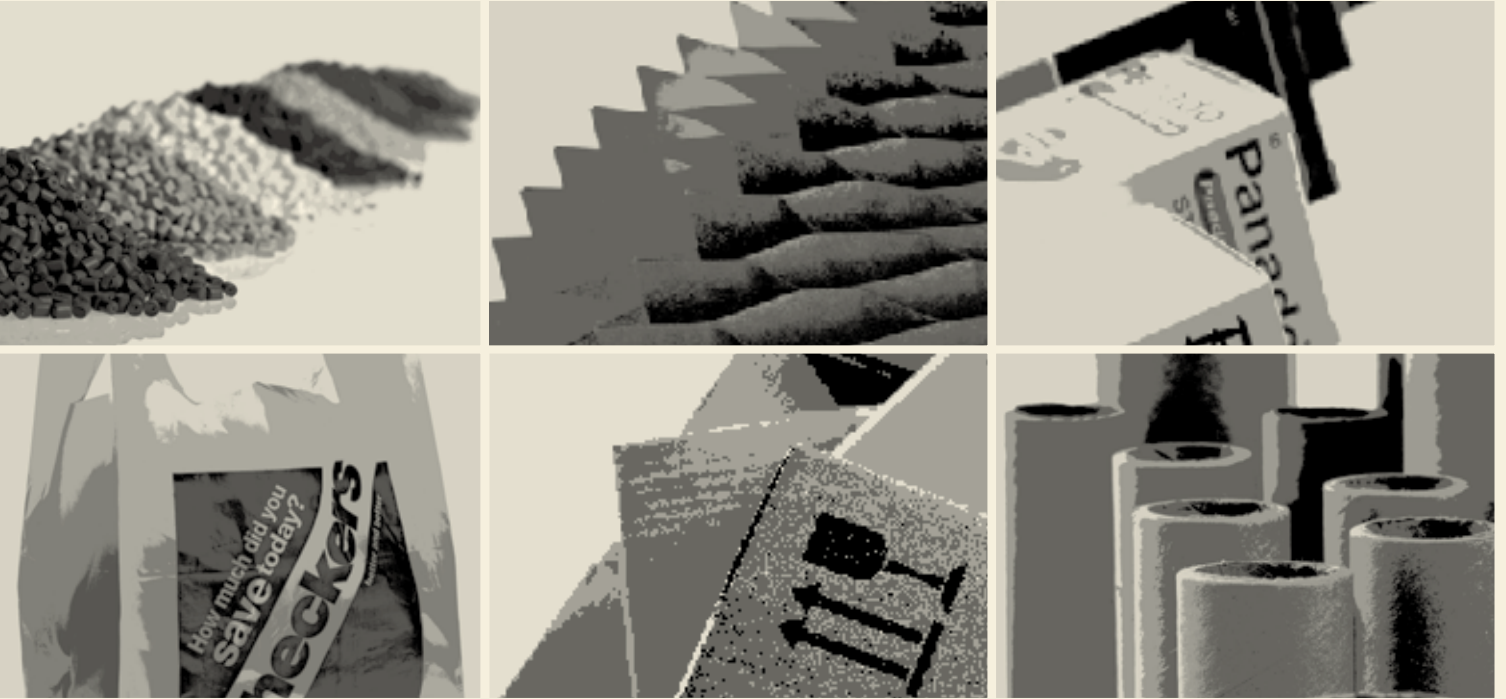




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ANNUAL REPORT

30 JUNE 2014



DEFINITIONS

“the board”	The board of directors of Transpaco Limited, as set out on pages 30 to 31
“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 24,94% B-BBEE stakeholder in Transpaco
“CSI”	Corporate Social Investment
“the company” or “Transpaco”	Transpaco Limited, listed on the JSE Securities Exchange 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 2015
“EXCO”	Executive committee of Transpaco Limited
“FD”	Financial Director. Transpaco’s FD is Louis Weinberg
“the group” or “Transpaco”	Transpaco Limited and its subsidiaries
“HDI”	Historically disadvantaged individual
“IBC”	Inside back cover (of this integrated annual report)
“JSE”	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
“King III Report” or “King III”	King Report on Corporate Governance for South Africa, 2009
“the previous year”	The year ended 30 June 2013
“PP”	Polypropylene
“SAPRO”	South African Plastic Recycling Organisation
“SHEQ”	Safety, Health, Environment and Quality
“the year” or “the year under review”	The year ended 30 June 2014
Financial definitions	
“CAGR”	Compound annual growth rate
“Diluted HEPS”	Diluted headline earnings per share
“FY”	Financial year, for Transpaco ending 30 June
“HEPS”	Headline earnings per share
“IFRS”	International Financial Reporting Standards

ABOUT OUR REPORT

Transpaco is a manufacturer, recycler and distributor of paper and plastic packaging products for a broad range of industries within the core focus of packaging throughout South Africa. The company is listed in the 'Containers and Packaging' sector, JSE Main Board. It operates through three core reportable divisions:

- **Plastic Products**, which includes Flexibles, Recycling and Specialised Films
- **Paper and Board Products**, which includes Britepak, Disaki Cores and Tubes and Packaging
- **Properties and Group Services**, property owning and which provides administrative and financial support to all divisions

Our 2014 integrated annual report endeavours to present an integrated overview of the financial, economic, environmental, social and governance performance of the group for the year 1 July 2013 to 30 June 2014, and follows our annual report for the previous year published in October 2013. The information disclosed encompasses all divisions and subsidiaries of the company, as illustrated in the group structure on page 6, across all regions of operation in South Africa. These same entities are included in the company's consolidated financial statements as set out on pages 51 to 101 of this report. There was no change to the boundary or any measurement techniques, nor were there any restatements of previously reported information. (For more information see the annual financial statements on pages 51 - 101).

Our intention in this, our fourth integrated report, is to present a holistic overview of the value the group seeks to create for stakeholders, by communicating content that is useful and relevant in an open and balanced manner. We believe the report projects an honest, measured account of our approach to sustainability that takes account of all resources employed by the group in our business activities and all resources and groups on which

we impact. The report is also a reflection of our commitment to excellence, which defines our culture aimed at the highest possible standards of quality in all areas of our operations.

BASIS OF PREPARATION

This report is primarily targeted at existing stakeholders and potential investors in the group.

We have considered and applied many of the recommendations contained in the International Integrated Reporting Framework issued in December 2013. The company has also applied the majority of principles in the King III Report and explained any which have not been so applied.

The annual financial statements have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the Companies Act.

APPROVAL OF THE REPORT

The Transpaco board confirms that it has approved this integrated annual report

and authorised its release on 14 October 2014. Refer to page 52 for board statement.

DISCLAIMER

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 30 June 2014. 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 Listings Requirements of the JSE and/or any other legislation/regulations.

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: 33 177 482

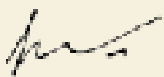
CORPORATE INFORMATION

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

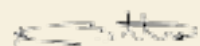
This integrated annual report is available online at www.transpaco.co.za. For feedback regarding the content, accessibility, functionality and usability of this report, please contact company secretary, Hendrik van Niekerk. See Administration on the IBC of this integrated report.



Phillip Abelheim - CEO



Louis Weinberg - FD



Harry Botha - Audit & Risk Committee
Chairman

ASSURANCE

To ensure the integrity of sustainability reporting in the group, the following combined assurance model is in place:

Business process	Nature of assurance	Assurance provider
Operational/financial risk		
External audit	Annual financial statements	Ernst & Young Inc.
Internal audit	System of internal controls	Audit and Risk Committee
Empowerment		
Employment equity	Employment Equity submission	Department of Labour
B-BBEE	B-BBEE Audit Verification	Octagon Empowerment

04/

2014 AT A GLANCE

HIGHLIGHTS

R1,25bn

Group turnover up 11,1% to R1,25 billion

(2013: R1,12 billion)

205,5c

Diluted headline earnings per share up 0,9% to 205,5 cents

(2013: 203,7 cents)

93c

Dividend per share up 3% to 93 cents

(2013: 90 cents)

R97,8m

Total operating profit up 5% to R97,8 million

(2013: R93,1 million)

R121,0m

Cash generated from operations R121,0 million

(2013: R100,1 million)

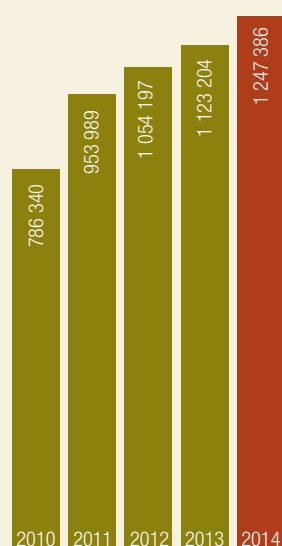
1 249c

Net asset value up 10,8% to 1 249 cents per share

(2013: 1127 cents)

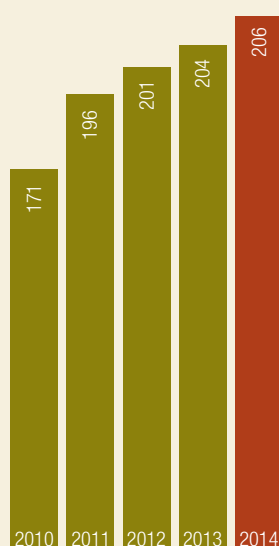
FINANCIAL STATISTICS

	2014	2013	2012	2011	2010
Current ratio (x)	2,17	2,16	1,86	1,89	1,88
Net interest-bearing debt:equity ratio (%)	Net cash positive	Net cash positive	Net cash positive	Net cash positive	Net cash positive
Operating income margin (%)	7,8	8,3	9,1	10,0	10,6
Net interest cover (x)	95,6	90,5	67,7	33,3	16,0
Net asset value per share (cents)	1,249	1,127	1,002	866	772



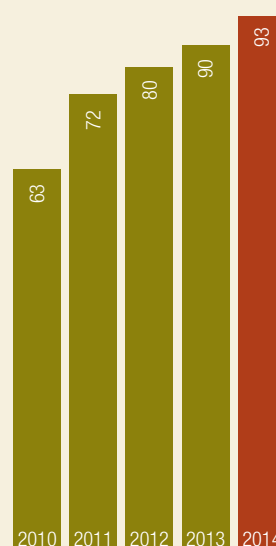
TURNOVER
(RANDS)

12,23%
CAGR



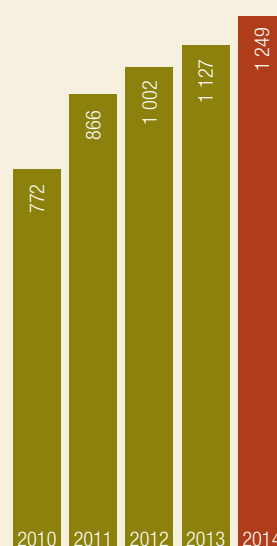
DILUTED HEADLINE EARNINGS
PER SHARE (CENTS)

4,64%
CAGR



DIVIDEND PER SHARE
(CENTS)

10,23%
CAGR



NET ASSET VALUE
(CENTS)

12,78%
CAGR

05/

OUR GROUP

SNAPSHOT

We are a leading manufacturer, recycler and distributor of paper and plastic packaging products in South Africa. Our products include packaging such as plastic bags, printed folded cartons and inserts, stretch film and pallet wrap, cardboard tubular cores, packaging for the food industry and scholastic stationery, all to our customers' requirements.

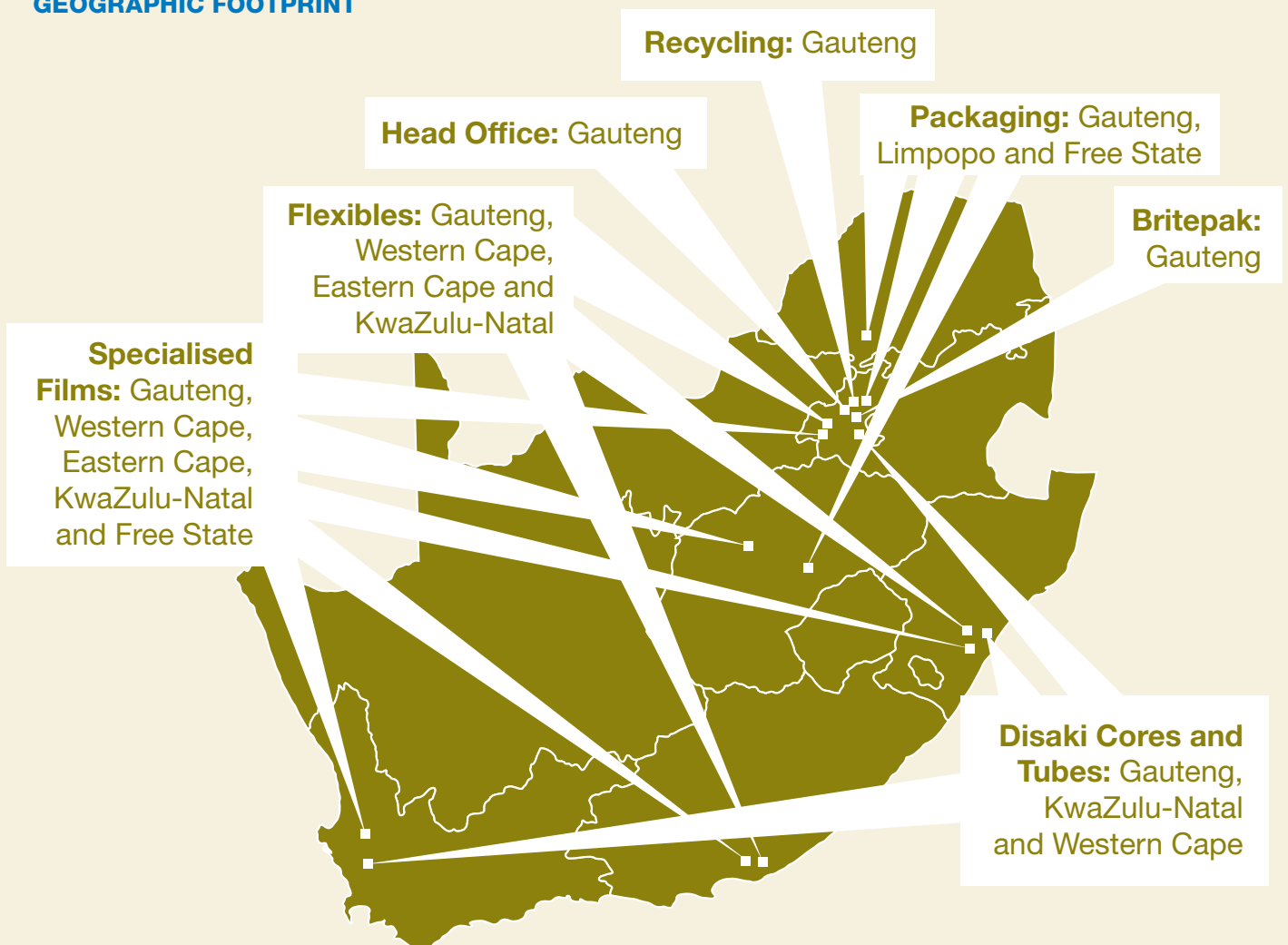
OVERVIEW OF OPERATIONS

Plastic Products	Paper and Board	Properties and Group Services
▪ 66% group turnover ▪ 47% group operating profit ▪ 6 plants ▪ Distribution facilities throughout South Africa	▪ 34% group turnover ▪ 47% group operating profit ▪ 4 plants ▪ 1 distribution centre	▪ 6% group operating profit
▪ Flexibles ▪ Recycling ▪ Specialised Films	▪ Britepak ▪ Disaki Cores and Tubes ▪ Packaging	▪ Booyens Road Properties ▪ Explosive Film Technologies ▪ Transpaco Financial and Administration Services

KEY FEATURES

- Listed on JSE in 1987
- Headquartered in Wynberg, Johannesburg
- 10 manufacturing facilities
- Countrywide distribution operations
- National footprint & distribution capability
- Level 4 BBBEE
- 1 251 employees

GEOGRAPHIC FOOTPRINT



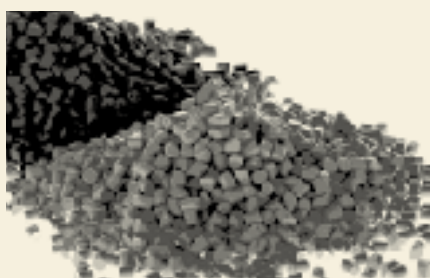
OPERATIONS

PLASTIC PRODUCTS



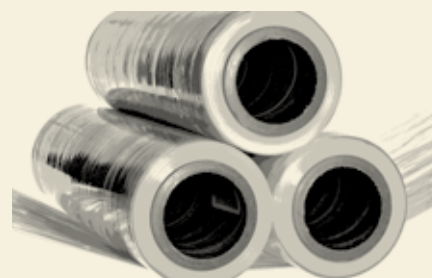
FLEXIBLES

Manufactures and supplies flexible plastic packaging solutions for the retail, industrial, mining, agricultural, scholastic stationery, food, transport and construction industries. Transpaco Flexibles is the largest producer of retail plastic bags in South Africa.



