making, which protects against the influence of possible personal interests and thereby ensures that the interests of all stakeholders are protected. As set out in the board charter, the directors are empowered to delegate their authorities to the CEO or any other executive director and similarly to properly constituted board committees.

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

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

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

SELF-EVALUATION

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

CORPORATE GOVERNANCE CONTINUED

BOARD AND COMMITTEE MEETING ATTENDANCE

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

DIRECTOR	BOARD MEETINGS	AUDIT & RISK COMMITTEE MEETINGS	BOARD GOVERNANCE & REMUNERATION COMMITTEE MEETINGS	TRANSFORMATION, SOCIAL & ETHICS COMMITTEE MEETINGS
PN Abelheim (CEO)	4(4)	3(3)	1(1)	1(1)
HA Botha *#>	3(4)	3(3)	1(1)	
SR Bouzaglou	3(4)	2(3)		
B Mkhondo *>	4(4)	3(3)	1(1)	1(1)
DJJ Thomas*~ (Chairman)	4(4)	3(3)	1(1)	1(1)
SP van der Linde *> /	2(4)	2(3)		1(1)
L Weinberg (CFO)	4(4)	3(3)		1(1)

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

RESTRICTION ON SHARE DEALINGS

We have a formal policy on directors' and prescribed officers' shareholdings and share dealings. All directors and senior executives with access to financial and any other price-sensitive information are prohibited from dealing in Transpaco's shares during 'closed periods', as defined by the JSE, or while the company is trading under cautionary. An appropriate communication is sent to all directors alerting them that the company is entering a closed period. 'Insiders' include directors, prescribed officers in terms of the Companies Act, immediate family members of directors and/or prescribed officers, or any person who might have obtained information from an insider. The policy also provides guidelines to insiders who wish to trade in the company's securities at any time other than during closed periods. As we regard compliance with securities laws as a key component of good governance, disciplinary action (which may include termination of employment) could be taken against insiders who violate this policy.

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.

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.

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

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

GENDER AND RACE DIVERSITY

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

A gender and racial diversity policy is in place and the board will review the targets and fulfilment thereof annually.

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

Transpaco complies fully and materially with the 16 principles of King IV. Full compliance and disclosure is available on our website http://www.transpaco.co.za/corporate-governance

Risk report

RISK MANAGEMENT PROCESS

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

The Audit & Risk Committee, supported by the internal auditor, is tasked with identifying ongoing business risks and reporting thereon to the board. Although executive directors are not members of the Audit & Risk Committee, they attend meetings by invitation and participate in discussions. The internal auditors guide all group subsidiaries in their risk assessment processes.

The CEO and CFO discuss identified risks with divisional 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 divisional managing executives on a daily basis in this regard, although he remains ultimately responsible for this process. The CEO and CFO report any changes in risks to the board on a quarterly basis.

We conducted independent risk assessments on a regular basis.

INTERNAL CONTROL FRAMEWORK

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

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

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

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

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

Regular demonstration to the board is required that the group has adequate business resilience arrangements in the event of an IT incident. A disaster recovery plan is in place which includes an assessment of potential risks, anticipated recovery times and contingency plans in case of disaster. Currently critical data is backed up on a daily basis and stored in secure off-site locations, with different servers used to mitigate risk. Hardware and software is purchased from reputable suppliers and only licensed software is used.

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

Remuneration report

BACKGROUND STATEMENT

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). Attendance at committee meetings is set out on page 32.

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.

In terms of King IV the remuneration report has been separated into three sections: the background statement, overview of the policy, and thereafter in the notes to financial statements, an implementation report which provides a detailed account of the current provisions as they pertain to executives. The overview of the policy and the implementation report will be put to non-binding advisory shareholder votes at the upcoming annual general meeting of the company.

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

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

At the annual general meeting on 6 December 2019, the non-binding advisory vote on the company's remuneration policy received 80,4% vote in support of the policy.

USE OF REMUNERATION ADVISERS

No remuneration consultants were used during the year.

OVERVIEW OF REMUNERATION POLICY

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

EXECUTIVE DIRECTORS

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

REMUNERATION COMPONENTS

1. BASE PAY

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

2. BONUSES

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

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

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

Incentive bonuses are linked to comprehensive financial and non-financial targets. Targets are determined each year by the board, based on historical performance, the operational and strategic outlook of the company in the short term and expectations of the company's management, amongst other factors. An objective set of criteria is established. 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 the incentive bonus on a monthly basis. The CEO makes no recommendation for his own remuneration, which is determined solely by the committee.

3. 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.

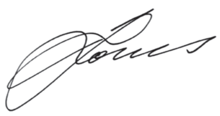
IMPLEMENTATION REPORT

Please see note 4 to the annual financial statements on page 62 for the implementation report.

NON-EXECUTIVE DIRECTORS' FEES

The group is of the opinion that the recommended fees are appropriate for services rendered. The fees for next year including a 8% increase to be approved at the 2020 annual general meeting are set out below:

NON-EXECUTIVE DIRECTORS	FEE (2019/2020) R	PROPOSED FEE (2020/2021) R	BOARD	AUDIT & RISK COMMITTEE	BOARD GOVERNANCE & REMUNERATION COMMITTEE	TRANSFORMATION, SOCIAL & ETHICS COMMITTEE
HA Botha	295 372	319 002	Member	Chairman	Member	
B Mkhondo	284 652	307 424	Member	Member	Member	Member
DJJ Thomas	410 900	443 772	Chairman		Chairman	Member
SP van der Linde	284 652	307 424	Member	Member		Chairman



DJJ Thomas

Chairman board governance & remuneration committee
15 October 2020

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, CFO Louis Weinberg, non-executive Chairman Derek Thomas and independent non-executive Bonge Mkhondo. (Details of meeting attendance are on page 32.)

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

15 October 2020

05

Audited Annual Financial Statements

PREPARATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The preparation of the audited annual financial statements for the year ended 30 June 2020, which appear on pages 44 – 89, has been supervised by Louis Weinberg, CFO of Transpaco Limited.

DIRECTORS' STATEMENT OF RESPONSIBILITY

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

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

The annual financial statements have been prepared on the going concern basis since the directors have every reason to believe that the company and the group have adequate resources to continue in operation for the 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 41 – 42.

The annual results were approved by the directors on 15 October 2020 and are signed on their behalf by:

DJJ Thomas
Chairman

PN Abelheim
CEO

L Weinberg
CFO

DECLARATION BY COMPANY SECRETARY

In my capacity as company secretary, I declare that for the year ended 30 June 2020 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
15 October 2020

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TRANSPACO LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Transpaco Limited and its subsidiaries ('the group') and company set out on pages 46 to 89, which comprise of the consolidated and separate statements of financial position as at 30 June 2020, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 30 June 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

We have not identified any Key Audit Matters for the consolidated and separate financial statements.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the 98-page document titled "Transpaco Limited 2020 June Integrated Annual Report", which includes the directors' statement of responsibility, declaration by company secretary, audit and risk committee report, the directors' report as required by the Companies Act of South Africa as well as the June 2020 integrated annual report and shareholder information. The other information does not include the consolidated or the 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, 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 and 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 company or to cease operations, or have no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRANSPACO LIMITED (CONTINUED)

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 and 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 and 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, actions taken to eliminate threats or safeguards applied.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Transpaco Limited for 23 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Amelia Young
Registered Auditor
Chartered Accountant (SA)

15 October 2020

AUDIT & RISK COMMITTEE REPORT

The information below constitutes the report of the Audit & Risk Committee in respect of the year under review, as required by the South African Companies Act. The Audit & Risk Committee is chaired by HA Botha and comprises further of SP van der Linde and B Mkhondo, all of whom are independent non-executive directors. The CEO and CFO attend by invitation and subsidiary management is invited to attend where appropriate. Representing the Audit & Risk Committee, HA Botha attends the annual general meeting to answer any questions relating to matters in the ambit of the committee. The committee also meets with the external and internal auditors. The committee meets three times a year with additional meetings if required. Attendance at committee meetings is set out on page 32.

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

The committee has reviewed and is satisfied with the scope, independence and objectivity of the external auditors, Ernst & Young Inc. with Amelia Young as designated auditor. The committee has obtained a statement from the auditor that its independence was not impaired. The committee reviews and approves the fees proposed by the external auditors. In addition the nature and extent of the non-audit services provided by the external auditors has been reviewed to ensure that the fees for such services do not become so significant as to call into question their independence.

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

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

The effectiveness of the committee is assessed annually by the Board Governance & Remuneration Committee. It was found that the Audit & Risk Committee has duly completed its responsibilities during the year in accordance with its written terms of reference.

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

HA Botha
Audit & Risk Committee Chairman

15 October 2020

DIRECTOR'S REPORT

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

FINANCIAL RESULTS AND DIVIDENDS

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

The directors are pleased to confirm the declaration to shareholders of a final dividend for the year of 78 cents per share.

This, together with the interim dividend of 33 cents per share paid to shareholders in March 2020, brings the total dividend for the year to 111 cents per share (2019: 80 cents).

ACCOUNTING POLICIES

The group and company's annual financial statements set out on pages 44 - 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, motor sectors and packing materials:
- scholastic stationery;
- cardboard tubes and cores, dividers, dufaylite, paper slitting and yarn carriers;
- plastic recycling;
- printed pharmaceutical packaging and inserts;
- pallet wrap; and
- refuse bags.