RECYCLING

One of the largest polyethylene recyclers of post-consumer plastic waste in South Africa, specialising in the recycling of low-density polyethylene and high-density polyethylene originating from shopping centres, industrial activities, agricultural activities and land fill sites. The company supplies polymer throughout South Africa and many African countries.



SPECIALISED FILMS

Manufactures and supplies specialised films for the food, construction, agricultural, automotive, transport, industrial, packaging and retail markets.

Products

- Retail vest type plastic bags
- Retail boutique plastic bags
- Industrial plastic bags
- Refuse bags
- Tubing and sheeting
- Plastic and paper scholastic book covering

Products

- High density polyethylene
- Low density polyethylene

Products

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

Resources and facilities

- Two manufacturing sites in Gauteng and one in the Western Cape
- Distribution facilities throughout South Africa

Resources and facilities

- Two recycling plants, one in Bronkhorstspuit and one in Elandsfontein
- Modern, efficient plant and equipment
- Experienced management
- Comprehensive quality assurance system

Resources and facilities

- One manufacturing facility in Bronkhorstspuit
- State-of-the-art equipment to ensure that we produce three, five and seven layer cast film products of the highest quality and standard
- Distribution facilities throughout South Africa

Competitive advantages

- Largest provider of retail plastic bags in South Africa
- Three manufacturing sites in South Africa
- National distribution capabilities

Competitive advantages

- Certified ISO 9001:2008 (Bronkhorstspuit)
- Well-developed sustainable sources of supply
- National distribution capabilities

Competitive advantages

- Certified ISO 9001:2008
- Substantial capacity allowing for quick and efficient delivery

PAPER AND BOARD PRODUCTS



BRITEPAK

Manufactures and supplies to the pharmaceutical, healthcare, cosmetics, hair care, veterinary, surgical equipment suppliers and general industries.



DISAKI CORES AND TUBES PACKAGING

A leading manufacturer of spirally wound tubular cardboard cores for the paper, printing, tape, flexible plastic, steel, textile, beverage, door, armaments and explosives industries.



PACKAGING

A leading packaging supplier to clients in the retail, industrial, wholesale, agricultural, automotive and stationery markets.

Products

Printed folded cartons and package inserts:

- Cosmetic
- Pharmaceutical
- Veterinarian

Products

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

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

Resources and facilities

- One manufacturing plant in Johannesburg
- Prepress service, including Suprasetter plate-setting technology
- Lithographic printing including off-line, 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

Resources and facilities

- Manufacturing plants in Germiston, Durban and Cape Town
- Fully automated core winding and cutting operation
- Modern, sophisticated plant and equipment

Resources and facilities

- One distribution facility in Johannesburg
- Several branches throughout South Africa

Competitive advantages

- Investment in latest equipment
- Comprehensive standard operating systems which are required by all multinational pharmaceutical manufacturers
- Dedicated to the markets in which we operate

Competitive advantages

- Leading manufacturer of spirally wound tubular cardboard cores in South Africa
- Certified ISO 9001:2008
- Minimal exposure to import competition

Competitive advantages

- Leading packaging supplier for more than half a century
- Quick and efficient deliveries
- Competitive pricing

OPERATIONS

PROPERTY AND GROUP SERVICES

Provides property owning and central administration, financial and related services to all divisions.

Resources and facilities

- Booyens Road Property
- Explosive Film Technologies
- Transpaco Administrative and Financial Services

Competitive advantages

- Reduced reliance on outside landlords



FIVE YEAR FINANCIAL AND STATISTICAL REVIEW

STATEMENTS OF COMPREHENSIVE INCOME

	2014 R'000	2013 R'000	2012 R'000	2011 R'000	2010 R'000
Continuing operations					
Turnover	1 247 386	1 123 204	1 044 221	906 058	786 340
Operating profit before net finance costs	97 844	93 140	100 570	107 410	83 487
Net finance costs	1 024	1 029	1 232	2 826	5 214
Profit before taxation	96 820	92 111	99 338	104 584	78 273
Taxation	27 169	25 246	29 019	31 683	23 843
Profit for the year from continuing operations	69 651	66 865	70 319	72 901	54 430
(Loss) for the year from discontinued operations	-	-	(3 756)	(8 812)	-
Profit for the year	69 651	66 865	66 563	64 089	54 430
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	69 651	66 865	66 563	64 089	54 430

The 2010 year's comparatives are not restated for the discontinued operations.

STATEMENTS OF FINANCIAL POSITION

	2014 R'000	2013 R'000	2012 R'000	2011 R'000	2010 R'000
Assets					
Non-current assets	213 606	202 602	195 482	167 862	150 635
Current assets	441 404	393 393	368 685	319 815	281 342
Non-current assets held-for-sale	-	885	885	-	-
Total assets	655 010	596 880	565 052	487 677	431 977
Equity and liabilities					
Capital and reserves	402 183	360 935	320 523	274 480	226 993
Non-current liabilities	49 222	53 491	46 694	43 766	55 358
Current liabilities	203 605	182 454	197 835	169 431	149 626
Total equity and liabilities	655 010	596 880	565 052	487 677	431 977

STATEMENTS OF CASH FLOWS

	2014 R'000	2013 R'000	2012 R'000	2011 R'000	2010 R'000
Net cash inflow from operating activities	60 763	47 749	50 228	91 016	50 228
Net cash outflow from investing activities	(40 516)	(37 460)	(58 694)	(73 543)	(58 694)
Net cash (outflow)/inflow from financing activities	(12 667)	2 845	(1 475)	(13 700)	(1 475)
Net movement in cash for the year	7 580	13 134	(9 941)	3 773	11 255
Cash and cash equivalents at the beginning of the year	83 686	70 552	80 493	76 720	65 465
Cash and cash equivalents at the end of the year	91 266	83 686	70 552	80 493	76 720

SHARE STATISTICS

	2014	2013	2012	2011	2010
Headline earnings per share (cents)	209,2	208,2	205,6	214,0	193,9
Diluted headline earnings per share (cents)	205,5	203,7	201,1	195,7	171,4
Basic earnings per share (cents)	216,5	208,9	209,4	217,5	194,4
Diluted basic earnings per share (cents)	212,7	204,4	204,9	198,0	171,6
Cash generated from operations per share (cents)	375,7	312,5	320,6	436,0	351,9
Dividends per share (cents)	93,0	90,0	80,0	72,0	63,0
Share price - high (cents)	1 950	2 000	1 990	1 500	1 200
- low (cents)	1 520	1 500	1 350	1 030	530
- year-end (cents)	1 720	1 700	1 770	1 350	1 060
Total value of shares traded (R'000)	31 140	28 168	34 623	47 610	14 074
Number of shares traded ('000)	1 800	1 641	2 159	4 006	1 648
Market capitalisation (R'000) at year-end	570 653	564 009	587 241	447 896	316 569
Ordinary shares in issue ('000)	33 177	33 177	33 177	33 177	29 865
Ranking number of ordinary shares ('000)	32 197	32 017	31 991	31 691	28 192
Weighted average ranking number of ordinary shares ('000)	32 164	32 012	31 782	29 606	28 144

VALUE ADDED STATEMENT

Value added is the value which the group has added to purchased materials and goods by process of manufacture and conversion and the sale of its products and services. This statement shows how the value so added has been distributed.

	2014 R'000	Value added %	2013 R'000	Value added %
Creation of wealth				
Revenue	1 248 997		1 125 260	
Cost of goods, services and expenses	863 037		755 848	
	385 960		369 412	
Distribution of wealth				
Employees:				
Salaries, wages and benefits	223 283	57,9	215 077	58,2
Government:				
Taxes	27 169	7,0	25 246	6,8
Providers of capital:				
Finance costs	2 635	0,7	3 085	0,8
Dividends	29 919	7,8	27 521	7,5
Maintenance and expansion:				
Depreciation	33 303	8,6	31 618	8,6
Retained income	69 651	18,0	66 865	18,1
	385 960	100,0	369 412	100,0



06/

STRATEGIC CONTEXT

OUR STRATEGIC MILESTONES

1987

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

1998

Acquired Silverpack group

1987

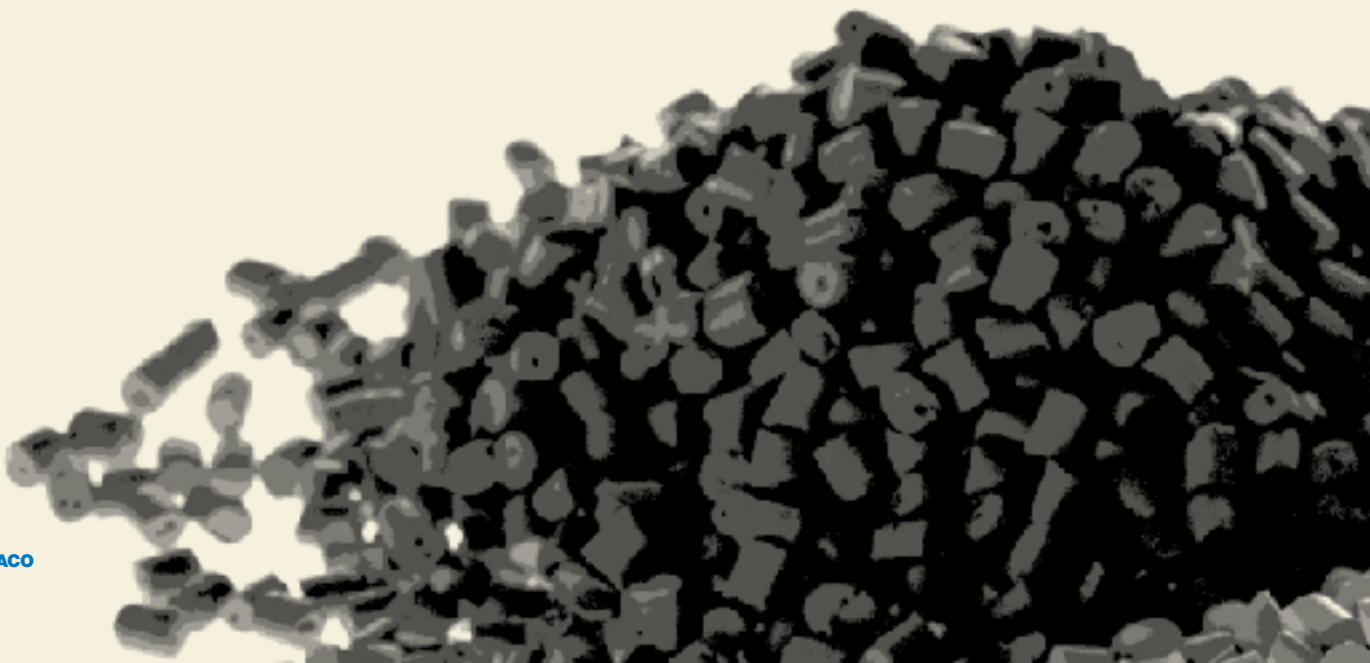
Transpaco listed on JSE

1997

Acquired Sheet Extrusion

1999

Established Flexibles
Mpumalanga



2004

Acquired Recycling Plastics
(merged into Transpaco
Recycling)

2005

BEE transaction

2006

Acquired Polyfoil
(now Transpaco Flexibles
Mpumalanga)

2005

Acquired Britepak

2006

Established
Specialised Films

2010

Acquired Disaki
Cores and Tubes



OUR STAKEHOLDERS

Communication with our stakeholders is integral to the way we do business. Our thorough understanding of the group's key financial, environmental and social impacts is critical for identifying our material risks and opportunities. The outcome of our stakeholder engagement informs and supports our key strategic discussions and enables us to execute our objectives. We engage in open and timeous communication with our stakeholders and treat them all equitably.

We have identified our key stakeholders and determined the most effective and strategic methods of communicating around key issues with them, as follows:

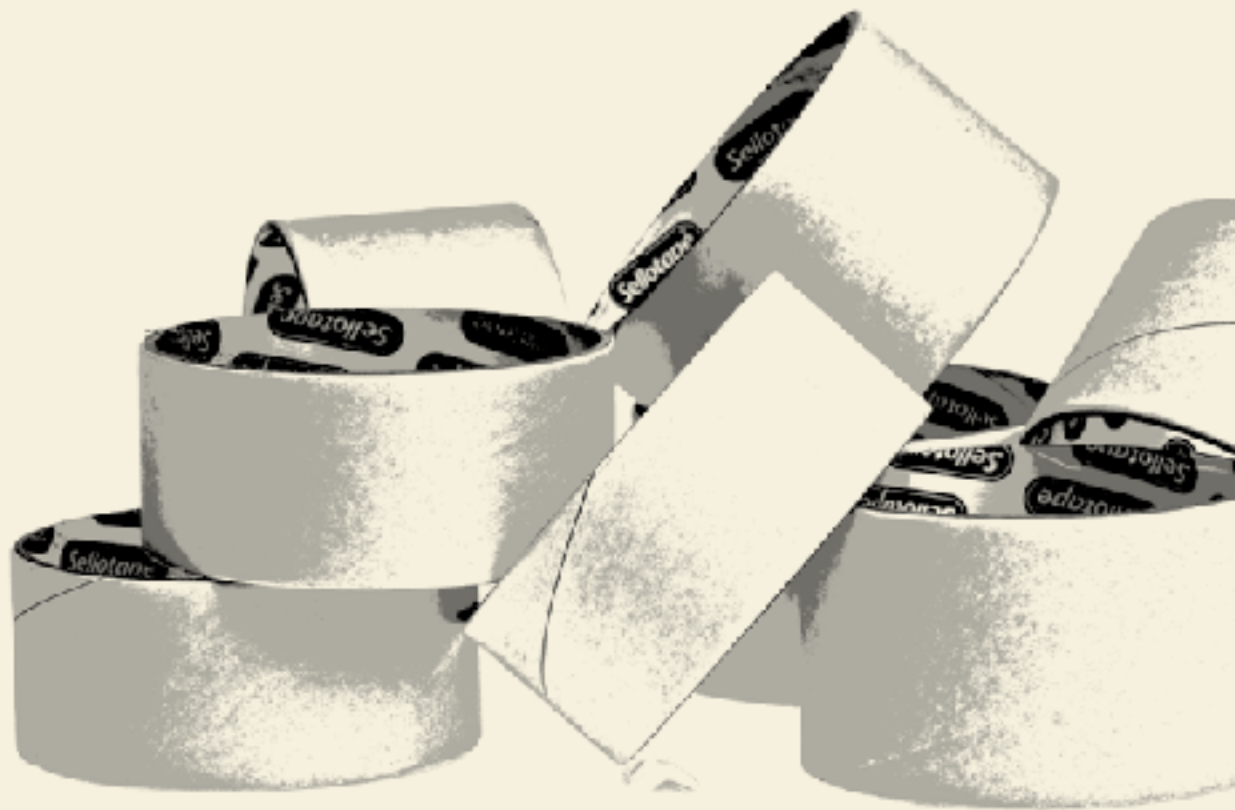
Stakeholder group	Responsibility for stakeholder engagement	What matters to the stakeholder?	How we gather feedback	Our response
Employees	- HR Department - Transformation, Social & Ethics Committee oversees employment equity and the group's transformation strategy - Health and Safety Committees	- Career development and training - Reward and benefits for performance - Communication - Upholding work ethics - Job security	Established fora for feedback	- All new employees are provided with a welcome pack - Policy and procedures manuals in place - Open door policy with all senior management - Training programme - Strong leadership - Transpaco Share Incentive Scheme
Customers	- Marketing - Subsidiary management	- Quality - Reliability - Service - Pricing	Regular one-on-one meetings	- Regular one-on-one meetings at subsidiary level - Feedback provided at group EXCO level
Investors	- CEO - FD	- Investment performance - Dividends - Accessibility of leadership - Timeous information - Leadership	One-on-one meetings	- Annual and interim financial reports - SENS announcements available on group website - Invited to attend annual general meetings
Financiers	- CEO - FD	- Solvency - Ability to service debt - Leadership - Group performance	Active and open relationships with funding institutions	Active and open relationships with funding institutions