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

CORPORATE GOVERNANCE, MEMORANDUM OF INCORPORATION AND SUSTAINABILITY

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

DIRECTORATE

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

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

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

Non-executive director
Derek Thomas (Chairman)

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

SUBSEQUENT EVENTS

- Subsequent to year-end the following transactions took place: the property that houses Future Packaging and Machinery (Pty) Ltd was purchased by Booysens Road Properties (Pty) Ltd for R64,5 million.
- The Washplant at Transpaco Recycling was sold.

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:

	2020				2019			
	Beneficial		Non-beneficial		Beneficial		Non-beneficial	
Director	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
PN Abelheim	3 515 871	-	-	2 054 639	3 515 871	-	-	2 054 639
HA Botha [*›]	200 000	-	-	49 837	200 000	-	-	49 837
SR Bouzaglou	1 019 562	-	-	-	1 019 562	-	-	-
DJJ Thomas[*]	-	1 611 787	-	6 661 225	-	693 068	-	7 579 944
SP van der Linde [*›]	56 966	-	-	-	41 000	-	-	-
L Weinberg	252 227	-	-		252 227	-	-	
	5 044 626	1 611 787	-	8 765 701	5 028 660	693 068	-	9 684 420

[*] Non-executive
[›] Independent

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

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

Directors' and officers' interest in contracts and directors' emoluments. The interests of directors and officers in the group's contracts and directors' emoluments are set out in note 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			
				Investment		Indebtedness	
		2020 R	2019 R	2020 R	2019 R	2020 R	2019 R
Transpaco Admin and Financial Services	Administrative	2	2	1	1	(19 818 273)	(18 773 845)
Cores and Tubes	Cardboard tubes and core manufacturers	1 000	1 000	1 000	1 000		
Transpaco Flexibles	Plastic carrier manufacturer	20 000	20 000	301 931	301 931		
Transpaco Flexibles Mpumamalanga	Plastic carrier manufacturer	1	1	1	1		
Transpaco Packaging	Packaging distributor	4 000	4 000	10 724	10 724		
East Rand Plastics	Refuse bag manufacturer	1	1	1	1		
Transpaco Recycling	Plastic recycling	1	1	–	1		
Britepak	Printed folded cartons	1 050	1 050	18 700 000	18 700 000		
Transpaco Specialised Films	Pallet wrap	100	100	1	1		
Booysens Road Properties	Property owning	1	1	1	1		
Explosive Film Technologies	Property owning	40 000	40 000	40 000	40 000		
Propateez 62	Property owning	100	100	10 988 533	10 988 533		
Future Packaging and Machinery	Packaging distributor	1 000	1 000	91 080 971	91 080 971		
Future Packaging and Machinery – Cape	Packaging distributor	1 000	1 000	5 591 094	5 591 094		
Future Packaging and Machinery – KZN	Packaging distributor	100	100	9 607 935	9 607 935		
Transpaco Consumer Plastics	Dormant company	125	125	105 747	105 747		
		68 481	68 481	136 427 940	136 427 941	(19 818 273)	(18 773 845)

Transpaco has consolidated the Transpaco Share Incentive Scheme.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

		GROUP		COMPANY	
	Notes	June 2020 R'000	June 2019 Restated# R'000	June 2020 R'000	June 2019 R'000
CONTINUING OPERATIONS					
Revenue	3	**1 905 764**	1 892 316	**29 000**	41 000
Cost of sales		**(1 217 294)**	(1 270 223)	**-**	-
Profit before operating costs, depreciation and impairment		**688 470**	622 093	**29 000**	41 000
Operating costs		**(481 254)**	(486 051)	**(3)**	-
Depreciation		**(71 326)**	(39 061)	**-**	-
Operating profit		**135 890**	96 981	**28 997**	41 000
Finance income	4	**2 088**	1 283	**-**	-
Finance costs	4	**(12 859)**	(12 345)	**(43)**	(230)
Profit before taxation	4	**125 119**	85 919	**28 954**	40 770
Taxation	5	**(33 632)**	(23 641)	**-**	-
Profit for the year from continuing operations		**91 487**	62 278	**28 954**	40 770
DISCONTINUED OPERATION					
Loss for the year from discontinued operation	31	**(22 533)**	(5 090)	**-**	-
Profit for the year		**68 954**	57 188	**28 954**	40 770
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		**68 954**	57 188	**28 954**	40 770
Weighted average ranking number of ordinary shares in issue ('000)	6	**32 886**	32 886		
Diluted weighted average ranking number of ordinary shares in issue ('000)	6	**32 886**	32 886		
CONTINUING OPERATIONS					
Earnings per share (cents)	6	**278,2**	189,4		
Diluted earnings per share (cents)	6	**278,2**	189,4		
TOTAL OPERATIONS					
Earnings per share (cents)	6	**209,7**	173,9		
Diluted earnings per share (cents)	6	**209,7**	173,9		

Restated as required by IFRS 5 in relation to the treatment of Transpaco Recycling (Plastic Products) as a discontinued operation. Refer to note 31.

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2020

	Notes	GROUP June 2020 R'000	GROUP June 2019 R'000	COMPANY June 2020 R'000	COMPANY June 2019 R'000
ASSETS					
Non-current assets		**549 309**	435 852	**136 428**	136 428
Property, plant and equipment	7	**397 508**	349 713	**-**	-
Right-of-use Assets	8	**65 237**	-	**-**	-
Intangibles	9	**17 855**	17 855	**-**	-
Goodwill	10	**64 182**	64 182	**-**	-
Investment in subsidiaries	11	**-**	-	**136 428**	136 428
Deferred taxation	20	**4 527**	4 102	**-**	-
Current assets		**561 486**	641 346	**-**	-
Inventories	12	**210 489**	215 718	**-**	-
Trade and other receivables	13	**289 927**	375 858	**-**	-
Taxation receivable	30.2	**248**	1 872	**-**	-
Cash and cash equivalents	14	**60 822**	47 898	**-**	-
Disposal group assets classified as held for sale	31	**10 062**	-	**-**	-
Total assets		**1 120 857**	1 077 198	**136 428**	136 428
EQUITY AND LIABILITIES					
Capital and reserves		**679 515**	637 856	**116 192**	114 533
Issued share capital	16	**328**	328	**328**	328
Share premium	16	**11 019**	11 019	**11 019**	11 019
Other reserves	16	**-**	-	**19 138**	19 138
Distributable reserve		**668 168**	626 509	**85 707**	84 048
Non-current liabilities		**143 691**	117 249	**-**	-
Interest-bearing borrowings	17	**53 684**	75 597	**-**	-
Lease liability	18	**51 410**	-	**-**	-
Deferred income	19	**2 614**	9 071	**-**	-
Deferred taxation	20	**35 983**	32 581	**-**	-
Current liabilities		**297 365**	322 093	**20 236**	21 895
Trade payables and accruals	21	**210 300**	251 234	**418**	3 121
Employment benefit liabilities	22	**36 046**	28 242	**-**	-
Current portion of interest-bearing borrowings	17	**25 521**	28 152	**-**	-
Current portion of lease liability	18	**19 714**	-	**-**	-
Deferred income	19	**1 133**	2 009	**-**	-
Taxation payable	30.2	**4 651**	1 241	**-**	-
Bank overdraft	14	**-**	11 215	**-**	-
Amounts owing to subsidiaries	15	**-**	-	**19 818**	18 774
Disposal group liabilities classified as held for sale	31	**286**	-	**-**	-
Total equity and liabilities		**1 120 857**	1 077 198	**136 428**	136 428

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

GROUP

R'000	Issued Share Capital	Share Premium	Other Reserves	Distributable Reserve	Total
Balance at 1 July 2018	**328**	**11 019**	**-**	**608 784**	**620 131**
Profit for the year	-	-	-	57 188	**57 188**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive income	-	-	-	57 188	**57 188**
Dividend paid	-	-	-	(39 463)	**(39 463)**
Balance at 1 July 2019	**328**	**11 019**	**-**	**626 509**	**637 856**
Profit for the year	-	-	-	68 954	**68 954**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive income	-	-	-	68 954	**68 954**
Dividend paid	-	-	-	(27 295)	**(27 295)**
Balance at 30 June 2020	**328**	**11 019**	**-**	**668 168**	**679 515**

COMPANY

R'000	Issued Share Capital	Share Premium	Other Reserves	Distributable Reserve	Total
Balance at 1 July 2018	**328**	**11 019**	**19 138**	**82 741**	**113 226**
Profit for the year	-	-	-	40 770	**40 770**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive income	-	-	-	40 770	**40 770**
Dividend paid	-	-	-	(39 463)	**(39 463)**
Balance at 1 July 2019	**328**	**11 019**	**19 138**	**84 048**	**114 533**
Profit for the year	-	-	-	28 954	**28 954**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive income	-	-	-	28 954	**28 954**
Dividend paid	-	-	-	(27 295)	**(27 295)**
Balance at 30 June 2020	**328**	**11 019**	**19 138**	**85 707**	**116 192**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

		GROUP		COMPANY	
	Notes	June 2020 R'000	June 2019 R'000	June 2020 R'000	June 2019 R'000
Cash flow from operating activities					
Cash generated from/(utilised in) operations	30.1	**245 927**	124 451	**(1 662)**	(1 537)
Dividends received		**-**	-	**29 000**	41 000
Dividends paid		**(27 295)**	(39 463)	**(27 295)**	(39 463)
Finance income received		**2 088**	1 284	**-**	-
Finance costs paid		**(12 859)**	(12 345)	**(43)**	-
Taxation paid	30.2	**(25 644)**	(23 420)	**-**	-
Net cash inflow from operating activities		**182 217**	50 507	**-**	-
Cash flow used in investing activities					
Proceeds on disposal of property, plant and equipment		**7 070**	1 617	**-**	-
Expansion and replacement of property, plant and equipment		**(112 333)**	(47 037)	**-**	-
Net cash outflow from investing activities		**(105 263)**	(45 420)	**-**	-
Cash flow used in financing activities					-
Payment of principal portion of lease liability	17	**(28 270)**	-	**-**	-
Proceeds from borrowings	17	**71 422**	64 775	**-**	-
Repayment of borrowings	17	**(95 967)**	(93 627)	**-**	-
Net cash outflow from financing activities		**(52 815)**	(28 852)	**-**	-
Net movement in cash for the year		**24 139**	(23 765)	**-**	-
Cash and cash equivalents at the beginning of the year		**36 683**	60 448	**-**	-
Cash and cash equivalents at the end of the year	14	**60 822**	36 683	**-**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1. ACCOUNTING POLICIES

The group and company's annual financial statements set out on pages 46 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 71 of 2008 of South Africa.