Stakeholder group	Responsibility for stakeholder engagement	What matters to the stakeholder?	How we gather feedback	Our response
Trade unions	- Subsidiary heads/managers - HR department	- Employee remuneration - Working conditions - Job security	Regular meetings	Strong, open relationships with CEPPWAWU and other unions
Major contractors, suppliers and business partners	Subsidiary heads/managers	- Prompt payment terms - Sales volumes	- Regular meetings - Feedback from subsidiary managing executives regarding supplier issues raised at one-on-one meetings	Direct engagement with service providers
Government and regulatory bodies	- CEO - FD	Compliance with regulations and legislation	Formal and informal meetings	Formal and informal meetings
Communities in which the group operates	Subsidiary company marketing director	Impact on the communities – social and environmental job creation	CSI projects	- CSI projects, donations and community forums - Buy-back centres
Industry associations	- CEO - Subsidiary managers	- Industry trends - Expertise - Collective lobbying - Industry specific issues - Labour issues	Formal and informal meetings	- Transpaco communicates with stakeholders through its membership of the following industry associations and organisations: - Plastics Federation - Plastic Convertors Association - Print Industry Federation of South Africa - South African Plastic Recyclers Organisation (SAPRO) - Steel and Engineering Industries Federation of South Africa (SEIFSA)

IDENTIFYING OUR PRINCIPAL RISKS AND OPPORTUNITIES

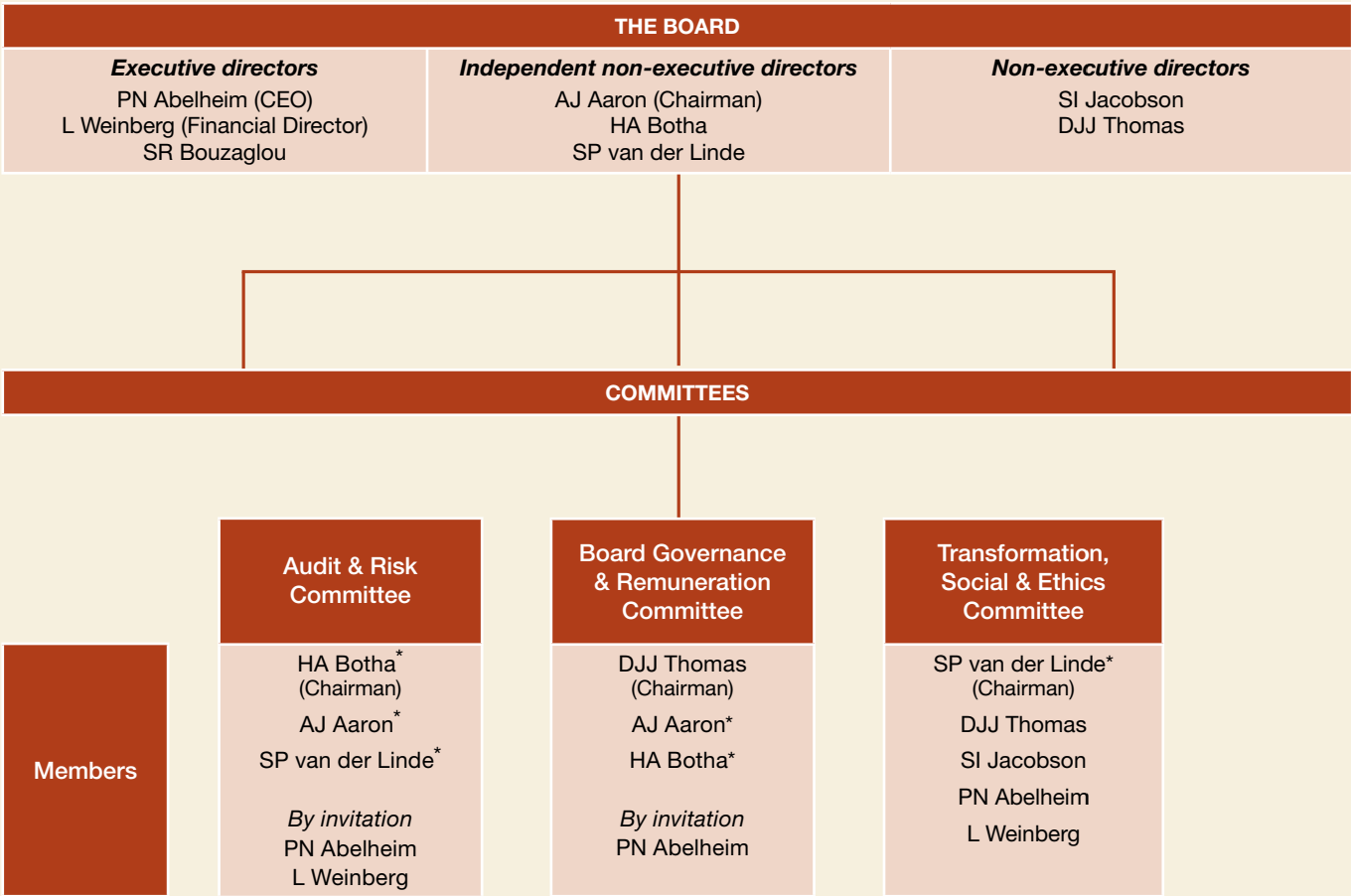
During the year all companies reviewed and revised their risk matrix, which were reviewed by Transpaco to compile the consolidated group risk matrix. Our full risk management processes are discussed in more detail on pages 38 to 39. The most significant risks we face, and how we manage these, are indicated in the risk matrix below:

Category	Risk	Mitigation
Compliance	Breach of any South African laws	- Comprehensive Code of Conduct in place - Training of all managing directors and employees on the importance of compliance
	Health and safety	- Health and safety committees operate in all factories - HR department undertakes factory inspections - All risks are addressed timeously - Regular independent risk assessments
	Environment	Ensures compliance with environmental laws through adequate inspections
Customers	Debtors	All high risk debtors insured and stringent credit controls in place
	Reliance on large customers	- Continuing to attract additional customers to even the spread of customers - Developing export opportunities
Human Resources	Ethical leadership	Code of Conduct in place and enforced
	Loss of skills due <i>inter alia</i> to Aids	Ongoing internal and external skills development programmes
	Labour unrest	Maintaining good relationships with unions. Transpaco's BEE shareholder is the union investment company of CEPPWAWU, a major union representing employees
	Succession	Succession policy in place
	Attracting suitably qualified employees	Formal recruitment policy in place to ensure Transpaco attracts the right staff



Category	Risk	Mitigation
Margins	Input cost (electricity)	- Ensuring all new plant purchased is electricity efficient - Control of power usage
	Input cost (raw material)	Continuous negotiations with suppliers of all raw materials and seeking new competitive suppliers both locally and abroad
	Oil prices	Diversification into fields of operation less dependent on oil e.g. paper related products
	Exchange rates	Hedging of all trade creditors in foreign currency
	Import replacement competition	- Ensuring efficient manufacturing processes to maintain competitiveness against local and import competition - Consultation with local raw material suppliers to secure raw materials at competitive prices enabling Transpaco to compete with imported products
Plant	Technology advancement	Executive managing directors visit international trade fairs to ensure that Transpaco is up to date with the most advanced machinery available.
	Breakdowns	Ongoing maintenance to ensure that plants operate to maximum capabilities
	Fire, theft and floods	- Independent risk analysis undertaken - All plant and other equipment are adequately insured with reputable service providers against all risks - Replacement values updated on a regular basis
Products	New product	All managing directors research internationally for new product development in Transpaco markets
	Product redundancy	Research and development undertaken to seek new products
	Stocks	- Inventory conservatively valued and counted on regular basis - Most unsaleable product recycled and carried forward at reduced values
Suppliers	Dependence on few major raw material suppliers	Establishing relationships with new suppliers both local and foreign

GOVERNANCE STRUCTURE



*Independent non-executive directors

The board has satisfied itself that all board committees have effectively discharged their responsibilities as contained in their charters for the year under review.



ETHICAL LEADERSHIP

Our board provides effective leadership based on a principled approach to conducting the affairs of the company and the group subscribes to high ethical standards. Responsible leadership, as characterised by the values of responsibility, accountability, fairness and transparency, has been a defining board practice since the group's inception. Our strong value system is embedded into our group culture and is constantly reinforced by the CEO and other directors, and supported centrally by the group HR department and throughout the group by subsidiary management and operational executives. The principles of good corporate governance permeate the group from board level down to every employee.

The board accordingly strives to ensure that the group interacts with all our stakeholders with the utmost integrity (see Our Stakeholders on page 18 for further detail).

CODE OF BUSINESS PRINCIPLES AND ETHICS ("THE CODE")

Our approach above is encapsulated in the Code, which commits all of our employees to the highest standards of business conduct. The Code provides detailed guidance as to their ethical conduct in all areas, appropriate policies in respect of the safeguarding of assets and information, and appropriate corrective measures to enforce these policies.

The Code also outlines our commitment to diversity in the workplace and being an equal opportunity employer. The respect for human rights is the general underlying principle guiding all interactions, whether internally or with external stakeholders.

Further we strive to establish mutually beneficial relations with all our stakeholders, wherever possible promoting BEE principles through, amongst others, employment equity and advancement of HDIs, established affirmative procurement policies, enterprise development and CSI.

We are also committed to providing the public with products which consistently offer value in terms of price and quality. Through scientific innovation, we strive to meet consumer needs at the same time as respecting their concerns, and employ and apply rigorous standards of product safety.

The Code also entrenches our commitment to continually assessing our environmental impact and to the longer term goal of developing a sustainable business. To this end we are committed to providing products which are safe for the environment, to recycling, and to working in partnership with others to promote environmental care.

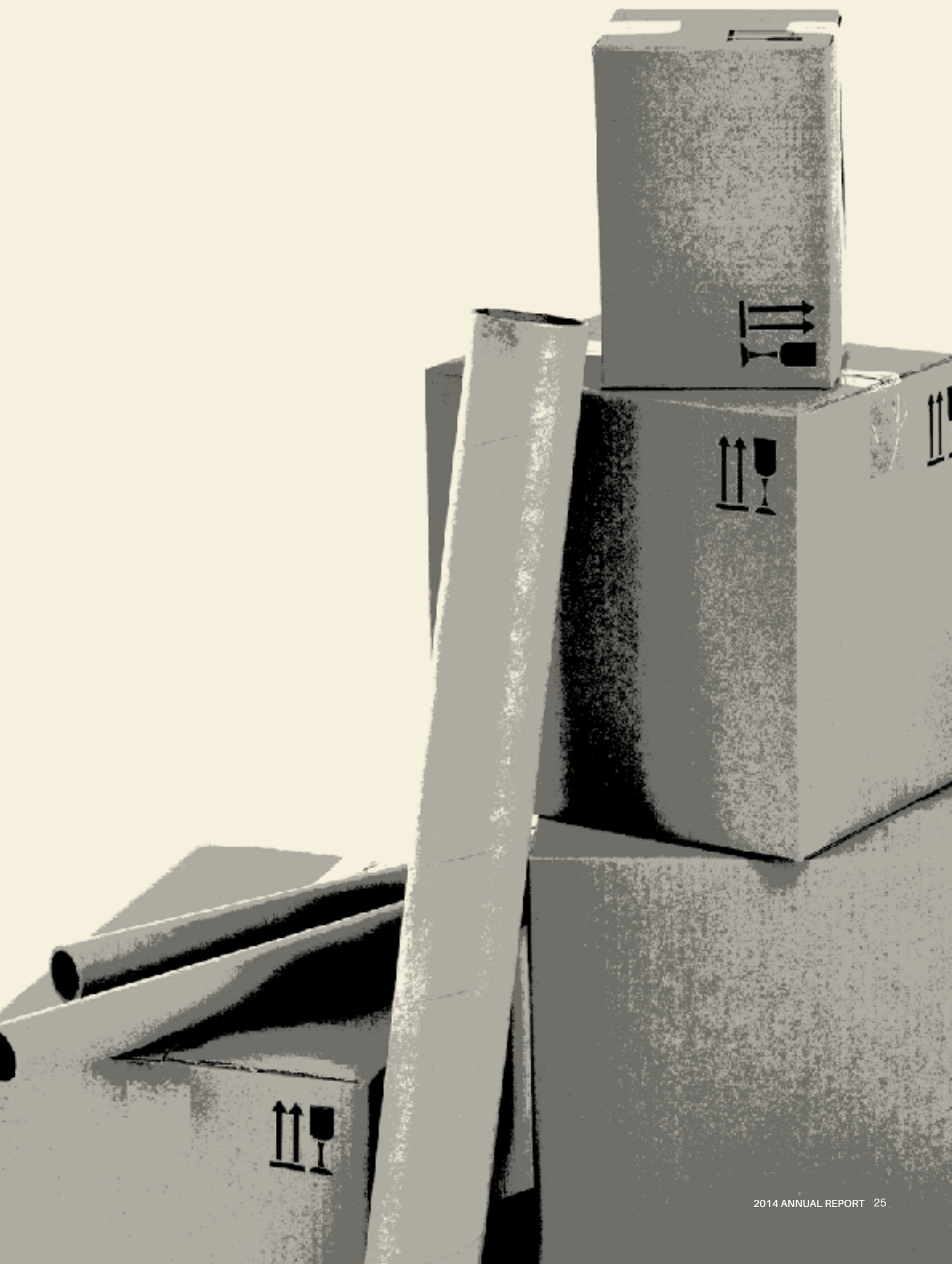
We believe in vigorous yet fair competition and support the development of appropriate competition laws. Employees are compelled to conduct themselves and operations in accordance

with the principles of fair competition and all applicable regulations.

(The full Code is available on Transpaco's website.)

All employees are required to adhere to the Code in all daily interactions. The Code is communicated to employees 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 Transpaco board, supported by the Audit & Risk Committee and the EXCO, is ultimately responsible for ensuring that the principles of the Code are observed by all employees. Day-to-day responsibility in this regard is delegated to senior management of the divisions and operations who may be required to give more detailed guidance, tailored to staff needs. Assurance of compliance is given to the group board each year by these executives and the CEO. Any breaches of the Code must be reported in accordance with the procedures specified.



CHAIRMAN'S & CEO'S REPORT

Transpaco's consistent performance continued in the year, with good turnover growth and a moderate increase in HEPS reflecting the group's resilience in still challenging trading conditions.

INTRODUCTION

We continued to face rising input costs, which depressed margins, and certain operations were indirectly affected by labour unrest in key sectors. Our ongoing steady performance is in large part attributable to management's grasp of industry challenges and their longstanding experience.

Our core business strategy remains to drive ongoing profitability and a sustainable return on equity for investors, while retaining customer loyalty through a focus on service and quality. This is conducted within the proven framework of responsible business practices.

Turnover of R1,25 billion was attributable to a combination of volume growth and price increases. Aggressive marketing and sales strategies remain the key drivers of this momentum, especially given the difficult economic climate. Transpaco's performance was further strengthened by well-controlled operating costs, which reflected below-inflationary increases, enhanced production and manufacturing efficiencies, and well-managed working capital supported by minimal net interest paid. Input costs such as energy and plastic raw materials kept margins under pressure.