The accounting policies below have been applied consistently to all periods presented in the annual financial statements, except where the group has adopted IFRS and IFRIC interpretations and amendments that became effective during the period. The group applied IFRS 16 leases for the first time in the annual reporting period commencing 1 July 2019 and IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers for the first time in the annual reporting period commencing 1 July 2018. 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 IFRS 9 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 IFRS 9, 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.

Standards and Interpretations that have been issued or revised and will become effective after June 2020

- Definition of a Business – Amendments to IFRS 3 (effective 1 July 2020) – The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

  The group will not be impacted by this amendment since the amendments apply prospectively to transactions or other events that occur on or after the date of first application.
- Definition of Material – Amendments to IAS 1 and IAS 8 (effective 1 July 2020) – In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

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

  Although the amendments to the definition of material is not expected to have a significant impact on the group's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.
- Reference to the Conceptual Framework – Amendments to IFRS 3 (effective 1 July 2022) – The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are not expected to have a significant impact on the group's financial statements.

Standards and Interpretations that became effective in the current period

The following new standards and amendments to existing standards were adopted in the current financial reporting period and had no significant effect on the group's reported results.

IFRS 16 Leases

IFRS 16 introduces significant changes to lessee accounting as it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. IFRS 16 was effective for the group for the financial year commencing 1 July 2019. IFRS 16 impacted most significantly the group's leases relating to property, vehicles and computers and office equipment.

The group has used the following expedients permitted by the standard:

a) Modified retrospective adoption – no comparatives required to be disclosed;

b) Exemption of short-term leases and leases for low value assets;

c) Portfolio approach applied to classes of leases that have similar characteristics;

d) To not reassess whether a contract is, or contains a lease at 1 July 2019.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on adoption date was 9%.

The group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised at an amount equal to the lease liability, adjusted for any related accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Based on the above, as at 1 July 2019:

- Right-of-use assets of R68.4 million were recognised and presented in the statement of financial position.
- Lease liabilities of R72.4 million were recognised.
- Trade payables and accruals decreased by R4.0 million.
- The adoption of IFRS 16 had no impact on the group's retained earnings.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	Group R'000
Operating lease commitments as at 30 June 2019	109 494
Weighted average incremental borrowing rate as at 1 July 2019	9%
Discounted lease liabilities as at 1 July 2019	86 193
Less commitments relating to discontinued operation	(652)
Less lease payments relating to renewal periods included in operating lease commitments as at 30 June 2019	(13 177)
Lease liabilities as at 1 July 2019	**72 364**

The transition related to the capitalising of property, vehicles and computers and office equipment onto the statement of financial position in the form of a right of use asset, together with the corresponding lease liability. Changes to the statement of comprehensive income will result in the current operating lease costs being replaced by an amortisation of the right-of-use asset and calculated lease finance costs on the interest line (refer to note 8). Other areas of the statutory metrics that will be impacted by the adoption of the standard include operating profit, EBITDA and earnings per share (refer to note 6).

Covid-19 Related Rent Concessions – Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions – Amendment to IFRS 16 Leases (the amendment). The Board amended the standard to provide an optional relief to lessees from applying IFRS 16's guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions described in IFRS 16 paragraph 46B are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021).

There is no substantive change to other terms and conditions of the lease.

The group has elected to early adopt the amendment and have accounted for rent concessions which are immaterial to the group.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances.

The group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Upon adoption of the Interpretation, the group considered whether it has any uncertain tax positions. The Interpretation did not have an impact on the consolidated financial statements of 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 straightline 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.

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

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

1.5 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 weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

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

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

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

Sale of goods

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

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

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

Dividend income

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

Other Income

Interest received

For all financial instruments measured at amortised cost, interest received or expensed is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

carrying amount of the financial asset or liability. Interest received is included in finance income in the statement of comprehensive income.

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 UNDER IAS17 FOR THE PERIOD ENDING 30 JUNE 2019

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.

1.12.1 LEASES UNDER IFRS 16 FOR THE PERIOD ENDING 30 JUNE 2020

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

Group as a lessee

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

i) Right-of-use assets

The group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

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

Plant	2 to 6 years
Motor vehicles	3 to 5 years
Computers and office equipment	3 to 5 years

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

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

ii) Lease liabilities

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating the lease, if the lease term reflects the group exercising the option to terminate.

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

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The group's lease liabilities are included in lease liabilities (refer note 18).

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

The group applies the short-term lease recognition exemption to its short-term leases of plant (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

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, 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% 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 EMPLOYEE BENEFIT LIABILITIES

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

1.17 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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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.

1.18 FINANCIAL INSTRUMENTS

Financial instruments

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

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

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

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

Classification

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

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

Financial assets

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

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

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

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

Cash and cash equivalents

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

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

Effective interest method

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

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

Financial assets at fair value through profit or loss (FVTPL)

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

A financial asset is classified as held for trading if:

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

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

The group's assets measured at FVTPL includes foreign exchange contracts (FEC's) which are derivative financial instruments. The group does not apply hedge accounting in terms of IFRS 9 and IAS 39.

Financial liabilities and equity instruments

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

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

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

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

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

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

1.19 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.

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

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

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

1.20 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

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

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

On de-recognition of a financial asset other than in its entirety (e.g. when the group retains an option to repurchase part of a transferred asset), the group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.
The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is not recognised in profit or loss.
A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1.21 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.

1.22 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.

1.23 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

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

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

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

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

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

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

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

Additional disclosures are provided in note 31. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

1.24 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.

1.25 SHARE INCENTIVE TRUST

Transpaco has consolidated its Share Incentive Trust. Shares which are held by the trust are treated as treasury shares for which there are currently none.

1.26 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.

1.27 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.

Judgements

In the process of applying the group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- **Determining the lease term of contracts with renewal and termination options – group as lessee**

  The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

  The group has lease contracts that include extension and termination options. The group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

- **Property lease classification – group as lessor**

  The group has entered into a commercial property lease. The group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

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

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

  Goodwill and intangible assets with indefinite useful lives are tested for impairment on an annual basis; tangible assets and intangible assets with finite useful lives are only tested for impairment where events and circumstances indicate that the carrying value may not be recoverable. The recoverable amount of CGU's is determined through the higher of value in use calculations and fair value less costs to sell. These calculations require the use of estimates and assumptions concerning the future cash flows which are inherently uncertain and could change over time. In addition, changes in economic factors such as discount rates could also impact this calculation. The carrying amount of the goodwill, tangible assets and intangible assets subject to estimation is included in the statement of financial position. The recoverable amount of goodwill is determined based on a value in use calculation using a discounted cash flow projection. Discount rates are arrived at by using the pre-tax average weighted cost of capital for the group. The "relief from royalty" valuation method is used to value intangibles. The main inputs used are a notional royalty rate and an appropriate discount rate. Refer to notes 9 and 10 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 relate to the assumption of normal capacity and 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.

- **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 9.

Consideration of the impact of Covid-19

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

Covid-19 had a minimal effect on the group and its operations and due to this no impairment indicators arose for tangible assets or the need to write down inventory to the net realisable value. Goodwill and intangible assets are assessed for impairment on an annual basis with Covid-19 having a minimal impact on the values in use at 30 June 2020.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

3. REVENUE

GROUP	June 2020 R'000	June 2019 Restated# R'000
The group's revenue from contracts with customers arises from its principal activities of sales of goods.		
Sale of goods	**1 905 764**	1 892 316
	1 905 764	1 892 316

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

COMPANY	June 2020 R'000	June 2019 R'000
Dividend income reflected as revenue		
Dividends received	**29 000**	41 000
	29 000	41 000

Restated as required by IFRS 5 in relation to the treatment of Transpaco Recycling (Plastic Products) as a discontinued operation. Refer to note 31.

4. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	June 2020 R'000	June 2019 Restated# R'000	**June 2020 R'000**	June 2019 R'000
Determined after charging/(crediting)				
Auditors' remuneration	**4 300**	3 752	**-**	-
Depreciation – property, plant and equipment	**41 173**	39 061	**-**	-
Plant and machinery	**32 500**	31 213	**-**	-
Vehicles	**3 012**	2 925	**-**	-
Buildings	**3 839**	3 352	**-**	-
Furniture, fittings and computers	**1 822**	1 571	**-**	-
Depreciation – right-of-use assets	**30 153**	-	**-**	-
Vehicles	**468**	-	**-**	-
Buildings	**29 526**	-	**-**	-
Computers and office equipment	**159**	-	**-**	-
Foreign exchange gain	**(7 488)**	(821)	**-**	-
Expected credit loss allowance	**6 509**	2 266	**-**	-
Operating rental charges – land and buildings	**-**	33 130	**-**	-
Profit on disposal of property, plant and equipment	**(325)**	(708)	**-**	-
Finance costs	**12 859**	12 345	**43**	230
Bank overdrafts	**5**	208	**-**	-
Finance charges payable under installment sale agreements	**3 184**	4 190	**-**	-
Finance charges payable under revolving credit facility	**2 484**	5 072	**-**	-
Finance charges payable under mortgage bonds	**751**	2 603	**-**	-
Finance charges payable under lease liabilities	**6 368**	-	**-**	-
Finance charges other	**67**	272	**43**	230
Finance income	**(2 088)**	(1 283)	**-**	-
Bank interest received	**(2 088)**	(1 283)	**-**	-
Secretarial fees	**1**	34	**-**	-
Staff costs excluding executive directors' remuneration	**388 006**	365 008	**-**	-
Salaries and wages	**365 617**	343 277	**-**	-
Pension and provident fund	**22 389**	21 731	**-**	-

Restated as required by IFRS 5 in relation to the treatment of Transpaco Recycling (Plastic Products) as a discontinued operation. Refer to note 31.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

4. PROFIT BEFORE TAXATION (CONTINUED)

EXECUTIVE DIRECTORS' REMUNERATION 2020

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

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

EXECUTIVE DIRECTORS' REMUNERATION 2019

	Remuneration R'000	Bonus R'000	Pension and medical aid R'000	**Total fixed and flexible remuneration R'000**
PN Abelheim	5 315	4 589	865	**10 769**
SR Bouzaglou	3 681	2 239	645	**6 565**
L Weinberg	3 409	3 039	581	**7 029**
Total	12 405	9 867	2 091	**24 363**

PRESCRIBED OFFICER'S REMUNERATION 2020

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

PRESCRIBED OFFICER'S REMUNERATION 2019

	Remuneration R'000	Bonus R'000	Pension and medical aid R'000	**Total fixed and flexible remuneration R'000**
HJ van Niekerk	1 200	300	104	**1 604**

NON-EXECUTIVE DIRECTORS' REMUNERATION

	2020 Fees R'000	2019 Fees R'000
HA Botha	295	279
SI Jacobson*	-	495
B Mkhondo	285	269
DJJ Thomas	411	388
SP van der Linde	285	269
	1 276	1 700

*Retired from the board effective 13 March 2019

5. TAXATION

	GROUP		COMPANY	
	June 2020 R'000	June 2019 Restated# R'000	June 2020 R'000	June 2019 R'000
SA normal taxation				
Current taxation				
Current year	30 741	22 863	-	-
Prior year	(63)	-	-	-
Deferred taxation				
Current year	3 661	778	-	-
Prior year	(707)	-	-	-
	33 632	23 641	-	-
Tax rate reconciliation (%)				
Standard SA normal tax rate on companies	28,00	28,00	28,00	28,00
Adjusted for:				
Disallowable expenditure	0,26	0,25	-	-
- Fines, donations and penalties	0,07	0,17	-	-
- Legal fees	0,19	0,08	-	-
Non-taxable income	(1,38)	(0,73)	(28,04)	(28,16)
- Learnerships	(1,22)	(0,73)	-	-
- Prior year adjustment	(0,16)	-	-	-
- Dividend income	-	-	(28,04)	(28,16)
Assessed loss not recognised	-	-	0,04	0,16
Effective taxation rate	26,88	27,52	-	-

Restated as required by IFRS 5 in relation to the treatment of Transpaco Recycling (Plastic Products) as a discontinued operation. Refer to note 31.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

6. EARNINGS AND DIVIDENDS PER SHARE

	GROUP	
	June 2020	June 2019 Restated#
Basic earnings per share are calculated by dividing the total profit for the year attributed to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.		
Diluted earnings per share are calculated by dividing the total profit adjusted for the effects of dilutive convertible ordinary shares divided by the weighted average number that would be in issue on conversion of all the dilutive potential shares into ordinary shares.		
CONTINUING OPERATIONS		
Earnings per ordinary share (cents)	**278,2**	189,4
Headline earnings per ordinary share (cents)	**277,5**	187,8
Earnings per ordinary share – fully diluted (cents)	**278,2**	189,4
Headline earnings per ordinary share – fully diluted (cents)	**277,5**	187,8
TOTAL OPERATIONS		
Earnings per ordinary share (cents)	**209,7**	173,9
Headline earnings per ordinary share (cents)	**243,9**	172,3
Earnings per ordinary share – fully diluted (cents)	**209,7**	173,9
Headline earnings per ordinary share – fully diluted (cents)	**243,9**	172,3
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	**68 954**	57 188
CONTINUING OPERATIONS		
Headline and diluted headline earnings		
Net profit attributable to ordinary equity holders for basic earnings	**91 487**	62 278
Profit on disposal of property, plant and equipment	**(234)**	(510)
Gross amount	**(325)**	(708)
Taxation	**91**	198
Net profit attributable to ordinary equity holders for headline earnings	**91 253**	61 768
TOTAL OPERATIONS		
Headline and diluted headline earnings		
Net profit attributable to ordinary equity holders for basic earnings	**68 954**	57 188
Impairment on property, plant and equipment	**11 846**	–
Profit on disposal of property, plant and equipment	**(597)**	(512)
Gross amount	**(829)**	(711)
Taxation	**232**	199
Net profit attributable to ordinary equity holders for headline earnings	**80 203**	56 676

Restated as required by IFRS 5 in relation to the treatment of Transpaco Recycling (Plastic Products) as a discontinued operation. Refer to note 31.

	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for basic earnings per share	**32 886**	32 886
	Cents	Cents
Dividends per share (cents)	**111,0**	80,0
Impact of IFRS 16 on earnings and headline earnings per share	**(4,1)**	-

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 2019, net of accumulated depreciation and impairment	11 515	100 736	15 542	214 925	6 995	**349 713**
Additions	38 961	7 525	3 728	65 225	2 134	**117 573**
Transfers	(11 515)	1 294	-	10 221	-	**-**
Disposals at carrying value	-	-	(941)	(5 278)	(22)	**(6 241)**
Disposals at cost	-	(516)	(6 415)	(37 828)	(869)	**(45 628)**
Disposals - reversal of accumulated depreciation	-	516	5 474	32 550	847	**39 387**
Assets held for sale at carrying value	-	-	-	(21 196)	(36)	**(21 232)**
Assets held for sale at cost	-	-	-	(28 347)	(140)	**(28 487)**
Assets held for sale accumulated depreciation and impairment	-	-	-	7 151	104	**7 255**
Depreciation	-	(3 839)	(3 147)	(33 494)	(1 825)	**(42 305)**
At 30 June 2020, net of accumulated depreciation and impairment	38 961	105 716	15 182	230 403	7 246	**397 508**
Cost	38 961	129 214	45 678	528 837	21 706	**764 396**
Accumulated depreciation and impairment	-	(23 498)	(30 496)	(298 434)	(14 460)	**(366 888)**
Net carrying amount	38 961	105 716	15 182	230 403	7 246	**397 508**

* Depreciation for the year excludes an impairment loss of R11 846 000. Refer to note 31.

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 17 for more detail.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	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 2018, net of accumulated depreciation and impairment	1 478	95 783	18 314	224 275	7 169	**347 019**
Additions	11 462	7 996	1 189	24 891	1 499	**47 037**
Transfers	(1 425)	309	-	1 116	-	**-**
Disposals at carrying value	-	-	(494)	(340)	(72)	**(906)**
Disposals at cost	-	-	(1 457)	(8 676)	(421)	**(10 554)**
Disposals – reversal of accumulated depreciation	-	-	963	8 336	349	**9 648**
Depreciation	-	(3 352)	(3 467)	(35 017)	(1 601)	**(43 437)**
At 30 June 2019, net of accumulated depreciation and impairment	11 515	100 736	15 542	214 925	6 995	**349 713**
Cost	11515	120 911	48 365	519 566	20 581	**720 938**
Accumulated depreciation and impairment	-	(20 175)	(32 823)	(304 641)	(13 586)	**(371 225)**
Net carrying amount	11 515	100 736	15 542	214 925	6 995	**349 713**

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 17 for more detail.

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

8. RIGHT-OF-USE ASSETS

The group has lease contracts for various items of property, vehicles and computers and office equipment used in its operations. Leases of property generally have lease terms between 2 and 6 years, while vehicles and computers and office equipment generally have lease terms between 3 and 5 years. The group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the group is restricted from assigning and subleasing the leased assets and some contracts require the group to maintain certain financial ratios.

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

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

9. INTANGIBLES

	June 2020 R'000
Cost as at 1 July 2019, net of accumulated impairment	**17 855**
At 30 June 2020	**17 855**
At 30 June 2020	
Cost (gross carrying amount)	**18 112**
Accumulated impairment	**(257)**
Net carrying amount	**17 855**
Jiffy brand	**482**
Garbie brand	**17 373**
Cost as at 1 July 2018, net of accumulated impairment	17 855
At 30 June 2019	17 855
At 30 June 2019	
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 4,5% (2019: 4,5%) over a five-year period, a notional royalty percentage rate payable in an arm's length transaction of 2% (2019: 2%), terminal growth rate of 1% (2019: 1%), an appropriate discount rate of 14,2% (2019: 14,2%) and a weighted average cost of capital of 12,2% (2019: 14,5%) with a risk premium of 2% (2019: 1%) being added.

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 4,5% (2019: 4,5%) over a five-year period, a notional royalty percentage rate payable in an arm's length transaction of 2% (2019: 2%), terminal growth rate of 1% (2019: 1%), an appropriate discount rate of 14,2% (2019: 14,2%) and a weighted average cost of capital of 12,2% (2019: 14,5%) with a risk premium of 2% (2019: 1%) being added.

No intangibles have been pledged or have restrictions on title.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

10. GOODWILL

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

	June 2019 R'000
Cost as at 1 July 2018, net of accumulated impairment	
- Britepak Trading	**3 204**
- East Rand Plastics	**19 991**
- Future Packaging	**40 987**
At 30 June 2019	**64 182**
At 30 June 2019	
Cost (gross carrying amount)	64 182
Accumulated impairment	-
Net carrying amount	64 182

BRITEPAK TRADING

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 average weighted cost of capital for the group. Growth rates are based on industry growth rate forecasts. Main inputs used were forecasted increased profit before interest and tax of 4,5% (2019: 4,5%), movement on working capital of 4% (2019: 8%), an average weighted cost of capital rate of 14,2% (2019: 14,5%) and a terminal growth rate of 4,5% (2019: 1%).

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

EAST RAND PLASTICS

Goodwill acquired through business combinations has been allocated to East Rand Plastics (Pty) Ltd. The recoverable amount has been determined based on a value in use calculation using a discounted cash flow projection based on budgets covering a five-year period which is based on industry expectations and management experience. Management estimates discount rates using the average weighted cost of capital for the group. Growth rates are based on industry growth rate forecasts. Main inputs used were forecasted increased profit before interest and tax of 4,5% (2019: 4,5%), movement on working capital of 4% (2019: 8%), an average weighted cost of capital rate of 14,2% (2019: 14,5%) and a terminal growth rate of 4,5% (2019: 1%).

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

FUTURE PACKAGING

Goodwill acquired through business combinations has been allocated to Future Packaging and Machinery (Pty) Ltd, Future Packaging and Machinery Cape (Pty) Ltd Future Packaging and Machinery (Kwa-Zulu Natal) (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 average weighted cost of capital for the group. Growth rates are based on industry growth rate forecasts. Main inputs used were forecasted increased profit before interest and tax of 4,5% (2019: 4,5%), movement on working capital of 4% (2019: 8%), an average weighted cost of capital rate of 14,2% (2019: 14,5%) and a terminal growth rate of 4,5% (2019: 1%).

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

11. INVESTMENT IN SUBSIDIARIES

	GROUP		COMPANY	
	June 2020 R'000	June 2019 R'000	**June 2020 R'000**	June 2019 R'000
Shares at cost	**-**	-	**136 428**	136 428

The investments in unlisted subsidiaries carry a cumulative net asset value of R637 928 602 (2019: R597 928 699). The detail of the respective investments is scheduled in the Directors' Report.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

12. INVENTORIES

	GROUP		COMPANY	
	June 2020 R'000	June 2019 R'000	**June 2020 R'000**	June 2019 R'000
Raw materials	**65 129**	79 571	**-**	-
Work in progress	**24 696**	23 181	**-**	-
Finished goods	**120 664**	112 966	**-**	-
	210 489	215 718	**-**	-

The cost of inventories expensed amounted to R1 249 888 000 (2019: R1 325 883 000). No write-down of inventories took place during the year (2019: nil). Inventories of nil (2019: nil) were carried at net realisable value.

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	June 2020 R'000	June 2019 R'000	**June 2020 R'000**	June 2019 R'000
Trade receivables	**259 325**	361 008	**-**	-
Less allowance for expected credit loss	**(6 254)**	(3 637)	**-**	-
	253 071	357 371	**-**	-
Deposits	**1 126**	1 248	**-**	-
Lease smoothing asset	**2 338**	4 077		
Sundry accounts receivable	**33 392**	13 162	**-**	-
	289 927	375 858	**-**	-
Trade receivables are non-interest bearing and are generally on 30-90 days' terms.				
Sundry accounts receivable include staff loans, pre-payments and VAT receivable.				
Allowance for expected credit loss				
At 1 July	**3 637**	3 444	**-**	-
Charge for the year	**6 509**	2 266	**-**	-
Utilised	**(3 592)**	(2 073)	**-**	-
Assets held for sale. Refer note 31.	**(300)**	-	**-**	-
At 30 June	**6 254**	3 637	**-**	-

Ageing of impaired trade debtors provided for:

	GROUP					
	Expected credit loss rate 2020 R'000	**Gross carrying amount 2020 R'000**	Expected credit loss rate 2019 R'000	Gross carrying amount 2019 R'000	2020 R'000	2019 R'000
30 to 60 days	0,6%	248 592	1,0%	352 802	1 514	3 534
60 to 90 days	37,9%	9 111	0,9%	3 478	3 455	30
90 - 120 days	72,5%	978	1,3%	1 746	709	22
120+ days	89,4%	644	1,7%	2 982	576	51
Total	**2,4%**	**259 325**	**1,0%**	**361 008**	**6 254**	**3 637**

The movement in the expected credit loss rate from 2019 is due to the increase in the expected credit loss provision along with the improved debtors ageing that was achieved in June 2020.

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

	Neither past due R'000	Past due 30 Days R'000	Past due 60 days R'000	Past due 90 days R'000	Past due 120 days R'000	Past due greater than 120 days R'000	**Total R'000**
2020	**239 364**	**7 715**	**5 655**	**269**	**68**	**-**	**253 071**
2019	323 989	26 795	3 167	1 251	2 169	-	357 371

With respect to the trade receivables that are current to 30 days or less past due, the group has considered the past historical loss rates as well as various forward looking debtor specific and macro-economic factors and based on these considerations the debtors in this age category have an immaterial expected credit loss immaterial expected credit loss.

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

See note 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.

Group as a lessor

The group has entered into an operating lease on one of its buildings (see note 7). This lease has a term of 10 years. Rental income recognised by the group during the year is R2 100 000 (2019: R2 569 000).

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	GROUP	
	June 2020 R'000	June 2019 R'000
Within one year	**2 908**	2 675
After one year but not more than five years	**8 601**	11 744
	11 509	14 419

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	June 2020 R'000	June 2019 R'000	**June 2020 R'000**	June 2019 R'000
Cash and cash equivalents	**60 822**	47 898	**-**	-
Bank overdraft	**-**	(11 215)	**-**	-
	60 822	36 683	**-**	-

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

At 30 June 2020, the group had available R100 000 000 (2019: R80 785 000) of undrawn uncommitted borrowing facilities and R48 000 000 (2019: R4 221 000) of undrawn committed borrowing facilities. In respect of which all conditions precedent had been met.

15. AMOUNTS OWING TO SUBSIDIARIES

	GROUP		COMPANY	
	June 2020 R'000	June 2019 R'000	**June 2020 R'000**	June 2019 R'000
Transpaco Administration and Financial Services (Pty) Ltd	**-**	-	**(19 818)**	(18 774)
	-	-	**(19 818)**	(18 774)

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.

16. SHARE CAPITAL AND PREMIUM

	GROUP			COMPANY		
	No of Shares	**2020 R'000**	2019 R'000	**No of Shares**	**2020 R'000**	2019 R'000
Authorised						
250 000 000 ordinary shares of 1 cents each		**2 500**	2 500		**2 500**	2 500
Issued						
Ordinary shares of 1 cents each	**32 886 359**	**328**	328	**32 886 359**	**328**	328
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		**11 347**	11 347

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

17. INTEREST-BEARING BORROWINGS

	GROUP		COMPANY	
	June 2020 R'000	June 2019 R'000	**June 2020 R'000**	June 2019 R'000
Secured				
First mortgage bond	**8 050**	9 450	**-**	-
Non-current	**6 650**	8 050	**-**	-
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 capital installments of R116 667, terminating not later than 2025. The carrying amount of the property is R14 543 855 (2019: R15 102 196).				
Instalment sale agreements	**71 155**	34 520	**-**	-
Non-current	**47 034**	19 547	**-**	-
Current	**24 121**	14 973	**-**	-
Secured in terms of installment sale agreements over certain plant and equipment. The liabilities bear interest at between 0,25% and 1,00% above and below prime lending rate respectively and are repayable in installments of between R34 550 and R606 050 per month over periods up to 52 months. The carrying amount of the plant and equipment is R95 740 720 (2019: R55 844 349).				
Revolving credit facility	**-**	59 779	**-**	-
Non-current	**-**	48 000	**-**	-
Current	**-**	11 779	**-**	-
The loan bears interest at 2.30% above JIBAR and is repayable in monthly instalments of R1 333 333 over 48 months. The carrying amount of the loan is Nil (2019: R59 779 000).				
Total Borrowings	**79 205**	103 749	**-**	-
Long-term portion of borrowings	**53 684**	75 597	**-**	-
Short-term portion of borrowings	**25 521**	28 152	**-**	-
	79 205	103 749	**-**	-

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

Changes in liabilities arising from financing activities

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

* The 'other' column includes the effect of reclassification of the non-current portion of interest-bearing debt to current due to the passage of time. The group classifies interest paid as cash flows from operating activities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

18. LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	GROUP
	June 2020 R'000
At 1 July	**72 364**
Additions	**27 030**
Accretion of interest	**6 368**
Payments	**(34 638)**
	71 124
Current	**19 714**
Non-current	**51 410**
	71 124

The group has no leases that are classified as short term leases or leases of low value assets. The maturity analysis of lease liabilities is disclosed in note 28.