The group ended the year cash positive notwithstanding the purchase of plant and equipment for R46,9 million out of existing cash resources. This liquid position will enable Transpaco to continue taking advantage of future growth and appropriate acquisition opportunities.

OUR STRATEGY

Transpaco's strategy aims at long-term sustainability through focus on profit and growth within a strict risk control framework. Strategic direction is appropriately guided by meaningful input from key stakeholders as part of Transpaco's commitment to responsible corporate citizenship.

Good governance is a key element of this strategy. In this light, during the year we reviewed and revised our group risk matrix after undertaking a full risk review in each of our underlying operations. See page 38 for further detail.

Our employees remain a business priority and our continued low employee turnover rate is evidence of the success we have achieved in creating an effective and rewarding working environment. From an operational perspective, plastic products, plastic recycling, and paper and board products remain Transpaco's primary focus. Within existing operations organic turnover growth is the key strategic objective, underpinned by continually improved efficiencies and capacity and strict cost control.

At group level we continue to identify and pursue appropriate acquisitions. Target companies comprise those that will enhance existing operations in terms of scale and efficiency, or further diversify the group into allied packaging markets.

The success of the strategy to date has positioned Transpaco as a recognised South African leader in several markets in which it operates.

Our fifth independent B-BBEE accreditation process in the year reflected ongoing improvements in a number of scorecard areas. However, a

change in targets means that Transpaco remained a Level 4 contributor. We are proud that our customers can count 125% of their purchases from Transpaco as preferential procurement and remain undeterred in our pursuit of ongoing improvement.

The group has a legacy of successfully incorporating environmental conservation and the re-use of resources as an integral part of daily business operations. Transpaco is currently the largest recycler of post-consumer polyethylene waste in South Africa and the group recently invested R20 million in a new washing facility. Over 2 000 tons of post-consumer plastic waste is processed through our two recycling facilities per month. Recycling generates the critical re-use of non-renewable resources, while at the same time reducing our carbon footprint and promoting job creation in the formal and informal sectors from which the waste is purchased (see page 46 for further detail).

FINANCIAL OVERVIEW FOR THE YEAR

Turnover increased to R1,247 billion, up 11% year-on-year (June 2013: R1,123 billion), driven by the Plastic Products division. Operating profit also increased in the Plastic Products division, and offset a decline in operating profit in the Paper division to total group operating profit of R97,8 million (June 2013: R93,1 million). Total comprehensive income (profit after tax) grew by 4,2% to R69,7 million (June 2013: R66,9 million). Headline earnings increased 1,0% to R67,3 million (June 2013: R66,7 million), translating into a 0,5% rise in HEPS. The weighted

ARCHIE AARON

(82)

CHAIRMAN

B.Com LLB

Appointed:

20 August 1987

Archie has in excess of 50 years' experience in commercial and corporate law.



PHILLIP ABELHEIM

(60)

CHIEF EXECUTIVE OFFICER

FCIS

Appointed:

12 December 1977

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



average number of shares in issue in calculating HEPS and EPS was 32 164 000, compared to 32 012 000 in the previous year. Diluted HEPS increased 0,9% to 205,5 cents (June 2013: 203,7 cents).

Cash generated from operations amounted to R121,0 million (June 2013: R100,1 million). Cash and cash equivalents at year-end were R91,3 million (June 2013: R83,7 million). Transpaco's net interest-bearing debt-to-equity position remains cash positive. Interest cover improved to 95,6 times (June 2013: 90,5 times). Net asset value per share increased by 10,8% to 1 249 cents (June 2013: 1 127 cents).

Please see the annual financial statements and accompanying notes for further detail in this regard.

DIVIDEND FOR THE YEAR

In light of the group's ongoing performance and healthy cash position, we declared a total dividend for the year of 93,0 cents a share, 3,3% higher than the previous year (June 2013: 90,0 cents).

OPERATIONS

Plastic Products

Transpaco remains the leading national supplier in South Africa to the retail, pallet stabilisation and polyethylene recycling markets. As the group's largest driver of results, the division contributed R818,2 million towards group turnover for the year and R46,1 million towards group operating profit. The year-on-year growth was achieved despite tough market conditions (see Introduction above).

Transpaco's flexible plastic operation, operating out of three manufacturing facilities with national distribution capability, is a major supplier of several products ranges to the retail sector. These include retail plastic bags, scholastic stationery and refuse bags.

The performance of the Rand against the USDollar continued to see escalating raw material pricing, which squeezed margins in this division.

The expansion at Specialised Films - Transpaco's pallet wrap division - during past reporting periods has exceeded expectations with the division reaching full capacity.

Further plans to increase volumes are being investigated.

The group's recycling division has two production facilities in Gauteng. The higher plastic raw material prices benefitted this division, which is currently operating at maximum capacity. Additional washing facilities have been installed to increase capacity adding 350 tons per month to the division.

Paper and Board Products

The division is active in the printed folded carton market for the pharmaceutical industry, cardboard tubes, cores and related products and general packaging. Its contribution to group turnover for the year declined to R429,2 million and group operating profit decreased to R46,1 million. Britepak - the printed folded carton unit specialising in pharmaceutical packaging - underperformed in the year, accounting for the decline. Britepak however remains a strategic supplier to all major multinational pharmaceutical manufacturers both locally and in international markets.

Disaki Cores and Tubes' products are manufactured in Johannesburg, Durban and Cape Town, entrenching Transpaco as a national service provider to the paper, plastic, textile, fruit, beverage, building and metal industries. The additional plant and equipment installed during the previous year to increase capacity and optimise production has proved to be hugely successful benefiting the business in terms of productivity and quality. Further capital investments have been made which will streamline operations at the Cape Town and Durban factories. The division performed well in line with expectations.

Transpaco Packaging, the group's general packaging division, remains a solid contributor to group operating profit.

PROSPECTS

Management will continue to focus on sound business and financial fundamentals in order to achieve Transpaco's organic growth ambitions, in the context of a difficult macro environment. We will further continue emphasising marketing and sales to counter market hurdles and support our growth momentum.

Expansion opportunities including suitable acquisitions are being pursued.

CHAIRMAN'S & CEO'S REPORT /CONTINUED

OUR THANKS

As with each year, when we look back over the course of the 12 months it is our people's unflagging commitment and enthusiasm that stand out. We extend our thanks to all managing directors, directors and employees for motivating our continued success with exceptional passion. We also thank our non-executive fellow directors for their strong leadership and objective guidance. Finally, we thank our customers, business partners including labour unions, and shareholders for their confidence in the group.

WORD FROM THE CHAIRMAN

The 2014 financial year proved a difficult trading period for Transpaco. However, the group maintained solid results.

Phil Abelheim our CEO, FD Louis Weinberg, our divisional Managing Directors and employees performed exceptionally well. As a team they have again ensured that the group has continued to record growth while operating at high levels of efficiency.

The 2015 year started with strikes at Transpaco's Plastic division and the direct and indirect impact on the 2015 financial year is still to be determined. Labour relations have normalised and we look forward to a stabilised relationship with our workforce.

South Africa's current turbulent labour state of affairs together with increasing energy and raw material cost continue to

pose challenges for Transpaco.

I am however confident that Transpaco's executive team is adequately qualified and able to deal with these hurdles in a manner previously demonstrated.

Recent reports regarding the Department of Trade and Industries' desire to benefitiate the plastic industry is most encouraging and Transpaco is ideally placed to take advantage of any initiatives.

On behalf of the board I would like to thank all stakeholders for their continued support and contribution to Transpaco's success.



Phillip Abelheim
CEO



Archie Aaron
Chairman

14 October 2014



WOOLWORTHS

**PLEASE
RECYCLE
ME!**

This bag contains 55% recycled manufacturing waste.
The last place it wants to end up is in a landfill. Please
reuse or recycle it. The bag and the planet will thank you.

DIRECTORS AND MANAGEMENT

EXECUTIVE DIRECTORS



Charly Bouzaglou

Shalom (Charly) Raphael Bouzaglou (57)

Appointed: 4 June 1991

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

Louis Weinberg (58)

B.Compt. (Honours) CA(SA)

Financial Director

Appointed: 18 February 2004

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



Louis Weinberg

INDEPENDENT NON-EXECUTIVE DIRECTORS



Harry Botha

Henry (Harry) André Botha (73)

M.A.P.

Appointed: 1 September 1998

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



Stephen van der Linde

Stephen Philip van der Linde (47)

B.Sc Chemical Engineering

Appointed: 5 November 2002

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

EXECUTIVE MANAGEMENT

Divisional Managing Directors



Jaco Breytenbach (42)

Managing Director
Transpaco Recycling



Steve Harmse (55)

Managing Director
Transpaco Packaging;
Joint Managing Director
Transpaco Specialised Films



Ken Harris (47)

Joint Managing Director
Transpaco Specialised Films



John Latter (62)

Managing Director
Britepak



Cesseri Taylor (52)

Managing Director
Transpaco Flexibles
Mpumalanga



Quentin Tomaselli (60)

Managing Director
Transpaco Flexibles
Wynberg

NON-EXECUTIVE DIRECTORS



Selwyn Jacobson

Selwyn Jacobson (79)

B.Com

Appointed: 20 August 1987

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



Derek Thomas

Derek JJ Thomas (43)

B.Com (Hons) (Economics) M Com (Economics)

MSc (Development Economics)

Appointed: 2 June 2005

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

EXECUTIVE MANAGEMENT

Divisional Directors



Caroline Cannel (38)

Financial Director
Transpaco Flexibles
Wynberg



Sagren Krishnasamy (56)

Production Director
Disaki Cores and Tubes



Johnny Moloantoa (64)

Divisional Marketing Director
Transpaco



Lorraine O'Neill (52)

Sales Director
Transpaco Flexibles
Wynberg



Vino Padayachee (54)

Production Director
Transpaco Flexibles



Ilse Uys (38)

Director
New Business Development
Transpaco Administrative and
Financial Services



Hendrik van Niekerk (36)

Director
Transpaco Administrative
and Financial Services
Company Secretary
Transpaco Limited



Nick Swan (41)

Sales Director
Britepak

GOVERNANCE PRACTICES AND REPORTING

Our standards of disclosure are regulated by the Companies Act, the JSE Listings Requirements and King III, and are benchmarked against international best practice. (See Application of King III on pages 36 to 37 and on the company website www.transpaco.co.za.)

However, good governance has been a long embedded tenet of daily business at the group, extending beyond standard regulatory compliance. Our board appreciates that effective corporate governance is a key driver of sustainability and acknowledges its responsibility in this regard, including to report openly thereon to stakeholders. The directors aim to ensure that sustainability considerations form part of all strategic decisions, audits and assessments.

The board ensures sound corporate governance throughout our group through formal monthly dialogue with subsidiary and operational management, and ongoing ad-hoc informal discussions. Each subsidiary director has an open line to the CEO, FD, company secretary or any other relevant executive regarding matters of governance at any time. This enables these directors to give effect to their responsibility for ensuring

that the group's principles are applied consistently and completely.

THE BOARD

The board is responsible and accountable for the performance and affairs of the group and all the subsidiaries of the group. This includes responsibility for the group's systems of internal financial and operational control, notwithstanding the delegation to any approved persons or committees of certain duties and responsibilities in accordance with an approved delegation framework.

Our unitary board comprises eight directors:

Executive directors: Phillip Abelheim (CEO), Louis Weinberg (FD) and Charly Bouzaglou

Independent non-executive directors: Archie Aaron (Chairman), Harry Botha and Stephen van der Linde

Non-executive directors: Selwyn Jacobson and Derek Thomas

Our board reflects a balance of executive and non-executive directors, the majority of whom are independent as required. More importantly, the board reflects significant experience in Transpaco's

fields of operation and related activities, adding depth to board discussions with a wealth of industry knowledge and practical know-how gained through all number and variation 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.

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

The responsibilities of the independent non-executive Chairman and the CEO, and the remaining non-executive and executive directors, are strictly separated to ensure checks and balances in decision-making. 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 represented and taken into account.

The Chairman provides independent board leadership and guidance and facilitates suitable deliberation on all matters requiring the board's attention.

He further ensures the board operates efficiently and as a unit. The CEO, executive directors and subsidiary and operational directors are accountable for strategy implementation and day-to-day operational decisions and business activities. Non-executive directors are not involved in the daily operations of the company.

A formal Board Charter is in place which sets out the directors' responsibilities and authorities in line with the goal of achieving integrated strategic thinking in the group. The purpose of the Charter is to regulate the parameters within

which the board operates and to ensure the application of good corporate governance with execution of the group's Code of Business Principles. The Charter was reviewed in accordance with annual process.

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.

Board members are encouraged to attend all of the group's special, annual and ordinary general meetings in order to promote meaningful interaction with stakeholders. Attendance by all sub-committee chairmen or an appointed representative is mandatory.

The board meets quarterly with additional meetings as and when necessary. Attendance is set out on page 57.

BOARD COMMITTEES

We have an established Audit & Risk Committee, Board Governance & Remuneration Committee and Transformation, Social & Ethics Committee to assist the board in discharging its collective responsibility of corporate governance. All committee charters were reviewed during the year and no amendments were made. All committees have satisfied their responsibilities during the year in compliance with their formal charters.

	Audit & Risk Committee	Board Governance & Remuneration Committee	Transformation, Social & Ethics Committee
Mandate	Responsible for reviewing the financial statements, monitoring internal control procedures and recommending the appointment of external auditors and evaluating their independence	Responsible for annually reviewing the directors' credentials and independence where relevant, and assessing executive and non-executive directors' remuneration	Responsible for overseeing sustainability, transformation and other compliance related matters

There is transparency and full disclosure from board committees to the board. Minutes of committee meetings are available to the directors on request. In addition, the chairmen of the committees or a nominated committee member

attend the company's annual general meeting to answer any questions from stakeholders pertaining to the relevant matters handled by their respective committees. Committee effectiveness evaluations are conducted annually.

Findings and recommendations are presented to the board. (Please see committee reports on pages 42, 48 and 55).

GOVERNANCE PRACTICES AND REPORTING /CONTINUED

BOARD PROCESSES

Rotation of directors

In terms of King III and the group's Memorandum of Incorporation, one-third of the board's non-executive directors must retire from office at each annual general meeting on a rotation basis. Retiring directors may make themselves available for re-election, provided that they remain eligible as required by the Memorandum of Incorporation and in compliance with the JSE Listings Requirements. Accordingly Harry Botha, Derek Thomas and Stephen van der Linde will retire by rotation at the upcoming annual general meeting, and being eligible, will offer themselves for re-election.

A brief CV of each director standing for election at the annual general meeting is contained in this integrated report. In determining whether to recommend a director for re-election, the committee considers the director's past attendance at meetings, participation in and contributions to the activities of the board, and the results of the most recent board self-evaluation in addition to compliance with regulatory requirements.

Reviews

An annual effectiveness evaluation is undertaken of the board and its sub-committees. This year's annual evaluation found the board and committees to be satisfactorily effective. In accordance with annual process the Chairman also performed an assessment of the independence of each independent non-executive director, save for his own which

was assessed by the Board Governance & Remuneration Committee. As he was chairman of this committee at the time, he was recused from discussions relating to his own independence. The CEO, assisted by the Chairman, provided feedback to the board. The CEO is also responsible for monitoring the implementation of recommendations and redress, if any.