19. DEFERRED INCOME

	GROUP		COMPANY	
	June 2020 R'000	June 2019 R'000	**June 2020 R'000**	June 2019 R'000
At 1 July	**11 080**	13 156	**-**	-
Released to the statement of comprehensive income	**(7 333)**	(2 076)	**-**	-
At 30 June	**3 747**	11 080	**-**	-
Current	**1 133**	2 009	**-**	-
Non-current	**2 614**	9 071	**-**	-
	3 747	11 080	**-**	-

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	
	June 2020 R'000	June 2019 R'000	June 2020 R'000	June 2019 R'000
Property, plant and equipment	**48 116**	46 926	**-**	-
Right-of-use assets	**(1 239)**	-	**-**	-
Intangible assets	**4 864**	4 864	**-**	-
Deferred income	**(1 125)**	(3 230)	**-**	-
Lease accrual	**-**	(1 119)	**-**	-
Expected credit loss	**(1 102)**	(394)	**-**	-
Prepaid expense	**86**	126	**-**	-
Provision for bonus and incentive bonus	**(11 160)**	(8 438)	**-**	-
Provision for holiday & leave pay	**(2 183)**	(2 676)	**-**	-
Lease accrual income	**645**	679	**-**	-
Tax losses available for set-off against future taxable income	**(5 446)**	(8 259)	**-**	-
Net deferred taxation	**31 456**	28 479	**-**	-
Reconcilliation of deferred taxation				
At beginning of year	**28 479**	29 723	**-**	-
Differential between carrying value and tax value of property, plant and equipment	**1 190**	3 771	**-**	-
Other temporary differences	**(1 026)**	1 698	**-**	-
Discontinued operation	**23**	-	**-**	-
Tax losses	**2 790**	(6 713)	**-**	-
	31 456	28 479	**-**	-
Represented by:				
Deferred taxation asset	**(4 527)**	(4 102)	**-**	-
Continued operations	**(4 527)**	(4 079)	**-**	-
Discontinued operation	**-**	(23)	**-**	-
Deferred taxation liability	**35 983**	32 581	**-**	-
	31 456	28 479	**-**	-

The group has an assessed tax loss of R19 451 000 (2019: R29 497 000). The entities from which the deferred tax assets relate to are trading entities. These trading entities expect to make future taxable profits in excess of the profit arising from the reversal of existing taxable temporary differences and as such have recognised the deferred tax assets.

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

21. TRADE PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	June 2020 R'000	June 2019 R'000	**June 2020 R'000**	June 2019 R'000
Trade payables and accruals	**204 070**	240 217	**-**	2 730
Other	**6 230**	11 017	**418**	391
	210 300	251 234	**418**	3 121

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

22. EMPLOYMENT BENEFIT LIABILITIES

HOLIDAY AND LEAVE PAY

A liability 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 liability 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 1 July 2018	9 327	22 818	**32 145**
Arising during the year	12 993	14 590	**27 583**
Utilised	(12 762)	(18 724)	**(31 486)**
Balance 30 June 2019	9 558	18 684	**28 242**
Arising during the year	15 604	23 622	**39 226**
Utilised	(17 367)	(14 055)	**(31 422)**
Balance 30 June 2019	7 795	28 251	**36 046**

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.

	GROUP	
	June 2020	June 2019
Customer A		
Total amount of revenue from Customer A (R'000)	**317 257**	294 776
Extent of reliance on this customer (%)	**30,5%**	26,7%
Segment reporting this revenue	**Plastics & Paper and board**	Plastics & Paper and board

	Plastic products R'000	Paper and board products R'000	Properties and group services R'000	Continuing operations R'000	Discontinued operation R'000	**Total group operations R'000**
Revenue from all customers - 2020	**1 041 067**	**864 697**	**-**	**1 905 764**	**48 018**	**1 953 782**
Revenue from all customers	**1 098 488**	**928 983**	**-**	**2 027 471**	**51 885**	**2 079 356**
Less revenue from internal customers	**(57 421)**	**(64 286)**	**-**	**(121 707)**	**(3 867)**	**(125 574)**
Revenue from all customers - 2019#	1 009 650	882 666	-	1 892 316	92 823	1 985 139
Revenue from all customers	1 078 236	938 566	-	2 016 802	104 155	2 120 957
Less revenue from internal customers	(68 586)	(55 900)	-	(124 486)	(11 332)	(135 818)
Operating profit/(loss) - 2020	**96 261**	**26 728**	**12 901**	**135 890**	**(22 510)**	**113 380**
Operating profit/(loss) - 2019#	42 608	36 904	17 469	96 981	(7 113)	89 868
Depreciation - 2020	**33 630**	**34 273**	**3 422**	**71 325**	**1 126**	**72 451**
Depreciation - 2019#	25 666	10 367	3 028	39 061	4 376	43 437
Finance income - 2020	**41**	**543**	**1 504**	**2 088**	**-**	**2 088**
Finance income - 2019#	18	465	800	1 283	1	1 284
Finance costs - 2020	**3 719**	**5 855**	**3 285**	**12 859**	**-**	**12 859**
Finance costs - 2019#	3 277	975	8 093	12 345	-	12 345
Profit/(loss) before tax - 2020	**92 583**	**21 416**	**11 120**	**125 119**	**(22 510)**	**102 609**
Profit/(loss) before tax - 2019#	39 349	36 394	10 176	85 919	(7 112)	78 807
Capital expenditure - 2020	**51 990**	**56 441**	**7 705**	**116 136**	**1 437**	**117 573**
Capital expenditure - 2019#	25 558	10 425	8 950	44 933	2 104	47 037
Total assets - 2020	**502 320**	**447 325**	**161 150**	**1 110 795**	**10 062**	**1 120 857**
Total assets - 2019#	525 668	341 887	152 412	1 019 967	57 231	1 077 198
Total liabilities - 2020	**191 799**	**218 680**	**30 577**	**441 056**	**286**	**441 342**
Total liabilities - 2019#	187 367	130 899	105 565	423 831	15 511	439 342
Taxation - 2020	**25 362**	**4 551**	**3 719**	**33 632**	**23**	**33 655**
Taxation - 2019#	10 628	10 004	3 009	23 641	(2 022)	21 619

Restated as required by IFRS 5 in relation to the treatment of Transpaco Recycling (Plastic Products) as a discontinued operation. Refer to note 31.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

24. OPERATING LEASE COMMITMENTS

	GROUP		COMPANY	
	June 2020 R'000	June 2019 R'000	**June 2020 R'000**	June 2019 R'000
Future minimum rentals payable under non-cancellable operating leases as at 30 June were as follows:				
Property, plant and machinery				
Due within one year	**-**	35 130	**-**	-
Due after one year but not later than five years	**-**	74 364	**-**	-
	-	109 494	**-**	-

25. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	June 2020 R'000	June 2019 R'000	**June 2020 R'000**	June 2019 R'000
Commitments in respect of capital expenditure approved by the directors and contracted for:				
Plant and equipment	**17 783**	6 146	**-**	-

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

The group has provided for local third party guarantees to the value of R3 576 824 (2019: R3 569 303) Refer to note 27 for the detail regarding the loan committed to Letsema Strategy Services (Pty) Ltd. (2019: 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 R25 379 238 (2019: R25 185 536).

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

27. RELATED PARTIES

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

	% of equity interest	
	2020	2019
Name		
Transpaco Cores and Tubes (Pty) Ltd	**100**	100
Transpaco Flexibles (Pty) Ltd	**100**	100
Transpaco Flexibles Mpumalanga (Pty) Ltd	**100**	100
East Rand Plastics (Pty) Ltd	**100**	100
Transpaco Packaging (Pty) Ltd	**100**	100
Transpaco Recycling (Pty) Ltd	**100**	100
Transpaco Specialised Films (Pty) Ltd	**100**	100
Britepak Trading (Pty) Ltd	**100**	100
Booysens Road Properties (Pty) Ltd	**100**	100
Explosive Films (Pty) Ltd	**100**	100
Propateez 62 (Pty) Ltd	**100**	100
Future Packaging and Machinery (Pty) Ltd	**100**	100
Future Packaging and Machinery Cape (Pty) Ltd	**100**	100
Future Packaging and Machinery (Kwa-Zulu Natal) (Pty) Ltd	**100**	100
Transpaco Consumer Plastics (Pty) Ltd	**100**	100
Transpaco Administration and Financial Services (Pty) Ltd	**100**	100
Transpaco Share Incentive Trust	**100**	100

TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are determined on an arms-length, market related basis, except for amounts owing by subsidiaries which are interest free.

For further details refer to note 15.

RENT PAID TO RELATED PARTIES

CR Hennings and VA van Rensburg are directors of Future Packaging and Machinery (Pty) Ltd, Future Packaging and Machinery Cape (Pty) Ltd and Future Packaging and Machinery (Kwa-Zulu Natal) (Pty) Ltd.

Rental of R1 654 342 (2019: R1 503 947) was paid by Future Packaging and Machinery (Kwa-zulu Natal) (Pty) Ltd to DuelCo Investments (Pty) Ltd, a company of which VA van Rensburg is both a director and a shareholder and CR Hennings is a director and trustee of the MNCA Trust which is a shareholder.

Rental of R601 838 (2019: R547 125) was paid by Future Packaging and Machinery Cape (Pty) Ltd to Leopont 150 (Pty) Ltd, a company of which CR Hennings is a director and trustee of the Justlaur Property 4 Trust which is a shareholder.

Rental of R824 969 (2019: R749 972) was paid by Future Packaging and Machinery Cape (Pty) Ltd to Erf 1320 Montague Gardens (Pty) Ltd a company of which CR Hennings is a director and trustee of the Justlaur Property 6 Trust which is a shareholder.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

27. RELATED PARTIES (CONTINUED)

LOAN TO RELATED PARTY

	June 2020 R'000	June 2019 R'000
Letsema Strategy Services (Pty) Ltd	**3 000**	-
Cirebelle (Pty) Ltd	**-**	3 000

As part of our BEE strategy we have loaned R3 000 000 (2019: R3 000 000 to Cirebelle (Pty) Ltd) to Letsema Strategy Services (Pty) Ltd of which DJJ Thomas is both a director and shareholder. This is for enterprise and supplier development and is disclosed under sundry receivables (refer to note 13). The loan is interest free and has no fixed terms of repayment.

COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	June 2020 R'000	June 2019 R'000
Short-term employee benefits	**76 896**	77 905
Post-employment pension	**8 709**	8 660
Total compensation paid to key personnel	**85 605**	86 565

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

DIVIDENDS RECEIVED BY THE COMPANY FROM SUBSIDIARIES

	June 2020 R'000	June 2019 R'000
Transpaco Cores and Tubes (Pty) Ltd	**17 000**	-
Transpaco Flexibles Mpumalanga (Pty) Ltd	**12 000**	11 000
Transpaco Specialised Films (Pty) Ltd	**-**	30 000
	29 000	41 000
Amounts Owing to Subsidiaries		
Transpaco Administration and Financial Services (Pty) Ltd (see Note 15)	**(19 818)**	(18 774)

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Group
The group's principle financial liabilities comprise bank loans, trade payables, interest-bearing borrowings and lease liabilities. 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 from a subsidiary company.

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

INTEREST RATE RISK
Group
The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates. The group endeavours to ensure that borrowings are at market-related rates. The exposure at year-end to interest rate risk amounts to R79 205 000 (2019: R103 749 000). 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 17 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 after tax R'000
2020	**+100**	**(340)**
	-50	**170**
2019	+ 100	(785)
	-50	392

Company

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

	Increase/ decrease in US dollar/Euro/GBP	Effect on profit before tax R'000	Effect on equity R'000
2020	**+10%**	**(362)**	**(261)**
	-5%	**181**	**130**
2019	+10%	(986)	(710)
	-5%	493	355

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

Imports	Settlement	Average contract rate	2020 R'000	2019 R'000
US dollars	July 2020 to August 2020	17,36	**1 944**	
US dollars	July 2019 to September 2019	14,45		5 832
Euro	August 2020	19,65	**602**	
Euro	July 2019 to September 2019	16,88		1 591
GBP	July 2020 to August 2020	21,94	**1 075**	
GBP	July 2019 to October 2019	18,77		2 434

FEC Liability is included in trade payable and accruals.

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 R259 325 000 (2019: R361 008 000).

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

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

Company

The company has no exposure to credit risk.

LIQUIDITY RISK

Group

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

The group's objective is to maintain a balance between the continuity of funding and flexibility through the use of bank overdrafts, bank loans and 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 based on contractual undiscounted payments.

	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	Greater than one year R'000	**Total R'000**
Year ended 30 June 2020					
Interest-bearing loans and borrowings	-	10 883	18 706	61 040	**90 629**
Lease liabilities		8 604	23 493	50 203	**82 300**
Trade payables and accruals	-	204 070	-	-	**204 070**
Other liabilities	-	6 230	-	-	**6 230**
Guarantees	-	-	-	3 577	**3 577**
	-	229 787	42 199	114 820	**386 806**

	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	Greater than one year R'000	**Total R'000**
Year ended 30 June 2019					
Interest-bearing loans and borrowings	-	9 358	26 949	92 211	**128 518**
Trade payables and accruals	-	240 217	-	-	**240 217**
Other liabilities	-	11 017	-	-	**11 017**
Guarantees	-	-	-	3 569	**3 569**
	-	260 592	26 949	95 780	**383 321**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Company

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

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

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

	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	Greater than one year R'000	**Total R'000**
Year ended 30 June 2019					
Trade payables and accruals	-	2 730	-	-	**2 730**
Other liabilities	-	391	-	-	**391**
Amounts owing to subsidiaries	18 774	-	-	-	**18 774**
	18 774	3 121	-	-	**21 895**

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 2020 and 30 June 2019.

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

	June 2020 R'000	June 2019 R'000
Interest-bearing borrowings	**79 205**	103 749
Lease liabilties	**71 124**	-
Bank balance	**(60 822)**	(36 683)
Net debt	**89 507**	67 066
Equity	**679 515**	637 856
Total capital	**679 515**	637 856
	%	%
Net interest-bearing debt: equity ratio	**13,2**	10,5

29. FINANCIAL INSTRUMENTS

CATEGORISATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Fair value through profit and loss R'000	Assets at Amortised cost R'000	Other liabilities Amortised cost R'000	**Total R'000**
GROUP 2020				
Assets				
Trade and other receivables	–	259 297	–	**259 297**
Cash and cash equivalents	–	60 822	–	**60 822**
Total	**-**	**320 119**	**-**	**320 119**
Shareholders' equity and liabilities				
Interest-bearing borrowings	–	–	53 684	**53 684**
Lease liabilities	–	–	51 410	**51 410**
Trade payables and accruals	21	–	204 467	**204 488**
Current portion of interest-bearing borrowings	–	–	25 521	**25 521**
Current portion of lease liabilities	–	–	19 714	**19 714**
Total	**21**	**-**	**354 796**	**354 817**

	Fair value through profit and loss R'000	Assets as Amortised cost R'000	Other liabilities Amortised cost R'000	**Total R'000**
GROUP 2019				
Assets				
Trade and other receivables	–	362 078	–	**362 078**
Cash and cash equivalents	–	47 898	–	**47 898**
Total	**-**	**409 976**	**-**	**409 976**
Shareholders' equity and liabilities				
Interest-bearing borrowings	–	–	75 597	**75 597**
Trade payables and accruals	292	–	240 316	**240 608**
Current portion of interest-bearing borrowings	–	–	28 152	**28 152**
Bank overdraft	–	–	11 215	**11 215**
Total	**292**	**-**	**355 280**	**355 572**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

29. FINANCIAL INSTRUMENTS (CONTINUED)

	Loans and receivables Amortised cost R'000	Other liabilities Amortised cost R'000	**Total R'000**
COMPANY 2020			
Shareholders' equity and liabilities			
Amounts owing to subsidiary	-	19 818	**19 818**
Trade payables and accruals	-	418	**418**
Total	**-**	**20 236**	**20 236**
COMPANY 2019			
Shareholders' equity and liabilities			
Amounts owing to subsidiary		18 774	**18 774**
Trade payables and accruals	-	3 121	**3 121**
Total	**-**	**21 895**	**21 895**

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

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 2020, 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 2020, the group held the following financial instruments carried at fair value in the statement of financial position:

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

As at 30 June 2019, the group held the following financial instruments carried at fair value in the statement of financial position:

	30 June 2019 R'000	**Level 1 R'000**	**Level 2 R'000**	**Level 3 R'000**
Financial instrument				
Foreign exchange forward contracts (Gross: R9 857 000)	(292)	-	(292)	-

30. NOTES TO THE CASH FLOW STATEMENTS

	GROUP		COMPANY	
	June 2020 R'000	June 2019 R'000	**June 2020 R'000**	June 2019 R'000
30.1 CASH GENERATED FROM/(UTILISED IN) OPERATIONS	**191 615**	132 594	**(3)**	-
Operating profit/(loss) before net interest paid and dividends received	**113 380**	89 868	**(3)**	-
Impairment	**11 846**	-	**-**	-
Depreciation	**72 458**	44 437	**-**	-
Profit on disposal of property, plant and equipment	**(829)**	(711)		
Fair value gains on FEC	**(5 240)**	-	**-**	-
MOVEMENT IN WORKING CAPITAL	**54 312**	(8 143)	**(1 659)**	(1 537)
Decrease in inventory	**5 229**	44 128	**-**	-
Decrease/(increase) in trade and other receivables	**85 255**	(47 062)	**-**	-
(Decrease)/increase in trade payables and accruals	**(36 643)**	770	**(2 703)**	(3 449)
Decrease in deferred income	**(7 333)**	(2 076)	**-**	-
Increase/(decrease) in employee benefit liabilities	**7 804**	(3 903)	**-**	-
Increase in amount owing to subsidiary	**-**	-	**1 044**	1 912
	245 927	124 451	**(1 662)**	(1 537)
30.2 TAXATION PAID				
Net taxation refundable at beginning of year	**631**	74	**-**	-
Taxation receivable at beginning of year	**1 872**	888	**-**	-
Taxation payable at beginning of year	**(1 241)**	(814)	**-**	-
Taxation excluding deferred taxation	**(30 678)**	(22 863)	**-**	-
Net taxation payable/(refundable) at end of year	**4 403**	(631)	**-**	-
Taxation receivable at end of year	**(248)**	(1 872)	**-**	-
Taxation payable at end of year	**4 651**	1 241	**-**	-
	(25 644)	(23 420)	**-**	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

31. DISCONTINUED OPERATION

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

	GROUP	
	2020 R'000	2019 R'000
Revenue	**48 018**	92 823
Other income	**7 351**	1 016
Expenses	**(66 033)**	(100 952)
Operating loss	**(10 664)**	(7 113)
Finance income	**-**	1
Impairment loss recognised on the remeasurement to fair value less costs to sell	**(11 846)**	-
Loss before tax from discontinued operation	**(22 510)**	(7 112)
Taxation		
Related to pre-tax loss from the ordinary activities for the period	**(23)**	2 022
Related to remeasurement to fair value less costs to sell	**-**	-
Loss for the year from discontinued operation	**(22 533)**	(5 090)
Loss per share (cents) from discontinued operation	**(68,5)**	(15,5)
Diluted loss per share (cents) from discontinued operation	**(68,5)**	(15,5)
Headline loss per share (cents) from discontinued operation	**(33,6)**	(15,5)
Diluted headline loss per share (cents) from discontinued operation	**(33,6)**	(15,5)
Discontinued operation		
Loss for the year from discontinued operation	**(22 533)**	(5 090)
Impairment on property, plant and equipment	**11 846**	-
Profit after tax on disposal of property, plant and equipment	**(363)**	(2)
Headline loss	**(11 050)**	(5 092)
Cash flows from discontinued operation		
Net cash flows from operating activities	**(4 877)**	2 096
Net cash flows from investing activities	**4 874**	(2 100)
Net cash flows from financing activities	**-**	-
Net cash flows	**(3)**	(4)

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

The major classes of assets and liabilities of Transpaco Recycling (Pty) Ltd held for sale as at 30 June 2020 are as follows:

	June 2020 R'000
Assets	
Property, plant and equipment (note 7)	**9 386**
Trade and other receivables	**676**
Disposal group assets classified as held for sale	**10 062**
Liabilities	
Trade payables and accruals	**286**
Disposal group liabilities directly associated with assets held for sale	**286**
Net assets directly associated with disposal group	**9 776**

The property, plant and equipment carried as fair value is categorised in level 3 of the fair value hierarchy and the fair value is determined by reference to recent selling prices.