Restriction on share dealings

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

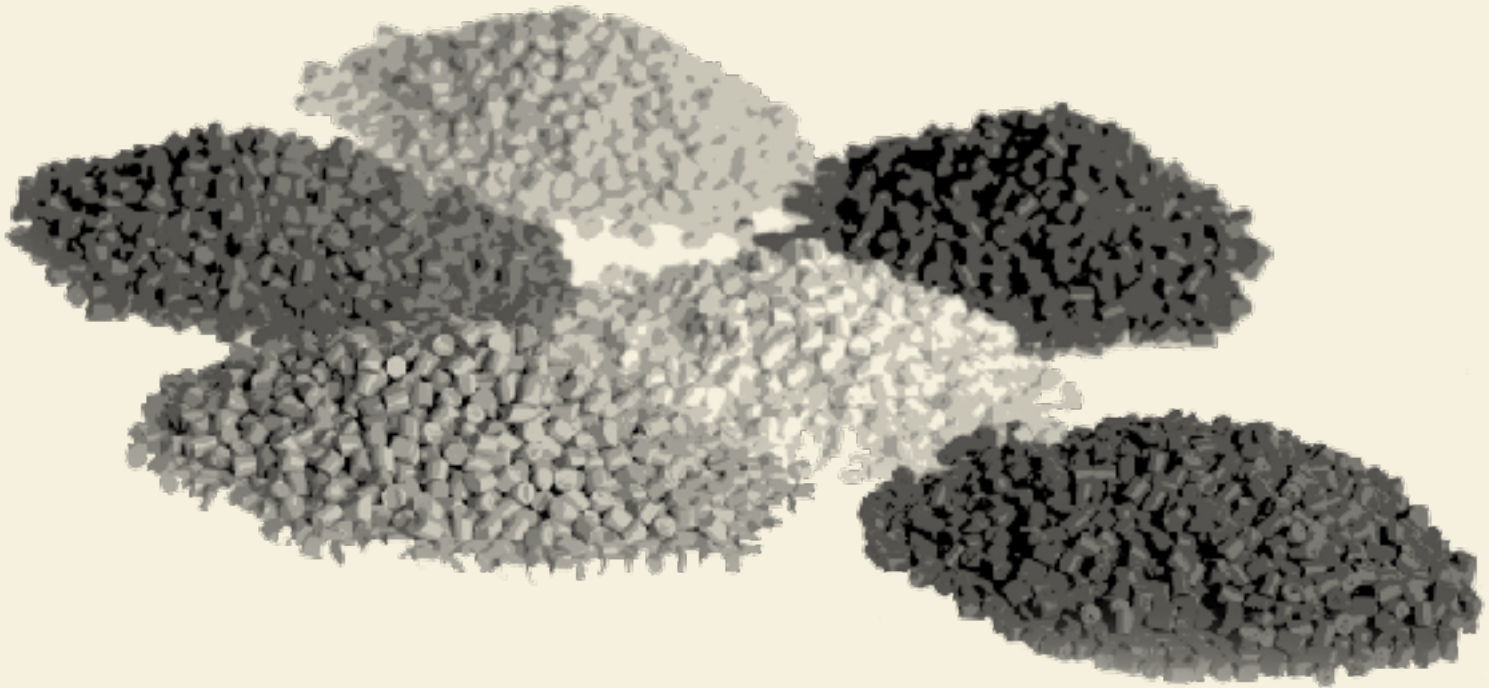
Directors' share dealings in the company must be authorised first by written

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

Directors are required to declare their dealings in securities at board meetings. Directors and prescribed officers are further required to declare to the board and at EXCO meetings their additional directorships and shareholdings and potential conflicts of interest. Subsidiary 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 a board of directors with diverse backgrounds and an array of business experience. We make use of external executive search and recruitment agencies if necessary in identifying new directors, and approve their fees. Shortlisted candidates are interviewed by the board. A second interview will be done by the CEO, followed by an offer of directorship if successful. Characteristics expected of all directors and potential candidates include independence, integrity, high personal and professional ethics, sound business judgment, and the ability and willingness to commit sufficient time to the board and the group. They must possess a general understanding of marketing, finance and other disciplines relevant to the success of Transpaco in today's business environment; an understanding of the business and required technology; an educational and professional background and personal accomplishment; and represent

geographic, gender, age and ethnic diversity.

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

SUPPORT FUNCTIONS

Independent advice

All non-executive directors have unrestricted access to management at any time as well as to the group's external auditors. Further, all directors are entitled to seek independent professional advice on any matters pertaining to the group as they deem necessary and at the group's expense, provided an approved 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, operational briefing including copies of the most recent financial results, current and future budgets as well as management accounts. In addition new appointees are accompanied on site visits by the CEO and have access to all executives, the internal audit function and external auditors at any time.

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

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

08/ TRANSPARENCY AND ACCOUNTABILITY /continued

APPLICATION OF KING III

Set out below is Transpaco's application of Chapter 2 of King III. The full application is available on the website www.transpaco.co.za.

Principle	Principle Description	Comments
Principle 2.1	The board acts as the focal point for and custodian of corporate governance	The board follows a top-down approach because it deems responsible leadership by example as the most effective way of maintaining good governance. Matters relevant to governance will be reported to the board and if required necessary action will be taken.
Principle 2.2	The board appreciates that the strategy, risk, performance and sustainability are inseparable	Strategy and growth received specific attention during the past year. Opportunities and implementation of objectives are continually monitored and assessed for feasibility and sustainability.
Principle 2.3	The board provides for effective leadership based on ethical foundation	The actions of the board and committees are governed by charters which are reviewed every year. These charters was set up in accordance with King III. All directors subscribe to our Code of Business Ethics.
Principle 2.4	The board ensures that the company is and is seen as a responsible corporate citizen	Compliance to laws and regulations are non-negotiable and a specific requirement contained in our Code of Business Ethics. It is a continuous consideration in all meetings and discussions and plays a vital role in decision-taking and all aspects of our business.
Principle 2.5	The board ensures that the company's ethics are managed effectively	The Transformation, Social and Ethics Committee is tasked with reviewing, overseeing and reporting to shareholders on all matters relating to Ethics.
Principle 2.6	The board ensures that the company has an effective and independent audit committee	The company has an audit committee as required by the JSE, Companies Act and King III.
Principle 2.7	The board is responsible for the governance of risk	Governance of risk is the responsibility of the Audit & Risk Committee who reports to the board. Management reports to the CEO and FD on matters regarding risk on a monthly basis. The CEO in turn reports to the Audit & Risk Committee on behalf of management.
Principle 2.8	The board is responsible for information technology (IT) governance	IT Governance is a standing point on the agenda for meetings. The board requires feedback at every meeting and where changes or improvements are required the board will require sufficient information to allow them to make an informed decision. The board also has an Information Technology Charter which communicated the responsibilities of the board for the effective management of IT resources.
Principle 2.9	The board ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Compliance to laws and regulations are non-negotiable and a specific requirement contained in our Code of Business Ethics. It is a continuous consideration in all meetings and discussions and plays a vital role in decision-taking and all aspects of our business. Adherence to non-binding rules, codes and standards is recommended and implemented where possible.
Principle 2.10	The board ensures that there is an effective risk-based internal audit	An internal audit department exists. This department will conduct audits on all subsidiaries based on an audit plan approved by the Audit & Risk Committee. Where necessary ad-hoc projects and investigations can be conducted outside of the normal audit plan.
Principle 2.11	The board appreciates that stakeholders' perceptions affect the company's reputation	Stakeholder perceptions and the management and maintaining our reputation is always considered when the board deliberates. Good stakeholder relationships are a requirement of our Code of Business Conduct.
Principle 2.12	The board ensures the integrity of the company's integrated report	All board members are required to review and comment on the integrated report before it is distributed. This is to ensure that all relevant matters are reported on in a fair and transparent manner.
Principle 2.13	The board reports on the effectiveness of the company's internal controls	The effectiveness of internal controls are assessed continuously through the work of the internal auditor and reports based thereon. The board reports on these findings annually in the integrated report.

Principle	Principle Description	Comments
Principle 2.14	The board and its directors act in the best interests of the company	Directors are obliged through their directors agreements, code of business conduct and professional ethics to act in the best interest of the company. All directors are informed regarding their responsibility and liability towards the company and understands the importance of acting in accordance with these responsibilities.
Principle 2.15	The board will/has consider/ed business rescue proceedings or other turnaround mechanisms as soon as the company has been/may be financially distressed as defined in the Company's Act, 71 of 2008	Liquidity and solvency of the company is monitored continually. The company has been fortunate enough not to face a situation like this and do not foresee a situation like this in the near future. The board will however continue to monitor this and act accordingly if required.
Principle 2.16	The board has elected a chairman of the board who is an independent non executive director. The CEO of the company does not also fulfil the role of chairman of the Board	The chairman is independent in terms of the requirements of King III and the JSE Listing Requirements. His independence is assessed annually as part of annual director evaluations.
Principle 2.17	The board has appointed the CEO and has established a framework for the delegation of authority	The role of the CEO is clear and in writing and forms part of the Directors Information Manual. The CEO reports to the board on behalf of management and also takes ultimate responsibility for the company on behalf of management.
Principle 2.18	The board comprises a balance of power, with a majority of non executive directors. The majority of non executive directors are independent	The composition of the board comply with the requirements of King III and the JSE Listing Requirements. Voting powers prescribed in the Memorandum of Incorporation and Board Charter prevents any director from exercising unfettered powers of decision-making.
Principle 2.19	Directors are appointed through a formal process	Directors nomination and appointment are a function for the board as a whole. This process is governed by the Board Charter and Procedure for Directors Nomination and Appointment.
Principle 2.20	The induction of and on going training, as well as the development of directors are conducted through a formal process	All directors receive a Directors Information Manual which contains information on the company and operations, board and committee charters, as well as board policies and procedures. This information is updated on an on going basis.
Principle 2.21	The board is assisted by a competent, suitably qualified and experienced company secretary	The board has assessed and satisfied itself on the competency, qualifications and experience of the company secretary.
Principle 2.22	The evaluation of the board, its committees and individual directors is performed every year	All board members are required to do a self evaluation annually. The independence of non-executive directors is also evaluated annually in line with the independence criteria contained in King III.
Principle 2.23	The board delegates certain functions to well-structured committees without abdicating from its own responsibilities	The role and responsibility of each committee is governed by a charter which is reviewed every year. Each charter specifically states that the deliberations of the committee do not reduce the individual and collective responsibilities of board members.
Principle 2.24	A governance framework has been agreed upon between the group and its subsidiary boards	All subsidiaries are fully owned and a good relationship exist between the company and all of its subsidiaries. Governance principles recommended and maintained by the company are also implemented and maintained by subsidiary companies where applicable.
Principle 2.25	The company remunerates its directors and executives fairly	The remuneration policy is presented for approval by shareholders at each annual general meeting. The Board Governance & Remuneration Committee governs the remuneration of directors and executives in line with the guidelines set by the remuneration policy. Incentive bonuses are linked to comprehensive financial and non-financial targets. Share options are awarded in expectation of service over a performance measurement period and are exercisable within three to eight years of grant.
Principle 2.26	The company has disclosed the remuneration of each individual director and prescribed officer	The remuneration of directors of the company and individuals identified as prescribed officers have been disclosed in the notes to the annual financial statements.
Principle 2.27	The shareholders have approved the company's remuneration policy	The remuneration policy is published in the integrated report and will be subject to approval by shareholders at the annual general meeting through a non-binding advisory vote.

RESPONSIBLE RISK MANAGEMENT

RISK MANAGEMENT PROCESS

We have developed a formal risk management policy that defines objectives in order to ensure the group's adaptability to changing circumstances and resilience in an uncertain economy. The board is responsible for setting the group's risk appetite, evaluating and managing key risk areas, performance indicators and relevant non-financial aspects, and assessing the effectiveness of the group-wide risk management processes.

The Audit & Risk Committee, supported by the internal auditor, is tasked with identifying ongoing business risks and reporting thereon to the board. Although executive directors are not members of the Audit & Risk Committee, they attend by invitation and participate in discussions.

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

The CEO and FD report any changes in risks to the board on a quarterly basis.

INTERNAL CONTROL FRAMEWORK

The board is responsible for the group's systems of internal control and risk management. The Audit & Risk Committee, FD and internal auditor assist in this regard. Together they evaluate

the adequacy and effectiveness of internal control systems and processes, and monitor whether internal control recommendations made by the FD, external auditors and internal auditors 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. The systems are designed to safeguard and maintain accountability of the group's assets and further, should identify and curtail significant fraud, potential liability, loss and material misstatement while ensuring compliance with applicable statutory laws and regulations.

Absolute assurance cannot be provided. The internal control systems are designed, for instance, to provide only reasonable assurance as to the integrity and reliability of the annual financial statements. Inherent limitations to the system's effectiveness exist due to the possibility of human error and the 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 system of controls.

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.

An assessment of various internal control functions across the group was carried out as part of the internal audit during the year. The directors are satisfied that the minor breakdowns which were identified were immediately and effectively addressed. The directors are not aware of any material breakdown/s in the systems of internal control during the year.

During the year all Standard Operating Procedures across the group were reviewed, revised and standardised. Responsibility was assigned to specific individuals who have each signed an acknowledgment form in this regard.

EXTERNAL AUDIT

The external auditors are responsible for reporting on whether the financial statements are fairly presented in compliance with IFRS, and their audit to this end includes an assessment of internal controls. The preparation of the annual financial statements remains the responsibility of the directors.

The Audit & Risk Committee meets regularly with the external auditors and in this way ascertains their efficacy and independence. Recommendations thereon are then made to the board. The responsible audit partners rotate in accordance with legislation and audit firm requirements. As a rule the board does not engage the external auditors

for any tax compliance and assisting with company secretarial duties. Where the external auditors are appointed for non-audit services, the board assisted by the Audit & Risk Committee ensures that there is a strict separation of divisions in order to maintain independence.

LEGAL COMPLIANCE

The company secretary, together with the group's sponsor, monitors compliance with the recommendations set out in King III, the JSE Listings Requirements and the Companies Act.

The appointment of a dedicated compliance officer is not deemed necessary. Responsibilities are delegated to subsidiary/operational managing executives. The CEO assumes ultimate responsibility to the board.

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

Some of the principal South African legislation regulating the different industries in which we operate is highlighted below:

Group

- Companies Act
- Competition Act
- Employment Equity Act
- The 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

Environmental laws

- National Environmental Management Act
- National Water Act

IT GOVERNANCE AND RISK MANAGEMENT

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

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

The overarching goal is to ensure that the IT policy is implemented and maintained, ensuring security, confidentiality, integrity and availability of information. It is intended that the IT policy effectively integrates with group strategic and business processes, and that IT operations align 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 to the effect that the group has adequate business resilience arrangements in the event of an IT mishap.

A disaster recovery plan is in place which includes an assessment of potential risks, anticipated recovery times and contingency plans in case of disaster. Currently critical data is backed up on a daily basis and stored in secure off-site locations, with different servers used to mitigate risk.

Hardware and software is purchased from reputable suppliers and only licensed software is used. Any employee found not to be using licensed software will be subject to disciplinary action and can be held liable for costs incurred by Transpaco in the event of prosecution or litigation arising from the use of the unlicensed software.

09/

OUR PEOPLE

HUMAN RESOURCES

We employ 1 251 staff across the group.

We value our employees and see them as critical to maintaining our performance and ultimately the sustainability of the group. Our low employee turnover rate is evidence of the success we have achieved by prioritising optimal working conditions and opportunities for development.

Key indicators	2014	2013
Permanent employee headcount	1 251	1 258
Female employees	805	822

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

LABOUR RELATIONS

We support every employee's right to belong to a union and demonstrate this through an open and transparent relationship with all unions and their representatives. CEPPWAWU represents the majority of our employees. Our relationship with CEPPWAWU is strengthened by our ongoing working relationship with the union's investment company, which is our 25% broad-based black shareholder.

HEALTH AND SAFETY

We are committed to maintaining a safe and healthy working environment and ensuring strict compliance with the South African Occupational Health and Safety

Act, 85 of 1993. No material injuries were reported during the year.

Each subsidiary has a health and safety committee, which is responsible for performing regular inspections at the factories. Findings are reported to the subsidiary managing directors who then attend to all risk areas. Corrective action is taken where appropriate including training and all facilities are upgraded regularly. Addressing health and safety risks is a key performance indicator for managing executives, who report to the group HR department on SHEQ procedures, progress and risk. The managing executives are entitled to delegate risk mitigation to the appropriate staff member, but remain responsible for ensuring this is actioned effectively.

SHEQ induction is handled on a decentralised basis by subsidiary managing executives as part of their respective induction programmes.

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



REMUNERATION REPORT

BOARD GOVERNANCE & REMUNERATION COMMITTEE

The committee comprises non-executive director Derek Thomas (chairman) and independent non-executive directors Archie Aaron and Harry Botha. The 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).

Committee responsibilities:

- Evaluating the board, subsidiary boards' and individual directors' 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 in reaching their decisions. The CEO makes recommendations to the committee on executive and non-executive directors' remuneration, save in respect of his own, for the committee's consideration. The directors' remuneration policy is tabled at the annual general meeting for a non-binding advisory vote by shareholders.

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

Non-executive directors	Fee (2014/15) R	Proposed fee (2015/16) R	Board	Audit & Risk Committee	Board Governance & Remuneration	Transformation, Social & Ethics Committee
AJ Aaron	283 122	302 941	Chairman	Member	Member	
HA Botha	213 300	228 231	Member	Chairman	Member	
SI Jacobson	270 410	289 339	Member			Member
DJJ Thomas	227 653	243 589	Member		Chairman	Member
SP van der Linde	204 541	218 859	Member	Member		Chairman

REMUNERATION PHILOSOPHY

Our remuneration policy reflects our intention to attract and retain critical talent as well as to motivate current employees to perform to their best ability and in the best interests of the company and our stakeholders. It provides a basis to determine an appropriate and fair rate of pay for each function and to apply it consistently across the group, and a guideline to establish a balance

between fixed and variable pay and between short- and long-term incentives. The Board Governance & Remuneration Committee ensures an appropriate level of transparency as well as a level of equity and consistency across the group.

Remuneration components

1. Base pay

All employees receive a base pay that is comparable to the labour market peer group. Annual increases for

employees excluded from collective bargaining units are determined with reference to the nature of the employee's role, personal performance and competence, and consumer price index (CPI) figures. Annual increases for employees included in collective bargaining units are determined in accordance with agreements reached with the collective bargaining units and are awarded across-the-board to the members. Executive managing directors

receive a cost-to-company package determined and approved by the Board Governance & Remuneration Committee. Annual increases are determined with reference to the nature of their role, personal performance and competence, CPI figures, financial and non-financial benchmarks and subsidiary size and performance.

2. Bonuses

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

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

Incentive bonuses are linked to comprehensive financial and non-financial targets. Targets are determined each year by the board, based on historical performance, the operational and strategic outlook of the company in the short term and expectations of the company's management, amongst other factors. An objective set of criteria is used to determine a base incentive bonus, related to operational performance. This value is then adjusted according to a set weighting using further pre-determined issues such as return on funds employed, working capital management, budget control,

transformation and growth in operating profit.

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

3. The Transpaco Share Incentive Scheme

The scheme provides eligible employees and executive directors with the opportunity to receive long-term incentives based on the increase in value in Transpaco shares over prescribed periods of time. Non-executive directors do not participate in the Transpaco Share Incentive Scheme. Shares awarded in expectation of service over a performance measurement period are exercisable within three to eight years from date of grant. Awards of share-based incentives are not allowed in closed periods.

4. Retirement benefits

All employees must be a member of the Transpaco Pension Fund, the Transpaco Provident Fund, or any other approved industrial 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 in lieu of notice. Directors' emoluments are set out in note 4 to the annual financial statements.



Derek Thomas

Chairman Board Governance & Remuneration Committee

14 October 2014

10/

OUR SOCIAL IMPACT

TRANSFORMATION

We are a Level 4 B-BBEE contributor. We regard transformation as critical to the sustainability of our business in South Africa and continually strive to improve our rating. Progress in this regard is monitored by the Transformation, Social and Ethics Committee, which reports to the board.

Our progress in meeting the Codes of Good Practice on BEE issued by the Department of Trade and Industry is set out in summary in the table below:

BEE Code	Scorecard rating 2014	Scorecard rating 2013
Ownership	19 / 20	19 / 20
Management Control	1,89 / 10	1,89 / 10
Employment Equity	5,14 / 15	7,10 / 15
Skills Development	3,04 / 15	6,56 / 15
Preferential Procurement	20 / 20	19,46 / 20
Enterprise Development	15 / 15	8,30 / 15
Socio-Economic Development	5 / 5	4,80 / 5
Total	69,07	67,11

OWNERSHIP

CEPPWAWU Investments continues to hold a 24,94% stake in Transpaco. We have maintained a strong and open relationship with CEPPWAWU since 2005.

EMPLOYMENT EQUITY

We subscribe to the principle of employment equity and proactively implement policies that are in accordance with B-BBEE guidelines and

requirements. The group is compliant with the Employment Equity Act and the required reports are submitted timeously to the Department of Labour. Non-discriminatory employment practices prevail (and form part of the company's Code of Business Principles) - the recognition and reward of initiative, effort and merit across the board with the prioritisation of the advancement of black staff. As set out in our formal recruitment policy, we seek to recruit and promote internally wherever possible with the appointment of black staff taking

precedence. We continually address any inequalities in our employee base. We have employment equity targets in place and employment equity meetings are held regularly where these objectives are communicated to staff. All of the group's subsidiaries have respective employment equity committees which report directly to the central HR department. They also feed back to their respective employee bases with regards to group employment equity policies. The employment equity status is tabled below:

Category/Level	2014		2013	
	Total number	HDI	Total number	HDI
Top Management	9	0	9	0
Senior Management	27	14	24	14
Professionally Qualified	59	17	53	17
Skilled	300	195	292	191
Semi-Skilled	291	272	285	257
Unskilled	565	565	594	594
Disabled	0	0	1	0
Total	1 251	1 063	1 258	1 073

SKILLS DEVELOPMENT

The central HR department is responsible for skills development and training at the group.

We are committed to internal advancement of staff, particularly those from historically disadvantaged groups. This is reflected in the assistance we provide in terms of ongoing skills development programmes and the group's further study learnerships scheme.

We consider "on-the-job" training as crucial to sustaining efficiency. In addition, we continued to invest in the training and development of our employees during the year through the external training.

are tasked with reporting on progress in this regard at monthly management meetings. Transpaco's Recycling Division endeavours to source as much raw material as possible from the informal sector. The division has also established buy-back centres where people from disadvantaged communities can sell material they have collected for recycling.

and deliver material for recycling. Payment is based on kilometres travelled; and

- Purchases for scrap from SMMEs are paid within approximately five days to assist with cash flow.

SOCIO-ECONOMIC DEVELOPMENT

We support a variety of community-based organisations which are identified by the central HR department as part of its formal mandate. During the year, beneficiaries including schools, orphanages, old age homes, churches, welfare organisations and other deserving institutions received donations. We also donate Jiffy stationery products to approximately 40 schools, orphanages and other deserving organisations.

ENTERPRISE DEVELOPMENT

We have continued our efforts to facilitate additional job creation in the informal sector by helping to establish a variety of black-owned and managed businesses. Examples of this include:

- Contracts for the supply of services e.g. laundry, building, maintenance and cleaning, awarded to small black-owned businesses, often with Transpaco providing the equipment needed to perform the service in question;
- Several subsidiaries contracting small black-owned businesses to supply canteen services and providing the canteen premises, electricity and water usage at no cost to the service provider;
- A contracted BEE supplier to collect

PREFERENTIAL PROCUREMENT

We have a formal policy which drives preferential procurement. We continue to expand our supplier base to include more empowered enterprises and individuals who can supply goods and services on a preferred basis. Managing executives

ENVIRONMENTAL CONSERVATION

We are one of the largest polyethylene recyclers of post-consumer plastic waste in Africa. Transpaco Recycling facilitates the re-use of resources by recycling materials that would otherwise end up in solid waste dumps. This saves 25 000m³ of airspace on landfill sites annually. The group has invested extensively in the recycling industry and boasts one of the most sophisticated systems available for the reprocessing of PP and heavily printed and metallised BOPP films.

We recycle approximately 2 000 tons of plastic waste per month or 24 000 tons a year. Our recycling division specialises in the recycling of clean and post-consumer low-density polyethylene (LDPE) and high-density polyethylene (HDPE). The waste LDPE and HDPE that Transpaco purchases originates from shopping centres, industrial activities, agricultural activities and landfill sites. Typically products manufactured from recycled polyethylene include:

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

We interact and co-ordinate with government and local municipalities on waste recovery initiatives on an ongoing basis. We endorse a policy of reusing and recycling all plastic materials wherever feasible.

A summary of the most recent Plastics SA's annual plastics recycling survey is set out below:

Tonnages recycled and diverted from landfill

The local recycling rate was 18,6%. Tonnages recycled increased slightly by 2,7% to a total of 260 930 tons in 2013, which is still slightly ahead of virgin polymer growth. The consumption of virgin polymer grew 2,2% in the same period to a total of 1,4 million tons. The exchange rate is favouring exports and a total of 18 920 tons of waste plastics were exported in this period to be recycled elsewhere. The total tonnages of plastics waste diverted from landfill equals 20,0% of all plastics manufactured in 2013.

International comparison

South Africa only does mechanical recycling and no commercial energy-from-waste plants are operational. There are two or three small private incineration and diesel-from-waste plants on trial. Due to a lack of visible recycling in shopping centres and conference venues, the consumer is often of the opinion that little or no recycling takes place.

However, compared to other international players in terms of mechanical recycling South Africa excels. South Africa locally recycled 18,6% of all virgin polymer converted in 2013 compared to Australia and Europe EU+2 which only recycled 9,2% and 14,2%, respectively in 2012. Australia exported a large quantity of recyclable waste for recycling in the East. A total of 20,5% was diverted from landfill

in Australia and 20,0% in South Africa. In Europe, the mechanical recycling figure includes both local (European) recycling and mechanical recycling elsewhere (East).

South Africa is therefore amongst the leading countries in the world with regards to mechanical recycling. If we compare this to the total tonnages diverted from landfill, however, we still have a very long way to go to get to Zero Plastics to Landfill by 2030.

Source: Plastics|SA "National Plastics Recycling Survey - 2013"



TRANSFORMATION, SOCIAL & ETHICS COMMITTEE REPORT

The Transformation, Social & Ethics Committee's responsibilities encompass monitoring and regulating the impact of the group on our stakeholders. Although management is tasked with overseeing the day-to-day operational sustainability of their respective areas of business, and reporting thereon to the committee, the board remains ultimately responsible for group sustainability.

The committee is chaired by Stephen van der Linde and further comprises CEO Phillip Abelheim, FD Louis Weinberg and non-executive directors Dave Thomas and Selwyn Jacobson. (Details of meeting attendance are on page 57.)

The 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, in respect of the following:

- Social and economic development, including the group's standing in terms of the:
 - 10 principles set out in the United Nations Global Compact Principles
 - OECD recommendations regarding corruption

- Employment Equity Act
- Broad-Based Black Economic Empowerment Act
- Good corporate citizenship, including the group's:
 - promotion of equality, prevention of unfair discrimination, and reduction of corruption
 - contribution to development of the communities in which our activities are predominantly conducted or within which our products or services are predominantly marketed
 - record of sponsorship, donations and charitable giving
- Environment, health and public safety, including the impact of the group's activities and its services
- Consumer relationships, including the group's advertising, public relations and compliance with consumer protection laws
- Labour and employment, including the group's:
 - standing in terms of the International Labour Organisation Protocol on decent work and working conditions
 - employment relationships, and our contribution towards the educational development of our employees.

The committee draws these matters to the attention of the board and reports on them to the shareholders at the annual general meeting. Employment equity, B-BBEE, CSI and labour related issues as reviewed by the committee are reported on pages 44 and 45.

No human rights incidents were reported.



Stephen van der Linde

**Transformation, Social and Ethics
Committee Chairman**

14 October 2014



MED-LE

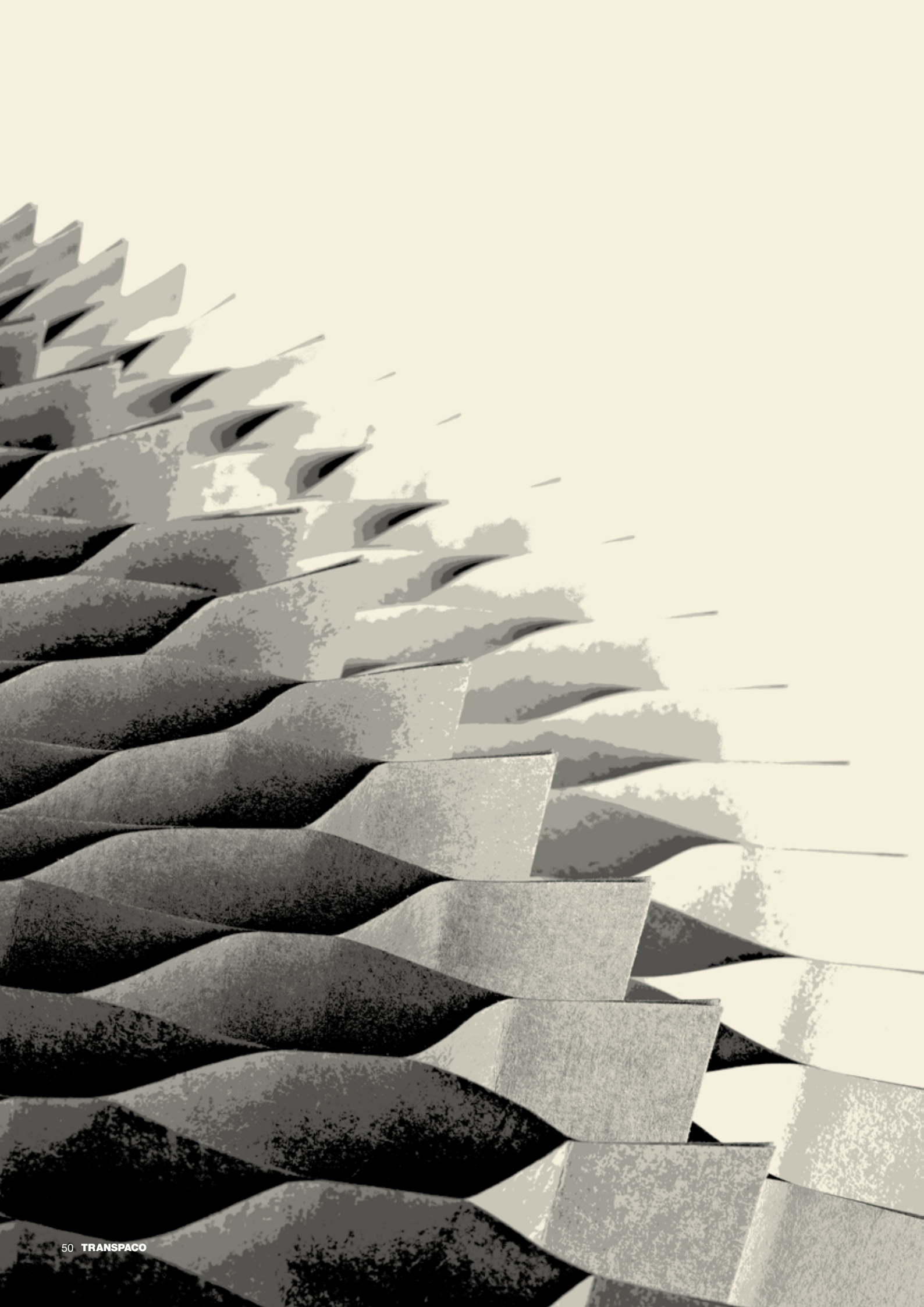
HOT MEDICATION - LEMON M

Bio-Oil®

Bio-Oil

Panado

Panadol Syrup



ANNUAL FINANCIAL STATEMENTS

Directors' statement of responsibility	52
Declaration by company secretary	53
Independant auditors' report	54
Audit & Risk Committee report	55
Directors' report	56
Statements of comprehensive income	62
Statements of financial position	63
Statements of changes in equity	64
Statements of cash flows	65
Notes to the annual financial statements	66

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The preparation of the annual financial statements for the year ended 30 June 2014, which appear on pages 62 to 101, has been supervised by Louis Weinberg, Financial Director of Transpaco Limited.

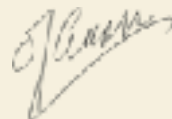
DIRECTORS' STATEMENT OF RESPONSIBILITY

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 judgments and estimates.

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

The annual financial statements have been prepared on the going concern basis since the directors have every reason to believe that the company and the group have adequate resources to continue in operation for the foreseeable future. The annual financial statements support the viability of the company and the group. The auditors Ernst & Young Inc. are responsible for reporting on the fair presentation of the annual financial statements and their report is presented on page 54.