32. SUBSEQUENT EVENTS

Subsequent to year-end the following transactions took place:

- The Property that houses Future Packaging and Machinery (Pty) Ltd was purchased by Booysens Road Properties (Pty) Ltd for R64 500 000.
- The Washplant at Transpaco Recycling was sold.

06
Shareholder Information

SHAREHOLDER ANALYSIS

SHAREHOLDER SPREAD	No of shareholdings	%	No of shares	%
1 - 1 000 shares	506	60,52	93 412	0,29
1 001 - 10 000 shares	206	24,64	648 779	1,97
10 001 - 100 000 shares	86	10,29	2 800 847	8,52
100 001 - 1 000 000 shares	31	3,71	10 034 998	30,51
1 000 001 shares and over	7	0,84	19 308 323	58,71
Totals	**836**	**100,00**	**32 886 359**	100,00

DISTRIBUTION OF SHAREHOLDERS	No of shareholdings	%	No of shares	%
Banks/Brokers	18	2,15	156 911	0,47
Close Corporations	11	1,32	390 543	1,19
Individuals	693	82,89	7 373 449	22,42
Insurance Companies	4	0,48	3 469 238	10,55
Mutual Funds	20	2,39	5 491 753	16,70
Other Corporations	7	0,84	12 713	0,04
Private Companies	26	3,11	13 460 404	40,93
Public Company	1	0,12	400	0,00
Retirement Funds	18	2,15	2 192 801	6,67
Trusts	38	4,55	338 147	1,03
Totals	**836**	**100,00**	**32 886 359**	100,00

PUBLIC / NON - PUBLIC SHAREHOLDERS	No of shareholdings	%	No of shares	%
Non - Public Shareholders	**10**	**1,20**	**18 452 982**	**56,11**
Directors and Associates of the Company Holdings	6	0,72	7 149 102	21,74
Strategic Holdings (more than 10%)	4	0,48	11 303 880	34,37
Public Shareholders	**826**	**98,80**	**14 433 377**	**43,89**
Totals	**836**	**100,00**	**32 886 359**	100,00

BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE	No of shares	%
Ceppwawu Investments (Pty) Ltd	6 661 225	20,26
Old Mutual	4 642 655	14,12
Phillip Abelheim	3 515 871	10,69
Samuel Abelheim Holdings (Pty) Ltd	2 054 639	6,25
Kagiso Group	1 675 287	5,09
Totals	**18 549 677**	**56,41**

Definitions

“the board”	The board of directors of Transpaco Limited, as set out on page 14.
“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 2020
“EXCO”	Executive committee of Transpaco Limited
“CFO”	Chief Financial Oficer. Transpaco’s CFO is Louis Weinberg.
“FPM” or “Future Packaging”	Future Packaging and Machinery Group, comprising Future Packaging and Machinery (Pty) Ltd, Future Packaging and Machinery Cape (Pty) Ltd and Future Packaging and Machinery (KwaZulu-Natal) (Pty) Ltd
“the group” or “Transpaco”	Transpaco Limited and its subsidiaries
“HDI”	Historically disadvantaged individual
“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 prior year"	The year ended 30 June 2019
“SHEQ”	Safety, Health, Environment and Quality
"the year" or "the year under review"	The year ended 30 June 2020
"the current year"	The year ended 30 June 2021

Financial definitions	
“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

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

SIXTY-EIGHTH
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 4 December 2020 at 09:00 for the purposes of:

- Considering and, if deemed fit, adopting, with or without modification, the annual financial statements of the company for the year ended 30 June 2020;
- 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, 30 October 2020. The record date to participate in and vote at the annual general meeting is Friday, 27 November 2020, and the last day to trade is Tuesday, 24 November.

SPECIAL RESOLUTIONS

SPECIAL RESOLUTION 1: SHARE REPURCHASES

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

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

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

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

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

- Major beneficial shareholders – page 90.
- Share capital of the company – page 73.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on pages 14 – 15 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all required information.

MATERIAL CHANGES

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

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

REASON FOR AND EFFECT OF SPECIAL RESOLUTION 1

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

SPECIAL RESOLUTION 2: DIRECTORS' FEES

"The payment to the non-executive directors of the following fees for services as directors with effect from the date of this annual general meeting until the company's 2020 annual general meeting, be authorised:

Non-executive directors	Fee (2019/20) R	Proposed fee (2020/21) R	Board	Audit & risk committee	Board governance & remuneration	Transformation, social & ethics committee
HA Botha	295 372	319 002	Member	Chairman	Member	
B Mkhondo	284 652	307 424	Member	Member	Member	Member
DJJ Thomas	410 900	443 772	Chairman		Chairman	Member
SP van der Linde	284 652	307 424	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 2019 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 2020 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 be placed under the control of the directors of the company until the forthcoming annual general meeting or part thereof in their discretion, subject to the provisions of the Companies Act 71 of 2008 and the Listings Requirements of the JSE Limited."

ORDINARY RESOLUTION 3: ISSUE OF SHARES FOR CASH

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

a. the allotment and issue of ordinary shares for cash shall be made only to persons qualifying as public shareholders as defined in the JSE Listings Requirements and not to related parties as defined in the JSE Listings Requirements;
b. the number of ordinary shares issued for cash shall not in the aggregate in any one financial year of the company exceed 1 644 318 shares which represent 5% (five percent) of the company's issued ordinary shares;
c. the maximum discount at which ordinary shares may be issued for cash is 10% (ten percent) of the weighted average traded price on the JSE of those ordinary shares over 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of the company;
d. after the company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the effect of the issue on the net asset value and earnings per share of the company; and
e. that at least 75% (seventy-five percent) of shareholders present in person or represented by proxy at the annual general meeting at which this ordinary resolution 3 is proposed, vote in favour of this resolution."

ORDINARY RESOLUTION 4: SIGNATURE OF DOCUMENTATION

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

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

"To approve in accordance with the recommendations of King IV, through a non-binding advisory vote, the company's remuneration policy as set out in the annual financial statements for the year ended 30 June 2020."

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

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

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

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

"To approve in accordance with the recommendations of King IV, through a non-binding advisory vote, the company's implementation report as set out in the annual financial statements for the year ended 30 June 2020."

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

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

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

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

ORDINARY RESOLUTION 6: RE-ELECTION OF DIRECTOR

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

An abridged curriculum vitae for H A 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 15 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 14 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 be and are reappointed as auditors of the company with Amelia Young as the individual registered auditor."

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

VOTING AND PROXIES

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

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

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

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

By order of the board.

H van Niekerk
Company Secretary
15 October 2020

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 2020
68th annual general meeting	04 December 2020

REPORTS AND RESULTS ANNOUNCEMENTS

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

ADMINISTRATION

TRANSPACO LIMITED

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

REGISTERED OFFICE

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

COMPANY SECRETARY

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

TRANSFER SECRETARIES

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

EXTERNAL AUDITORS

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

BANKERS

First National Bank Limited
ABSA Bank Limited

SPONSOR

Investec Bank Limited

B"H

FORM OF PROXY

FOR USE AT THE ANNUAL GENERAL MEETING ON FRIDAY 04 DECEMBER 2020 AT 09:00

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

For use by the holders of the company's certificated ordinary shares ("certificated shareholders") and/or dematerialised ordinary shares held through a Central Securities Depository Participant ("CSDP") or broker who have selected own-name registration ("own-name dematerialised shareholders") at the annual general meeting of the company to be held at 09:00 on Friday, 04 December 2020, 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, 04 December 2020 at 09:00 and at any adjournment thereof.

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

	In favour of	Against	Abstain
SPECIAL RESOLUTIONS			
1. To authorise the company or its subsidiaries to repurchase the company's shares			
2. To approve the fees of non-executive directors			
3. To approve financial assistance in terms of section 45 of the Companies Act 71 of 2008			
ORDINARY RESOLUTIONS			
1. To receive and adopt the annual financial statements for the year ended 30 June 2019			
2. To place under the control of directors 5% of the unissued shares			
3. To issue shares for cash in accordance with the terms of this resolution			
4. To authorise the signature of documentation			
5. 5.1 To approve the company's remuneration policy			
5.2 To approve the company's implementation report			
6. To re-elect HA Botha as a director of the company			
7. To re-elect B Mkhondo as a director of the company			
8. To re-elect 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 ______________________________ 2020.

Signature ______________________________ (Assisted by if applicable) ______________________________

Please read notes on reverse.

FORM OF PROXY

NOTES TO THE FORM OF PROXY

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

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