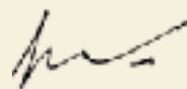
The annual results were approved by the directors on 14 October 2014 and are signed on its behalf by:



AJ Aaron
Chairman



PN Abelheim
Chief Executive Officer



Louis Weinberg
Financial Director

Johannesburg
14 October 2014

DECLARATION BY COMPANY SECRETARY

In my capacity as company secretary,
I declare that for the year ended
30 June 2014 the company has
lodged with the Registrar of Companies
all such returns and notices as are
required of a public company in terms of
the Companies Act, 2008 as amended,
and that such returns and notices are
true, correct and up to date.



H van Niekerk
Company Secretary

Johannesburg
14 October 2014



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRANSPACO LIMITED

We have audited the consolidated and separate financial statements of Transpaco Limited which comprise the directors' report, statements of financial position as at 30 June 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 56 to 101.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these 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.

AUDITOR'S RESPONSIBILITY

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

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

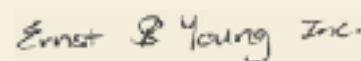
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Transpaco Limited as at 30 June 2014, 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.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2014, we have read the Audit & Risk Committee's report and the Declaration By Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



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

102 Rivonia Road, Sandton,
Johannesburg 2146

14 October 2014

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 Companies Act. The Audit & Risk Committee is chaired by HA Botha and comprises further of AJ Aaron and SP van der Linde, all of whom are independent non-executive directors. The CEO and FD attend by invitation and subsidiary management is invited to attend where appropriate. Representing the Audit & Risk Committee, HA Botha attends the annual general meeting to answer any questions relating to matters in the ambit of the committee. The committee meets with the external and internal auditor without the presence of management at least once a year.

The committee meets four times a year with additional meetings if required. Attendance at committee meetings is set out on page 57. The formal Audit & Risk Committee Charter sets out the committee's responsibilities. It is reviewed annually to confirm compliance with King III and the Companies Act, to ensure the incorporation of further best practice developments. The Charter was updated to ensure that the committee only comprises independent non-executive directors and that the Chairman of the board is eligible to be a member of the committee but not the chairman of the committee.

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.

The internal auditor has direct access to the committee.

Following the annual audit, the external auditors meet with the committee chairman without the executive directors present. The committee has an understanding of management's accounting processes, the method by which it compiles interim financial information, as well as the nature and extent of the external auditor's involvement in these processes.

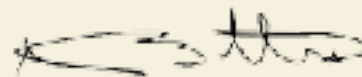
The Audit & Risk Committee also determines the key risk areas facing the group and recommends mitigation measures.

The Audit & Risk Committee is satisfied that the appropriate risk management processes are in place.

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

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



HA Botha
Audit & Risk Committee Chairman

14 October 2014

DIRECTORS' REPORT

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

NATURE OF BUSINESS

Transpaco is listed in the 'Containers and Packaging' sector of the JSE Main Board. The group's subsidiaries manufacture, distribute and recycle plastic and paper packaging products.

Transpaco specialises in:

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

Details of the group's operations are set out in the Chairman's & CEO's report and review of activities.

CORPORATE GOVERNANCE AND SUSTAINABILITY

Transpaco continued improving corporate governance policies and procedures in line with the King III Report and Companies Act requirements. Sustainability is viewed as an essential operational and strategic imperative. (See Governance Practices and Reporting on page 32)

FINANCIAL RESULTS AND DIVIDENDS

The annual financial results of the company and group for the year are set out in the annual financial statements and accompanying notes. The directors are pleased to confirm the declaration to shareholders of a final dividend for the year of 54,0 cents per share. This, together with the interim dividend of 39,0 cents per share paid to shareholders in March 2014, brings the total dividend for the year to 93,0 cents per share (2013: 90,0 cents).

ACCOUNTING POLICIES

The group and company's annual financial statements set out on pages 56 to 101 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. Detailed accounting policies are set out on pages 66 to 75 of the annual financial statements.

DIRECTORATE

The directors of the company at the date of this annual report are set out below. The number of meetings attended by each of the directors during the period 1 July 2013 to 30 June 2014 is indicated, with the number in brackets reflecting the total number of meetings held during this period:

Director	Board	Audit & Risk Committee	Board Governance & Remuneration Committee	Transformation, Social & Ethics Committee
AJ Aaron *> (Chairman)	6 (6)	3 (4)	1 (1)	
PN Abelheim (Chief Executive Officer)	6 (6)	4 (4)	1 (1)	1 (1)
HA Botha * #>	4 (6)	4 (4)	1 (1)	
SR Bouzaglou	3 (6)	2 (4)		
SI Jacobson *	6 (6)	4 (4)		1 (1)
DJJ Thomas * ~	5 (6)	2 (4)	1 (1)	1 (1)
SP van der Linde * > ^	5 (6)	3 (4)		1 (1)
L Weinberg (Financial Director)	6 (6)	4 (4)		1 (1)

* Non-executive

> Independent

Chairman Audit & Risk Committee

~ Chairman Board Governance & Remuneration Committee

^ Chairman Transformation, Social & Ethics Committee

PN Abelheim, SR Bouzaglou, SI Jacobson, DJJ Thomas and L Weinberg attended Audit & Risk Committee meetings by invitation.

In terms of the memorandum of incorporation Harry Botha, Derek Thomas and Stephen van der Linde retire at the upcoming annual general meeting and being eligible, will offer themselves for re-election.

DIRECTORS' REPORT /continued

DIRECTORS' SHAREHOLDING

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

Director	2014				2013			
	Beneficial		Non-beneficial		Beneficial		Non-beneficial	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
AJ Aaron * >	333 300	-	-	-	340 000	-	-	-
PN Abelheim	3 660 871	-	-	2 084 278	3 557 791	-	-	2 084 278
HA Botha * >	400 000	-	-	149 837	400 000	-	-	149 837
SR Bouzaglou	1 019 562	-	-	-	1 019 562	-	-	-
SI Jacobson *	-	900 000	-	300 000	-	937 500	-	312 500
DJJ Thomas *	-	-	-	8 273 012	-	-	-	8 273 012
SP van der Linde * >	41 000	-	-	-	41 000	-	-	-
L Weinberg	102 709	-	-	-	77 709	-	-	-
	5 557 442	900 000	-	10 807 127	5 436 062	937 500	-	10 819 627

* Non-executive

> Independent

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

Director	Shares	Nature of transaction
PN Abelheim	55 000	Share options exercised
L Weinberg	30 518	Share options exercised

Save for the above, there have been no further changes in the shareholding of directors between year-end and the date of this report.

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

The interests of directors and officers in the group's contracts and directors' emoluments are set out in note 4 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	Nature of business	Issued		Book value			
		Share capital		Holding company's interest			
				Shares		Indebtedness	
		2014 R	2013 R	2014 R	2013 R	2014 R	2013 R
Transpaco Admin and Financial Services	Administrative	2	2	1	1	86 230 809	85 793 304
Transpaco Cores	Dormant	4 000	4 000	52 967	52 967	-	-
Disaki Cores and Tubes	Cardboard tubes and core manufacturer	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	11 725	11 725	-	-
Transpaco Plastics	Dormant	1	1	1	1	-	-
Transpaco Polymer Recyclers	Dormant	10 000	10 000	10 000	10 000	-	-
Transpaco Recycling	Plastic recycling	1	1	1	1	-	-
Transpaco Sheet Extrusion	Plastic recycling	100	100	5 540 829	5 540 829	-	-
Britepak	Printed folded cartons	1 050	1 050	18 700 000	18 700 000	-	-
Transpaco Specialised Films	Pallet wrap	100	100	1	1	-	-
Booyens Road Properties	Property owning	1	1	1	1	-	-
Explosive Film Technologies	Property owning	40 000	40 000	40 000	40 000	-	-
Snapshot Investments	Dormant	100	100	1	1	-	-
Transpaco Consumer Plastics	Dormant shares	125	125	105 747	105 747	-	-
		80 481	80 481	24 764 206	24 764 206	86 230 809	85 793 304

Transpaco has consolidated the Transpaco Share Incentive Scheme.

DIRECTORS' REPORT /continued

AUDITORS

Ernst & Young Inc. will continue in office as auditors of the company in accordance with section 90 of the South African Companies Act No 71 of 2008, subject to shareholder approval at the upcoming annual general meeting.

The Transpaco Share Incentive Scheme is an equity-settled scheme and dividends do not accrue to the participants during the vesting periods. The Transpaco Share Incentive Scheme does not prescribe the date by which the offer of the options must be made by the trustees after the board has so directed.

SHARE OPTIONS

Transpaco has consolidated the Transpaco Share Incentive Scheme. The Transpaco Share Incentive Scheme provides, inter alia, that the trustees will, if the board so directs, offer applicants the opportunity to acquire share options; that offers must be made in writing and accepted in writing by no later than 20 days after the date on which the offer was made; and that (i) prior to 4 December 2009 the price per share payable by a participant will be the average closing price at which shares are traded on the JSE on the three trading days immediately prior to the date on which the board will have resolved to direct trustees to offer the relevant options to applicants; and that (ii) after 4 December 2009 the price per share payable by a participant will be the par value of the shares.

Share options were granted in the relevant period at the prices as set out below. The options vest as to one-third on a cumulative basis, on the day after the second, third and fourth anniversaries of the relevant acceptance dates. The accepted options must be exercised within eight years of continuous employment from the date of acceptance of the options. The Transpaco Share Incentive Scheme currently owns 980 297 shares which are available for allocation on exercising of options.

Year of grant	Number of options	Price R	Earliest vesting periods	Latest vesting periods	Lapsed	Exercised & delivered	At 30 June 2014
2006	1 315 000	5,66	2008-2010	2014	281 000	638 964	395 036
2010	320 000	0,01	2012-2014	2018	-	-	320 000
Total	1 635 000				281 000	638 964	715 036

Year of grant	Number of options	Price R	Earliest vesting periods	Latest vesting periods	Lapsed	Exercised & delivered	At 30 June 2013
2006	1 315 000	5,66	2008 - 2010	2014	281 000	459 000	575 000
2010	320 000	0,01	2012 - 2014	2018	-	-	320 000
Total	1 635 000				281 000	459 000	895 000

DIRECTORS' OPTIONS 30 JUNE 2014

Director	Year of allocation	As at 30 June 2013	No of options		As at 30 June 2014	Option price (R)	Date received	Expiry date
			Taken up during 2014	Granted during 2014				
PN Abelheim	2006	103 080	103 080	-	-	5,66	2006	2014
	2010	55 000	-	-	55 000	0,01	2010	2018
SR Bouzaglou	2006	66 518	-	-	66 518	5,66	2006	2014
	2010	30 000	-	-	30 000	0,01	2010	2018
L Weinberg	2006	40 518	25 000	-	15 518	5,66	2006	2014
	2010	80 000	-	-	80 000	0,01	2010	2018

SHARE CAPITAL

Details of the authorised and issued share capital are set out in note 17 to the annual financial statements.

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

EVENTS SUBSEQUENT TO REPORTING DATE

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

14 October 2014

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

R'000	Notes	Group		Company	
		June 2014 R'000	June 2013 R'000	June 2014 R'000	June 2013 R'000
Revenue	3	1 248 997	1 125 260	31 200	31 000
Turnover	3	1 247 386	1 123 204	-	-
Cost of sales		(816 179)	(715 749)	-	-
Profit before operating costs and depreciation		431 207	407 455	-	-
Operating costs	4	(300 060)	(282 697)	-	-
Depreciation	4	(33 303)	(31 618)	-	-
Operating profit		97 844	93 140	-	-
Finance income	3	1 611	2 056	-	-
Finance costs	4	(2 635)	(3 085)	-	-
Dividends received	3	-	-	31 200	31 000
Profit before taxation	4	96 820	92 111	31 200	31 000
Taxation	5	(27 169)	(25 246)	-	-
Profit for the year		69 651	66 865	31 200	31 000
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		69 651	66 865	31 200	31 000
Weighted average ranking number of ordinary shares in issue ('000)	6	32 164	32 012	-	-
Diluted weighted average ranking number of ordinary shares in issue ('000)	6	32 748	32 719	-	-
Earnings per share (cents)	6	216,5	208,9	-	-
Diluted earnings per share (cents)	6	212,7	204,4	-	-

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2014

		Group		Company	
		June 2014 R'000	June 2013 R'000	June 2014 R'000	June 2013 R'000
	Notes				
ASSETS					
Non-current assets		213 606	202 602	24 764	24 764
Property, plant and equipment	7	207 163	193 901	-	-
Intangibles	8	482	482	-	-
Goodwill	9	3 204	3 204	-	-
Long-term receivables	10	-	642	-	-
Investment in subsidiaries	11	-	-	24 764	24 764
Deferred taxation	21	2 757	4 373	-	-
Current assets		441 404	393 393	86 230	85 792
Inventories	12	161 835	120 416	-	-
Trade and other receivables	13	183 757	185 579	-	-
Short-term receivables	10	642	2 308	-	-
Taxation receivable	31.2	3 904	1 404	-	-
Cash and cash equivalents	14	91 266	83 686	-	-
Amounts owing from subsidiaries	15	-	-	86 230	85 792
Non-current asset classified as held-for-sale	16	-	885	-	-
Total assets		655 010	596 880	110 994	110 556
EQUITY AND LIABILITIES					
Capital and reserves		402 183	360 935	110 826	110 315
Issued share capital	17	322	320	332	332
Share premium	17	11 019	11 019	11 019	11 019
Other reserves	17	3 856	3 358	19 138	19 138
Distributable reserve		386 986	346 238	80 337	79 826
Non-current liabilities		49 222	53 491	-	-
Interest-bearing borrowings	19	21 539	32 612	-	-
Deferred income	20	5 230	-	-	-
Deferred taxation	21	22 453	20 879	-	-
Current liabilities		203 605	182 454	168	241
Trade payables and accruals	22	172 988	148 898	168	241
Provisions	23	19 225	17 449	-	-
Current portion of interest-bearing borrowings	19	10 632	13 244	-	-
Deferred income	20	689	-	-	-
Taxation payable	31.2	71	2 863	-	-
Total equity and liabilities		655 010	596 880	110 994	110 556

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

GROUP

R'000	Notes	Issued share capital	Share premium	Other reserves	Distributable reserve	Total
Balance at 1 July 2012		320	11 019	2 438	306 746	320 523
Profit for the year		-	-	-	66 865	66 865
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	66 865	66 865
Share-based payments	17	-	-	920	-	920
Dividend paid		-	-	-	(27 521)	(27 521)
Movement in treasury shares		-	-	-	148	148
Balance at 1 July 2013		320	11 019	3 358	346 238	360 935
Profit for the year		-	-	-	69 651	69 651
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	69 651	69 651
Share-based payments	17	-	-	498	-	498
Dividend paid		-	-	-	(29 919)	(29 919)
Movement in treasury shares		2	-	-	1 016	1 018
Balance at 30 June 2014		322	11 019	3 856	386 986	402 183

COMPANY

R'000		Issued share capital	Share premium	Other reserves	Distributable reserve	Total
Balance at 1 July 2012		332	11 019	19 138	77 193	107 682
Profit for the year		-	-	-	31 000	31 000
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	31 000	31 000
Dividend paid		-	-	-	(28 367)	(28 367)
Balance at 1 July 2013		332	11 019	19 138	79 826	110 315
Profit for the year		-	-	-	31 200	31 200
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	31 200	31 200
Dividend paid		-	-	-	(30 689)	(30 689)
Balance at 30 June 2014		332	11 019	19 138	80 337	110 826

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Group		Company	
		June 2014 R'000	June 2013 R'000	June 2014 R'000	June 2013 R'000
Cash flow from operating activities					
Cash generated/(utilised) from operations	31.1	120 977	100 067	(511)	(2 633)
Dividends received		-	-	31 200	31 000
Dividends paid		(29 919)	(27 521)	(30 689)	(28 367)
Finance costs		(2 635)	(3 085)	-	-
Finance income		1 611	2 056	-	-
Taxation paid	31.2	(29 271)	(23 768)	-	-
Net cash inflow from operating activities		60 763	47 749	-	-
Cash flow used in investing activities					
Proceeds on disposal of property, plant and equipment		4 083	436	-	-
Expansion and replacement of property, plant and equipment		(46 907)	(40 007)	-	-
Decrease in long-term receivables		642	2 309	-	-
Decrease/(increase) in short-term receivables		1 666	(198)	-	-
Net cash outflow from investing activities		(40 516)	(37 460)	-	-
Cash flow used in financing activities					
(Decrease)/increase in interest-bearing borrowings		(11 073)	7 644	-	-
Decrease in current portion of interest-bearing borrowings		(2 612)	(4 947)	-	-
Movement in treasury shares		1 018	148	-	-
Net cash outflow from financing activities		(12 667)	2 845	-	-
Net movement in cash for the year		7 580	13 134	-	-
Cash and cash equivalents at the beginning of the year		83 686	70 552	-	-
Cash and cash equivalents at the end of the year		91 266	83 686	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES

The group and company's annual financial statements set out on pages 52 to 101 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.

The accounting policies are consistent in all material respects with those applied in the preparation of the group's annual financial statements for the year ended 30 June 2013, except for the amendment to IAS 1: Presentation of Financial Statements with regard to presentation of items within the Statement of Comprehensive Income.

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.

When the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The group's voting rights and potential voting rights.

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 from the date the group gains control until the date the group ceases to control the subsidiary.

All intra-group balances, transactions, income and expenses, profits and losses resulting from intra-group transactions that result from assets and dividends, 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.

If the group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings as appropriate.

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 an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

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

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

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

1.3 Adoption of New and Revised International Financial Reporting Standards

During the year the following standards, amendments or interpretations became effective:

- IFRS 10 Consolidated financial statements - IFRS 10 creates a new, broader definition of control than under current IAS 27 and has resulted in SIC 12 being withdrawn. IFRS 10 does not change the consolidation process; rather it changes whether an entity is consolidated by revising the definition of

control. The revised definition of control will require consideration of aspects such as de-facto control, substantive vs. protective rights, agency relationships, silo accounting and structured entities when evaluating whether or not an entity is controlled by the investor. The standard became effective for annual periods beginning on or after 1 January 2013. The adoption of the amendment did not have any impact on the accounting policies, financial position or financial performance of the group.

- IFRS 11 Joint arrangements - IFRS 11 replaced IAS 31 and SIC 13 and refers to IFRS 10's revised definition of 'control' when referring to 'joint control'. Under IFRS 11 a joint arrangement (previously a 'joint venture' under IAS 31) is accounted for as either: a joint operation - by showing the investor's interest/ relative interest in the assets, liabilities, revenues and expenses of the joint arrangement; or a joint venture - by applying the equity accounting method. Proportionate consolidation is no longer permitted. Under IFRS 11 the structure of the joint arrangement is not the only factor considered when classifying the joint arrangement as either a joint operation or joint venture. This standard became effective for annual periods beginning on or after 1 January 2013. This standard did not have a material impact on the financial statements.
- IFRS 12 Disclosure of interests in other entities - The new standard applies to entities that have an interest in subsidiaries, joint arrangements, associates and/ or structured entities, many of the disclosures are those previously included in IAS 27, IAS 28 and IAS 31. Many new disclosures have however also been added. The standard became effective for annual periods beginning on or after 1 January 2013. This standard did not have a material impact on the financial statements.
- IFRS 10, 11 and 12 Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: transition guidance - The amendments change the transition guidance to provide further relief from full retrospective application and is effective for periods commencing on or after 1 January 2013. The adoption of the amendment did not have any impact on the accounting policies, financial position or financial performance of the group.
- IFRS 13 Fair Value Measurement - IFRS 13 describes how to measure fair value where fair value is required or permitted to be used as a measurement basis under IFRS (with certain standards being excluded from the scope of IFRS 13). Under IFRS 13 fair value is presumed to be an 'exit price'. New disclosures related to fair value measurements are also introduced. The standard becomes effective for annual periods beginning on or after 1 January 2013. This standard did not have a material impact on the financial statements.
- IAS 19 Employees Benefits (revised) - The 'corridor approach' currently allowed as an alternative basis in IAS 19 for the recognition of actuarial gains and losses on defined benefit plans has been removed. Actuarial gains and losses in respect of defined benefit plans are now recognised in OCI when they occur. For defined benefit plans, the amounts recorded in profit or loss are limited to current and past service costs, gains and losses on settlements and interest income/expense. The distinction between short-term and other long-term benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits. In many instances this is expected to have a significant impact on the manner in which leave pay and similar liabilities are currently classified. The amendment became effective for annual periods beginning on or after 1 January 2013. The adoption of the amendment did not have any impact on the accounting policies, financial position or financial performance of the group.
- IAS 27 Separate financial statements (consequential revision due to the issue of IFRS 10) - IAS 27, as revised, is limited to the accounting for investments in subsidiaries, joint ventures and associates in the separate financial statements of the investor. The amendment became effective for annual periods beginning on or after 1 January 2013. The adoption of the amendment did not have any impact on the accounting policies, financial position or financial performance of the group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

- IAS 28 Investments in Joint Ventures and Associates - The revised standard caters for Joint Ventures (now accounted for by applying the equity accounting method) in addition to prescribing the accounting for investments in associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013. The adoption of the amendment did not have any impact on the accounting policies, financial position or financial performance of the group.
- IFRS 7 Disclosures - offsetting financial assets and financial liabilities (amendments to IFRS 7) - Provides additional disclosures (similar to current US GAAP requirements). The amendment became effective for annual periods beginning on or after 1 January 2013. This standard did not have a material impact on the financial statements.

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

The following Standards have been issued or revised and will become effective after June 2014:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) - These amendments which are effective for annual periods beginning on or after 1 January 2014, provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the group, since none of the entities in the group would qualify to be an investment entity under IFRS 10.
- IAS 19 Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) - The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. Examples of such contributions include those that are a fixed percentage of the employee's salary, a fixed amount of contributions throughout the service period, or contributions that depend on the employee's age. The amendment becomes effective for annual periods beginning on or after 1 July 2014. This amendment is not expected to have a material impact on the financial statements.
- IAS 32 Offsetting financial assets and financial liabilities (amendments to IAS 32) - The amendment clarifies the meaning of the entity currently having a legally enforceable right to set off financial assets and financial liabilities as well as the application of IAS 32 offsetting criteria to settlement systems (such as clearing houses). The amendment becomes effective for annual periods beginning on or after 1 January 2014. This amendment is not expected to have a material impact on the financial statements.
- IFRS 9 Financial Instruments - classification and measurement - IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. On 19 November 2013, the IASB issued IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) amending IFRS 9 to include the new general hedge accounting model, allow adoption of the treatment of fair value changes due to own credit on liabilities designated at fair value through profit or loss to be recognised through other comprehensive income, and remove the 1 January 2015 effective date.

Accordingly, the current version of IFRS 9 does not include an effective date but is available for adoption (subject to local endorsement requirements). An effective date will be added once the standard is complete with a new impairment model and finalisation of any limited amendments to classification and measurement.

- IAS 36 Impairment of Assets - Amendment in relation to the disclosure requirements for the recoverable amount of impaired assets. The IASB has issued amendments to IAS 36 - Impairment of Assets, to clarify the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The amendments clarify the IASB's original intention: that the scope of these disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. The amendments become effective for annual periods beginning on or after 1 January 2014. This standard is not expected to have a material impact on the financial position or performance of the group
- IFRIC 21 Levies - IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The IFRIC becomes effective for annual periods beginning on or after 1 January 2014.

This standard is not expected to have a material impact on the financial statements.

- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39 These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

Changes to standards that become effective for periods commencing on or after 1 January 2014 as a result of the IASB annual improvements project are as follows:

- IFRS 2 Share-based Payment - Definitions of vesting conditions Performance condition and service condition are defined in order to clarify various issues, including the following:
 - A performance condition must contain a service condition
 - A performance target must be met while the counterparty is rendering service
 - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
 - A performance condition may be a market or non-market condition
 - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied
 - The amendment is applied prospectively.
- IFRS 8 Operating Segments - Aggregation of operating segments
 - The amendment clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g. sales and gross margins) used to assess whether the segments are 'similar'.

The amendment is applied retrospectively.

- IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets - The amendment clarifies that the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The amendment is applied retrospectively.
- IFRS 13 Fair Value Measurement - Short-term receivables and payables - The amendment clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.
- IAS 24 Related Party Disclosures - Key management personnel - The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment is applied retrospectively.

The entity is in the process of assessing the impact of these amendments on the financial statements.

1.4 Property, Plant and Equipment

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

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

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

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

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

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

1.5 Intangible Assets

Intangible assets acquired separately are measured at initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Useful lives, amortisation methods and residual values are reviewed at each year-end.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

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

1.6 Impairment of Non-Financial Assets

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

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

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

Goodwill

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

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. Where the recoverable amount of the CGU 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, as appropriate and when circumstances indicate that the carrying value may be impaired.

1.7 Inventories

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

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

1.8 Translation of Foreign Currencies

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

1.9 Revenue Recognition

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

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

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

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

1.10 Government Grants

Government grants are recognised until 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 Non-Current Assets Held-For-Sale and Discontinued Operations

Non-current assets (or a disposal group) are classified as held-for-sale if the carrying amount will be recovered principally through a highly probable sale transaction, rather than continuing use. The sale is considered to be highly probable where assets (or a disposal group) are available for immediate sale in its present condition, management is committed to the sale and the sale is expected to be completed within a period of one year from the date of classification. Assets classified as held-for-sale are measured at the lower of asset's carrying amount and fair value less costs to sell.

An amount is recognised in profit or loss for any initial or subsequent write-down of the asset or disposal group to fair value less costs to sell. A gain, for any subsequent increase in fair value less

costs to sell, is recognised in profit to the extent that it does not exceed the cumulative impairment loss previously recognised. Non-current assets classified as held-for-sale are not depreciated.

A component of the entity is classified as a discontinued operation when the criteria to be classified as held-for-sale have been met, or it has been disposed of. Such a component represents a separate major line of business, or is part of a single co-ordinated plan to dispose of a major line of business or geographical area of operation.

In the statement of comprehensive income, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income. Assets and liabilities classified as held-for-sale are presented separately as current items in the statement of financial position.

1.12 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.

1.13 Leases

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

Leases that transfer substantially all the risks and rewards of ownership of the underlying assets to the group are classified as finance leases. Assets acquired in terms of finance leases 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 charged against income on a straight-line basis over the lease term.

1.14 Investments in Subsidiaries

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

1.15 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.

1.16 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 substantially 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 reversal of the temporary differences can be controlled and it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

The carrying amount of deferred income tax assets is reviewed at each reporting date. A deferred tax asset is recognised to the extent that it is probable that in future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. 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.

Secondary Tax on Companies (STC), Dividend Withholding Tax and Dividends

STC is provided in respect of the expected dividend payments net of dividends received or receivable, on which STC has been paid or is deemed to have been paid. STC was only applicable until 31 March 2012.

A Dividends Tax of 15% of dividend distributions is withheld from shareholders and paid to the South African Revenue Service for dividends paid on or after 1 April 2012, where applicable.

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

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

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

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss includes financial assets

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

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

Held to maturity Unlisted investments

Unlisted investments with determinable payments and fixed maturity are classified as held-to-maturity when the group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost. Investments intended to be held for an undefined period are not included in this classification. The group does not currently have any financial instruments that are held to maturity.

The amortised cost is calculated using the effective interest method of any difference between the initially recognised amount and the maturity amount. For investments carried at amortised cost, gains and losses are recognised in profit and loss when the investments are derecognised or impaired, as well as through the amortisation process.

The group does not have any investments that are held to maturity.

Loans and receivables Trade and other receivables

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

Amounts owing from subsidiaries are classified as loans and receivables. These are subsequently measured at amortised cost. These are tested for impairment in accordance with the policy stated in 1.22 below. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Long term receivables are classified as loans and receivables. These are subsequently measured at amortised cost. These are tested for impairment in accordance with the policy stated in 1.22 below. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Cash and cash equivalents

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

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

Fair Value

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

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

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

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

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

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

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

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

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

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

Loans and Borrowings

Trade and other payables

Trade and other payables being short-term in nature are carried at cost as

the effect of imputing interest is not considered to be material.

Interest-bearing loans and borrowings

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

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

Derivative financial instruments

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

1.19 Derecognition of Financial Assets and Liabilities

Financial assets

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

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

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

Financial liabilities

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

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

1.20 Impairment of Financial Assets

The group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset

has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reasonably estimated.

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

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

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

1.21 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 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.

1.23 Share Incentive Trust

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

1.24 Share-based Payments

The group has applied the requirements of IFRS 2 Share-based payments. IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that had not vested by 1 January 2005.

Equity-settled transactions

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

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

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense if the terms had not been modified. An additional expense is recognised for any modification, which increases the total

fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

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

1.25 Accounting for BEE Transactions

Where equity instruments are issued to a Black Economic Empowerment (BEE) party at less than fair value, the instruments are accounted for as share-based payments in terms of the stated accounting policy.

Any difference between the fair value of the equity instrument issued and the consideration received is accounted for as an expense in the statement of comprehensive income.

A restriction on the BEE party to transfer the equity instrument subsequent to its vesting is not treated as a vesting condition, but is factored into the fair value determination of the instrument.

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. Events after the reporting date that are indicative of conditions that arose after the reporting date are disclosed in a note.

2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

Residual values and useful lives of tangible assets and intangible assets – Residual values and useful lives of tangible assets and intangible assets are assessed on an annual basis. Estimates and judgments in this regard are based on historical experience and expectations

of the manner in which assets are to be used, together with expected proceeds likely to be realised when assets are disposed at the end of their useful lives. Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible assets and intangible assets in the future. The carrying value of the tangible assets subject to estimation is included in note 7. The carrying value of the intangible assets subject to estimation is included in note 8.

- Valuation of share-based payments - In calculating the amount to be expensed as a share-based payment, the group was required to calculate the fair value of the equity instruments granted in terms of the share scheme. This fair value of the scheme is determined at inception based on assumptions of market conditions, discount rates and share price volatility. Had different assumptions been applied to both the model and the inputs into the model, this could have impacted the expense recognised. The market conditions at inception may differ significantly to the eventual outcome.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

3 REVENUE

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Sale of goods	1 247 386	1 123 204	-	-
Dividends received	-	-	31 200	31 000
Finance income	1 611	2 056	-	-
	1 248 997	1 125 260	31 200	31 000

4 PROFIT BEFORE TAXATION

Determined after charging/crediting

Auditors' remuneration	2 308	2 185	-	-
Fee	2 157	1 997	-	-
Other services	151	188	-	-
Depreciation	33 303	31 618	-	-
Plant and machinery	26 977	26 127	-	-
Vehicles	3 484	3 209	-	-
Buildings	1 557	1 056	-	-
Furniture, fittings and computer	1 285	1 226	-	-
Foreign exchange (gain)/loss	(9)	4	-	-
JSE related costs	768	1 020	-	-
Operating rental charges - land and buildings	27 185	25 825	-	-
Profit on disposal of property, plant and equipment	(2 856)	(289)	-	-
Finance costs	2 635	3 085	-	-
Bank overdrafts	513	350	-	-
Finance charges payable under installment sale agreements	1 591	2 079	-	-
Finance charges payable under mortgage bonds	531	656	-	-
Finance revenue	-	-	-	-
Bank interest receivable	(1 611)	(2 056)	-	-
Secretarial fees	79	102	-	-
Staff costs excluding executive directors' remuneration	207 335	201 069	-	-
Salaries and wages	194 047	188 335	-	-
Pension and provident fund	13 288	12 734	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

Non-executive Directors' Remuneration

	2014 Fees R'000	2013 Fees R'000
AJ Aaron	262	245
HA Botha	198	158
SI Jacobson	391	375
DJJ Thomas	211	198
SP van der Linde	189	178
Paid by a subsidiary	1 251	1 154

The value of the share options taken up were calculated by multiplying the number of share options taken up by the difference between the option price (see Directors' Report page 56) and the market value of R15.20 (2013: R15.50) per share on the date the options were taken up.

5 TAXATION

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
SA normal taxation				
Current taxation	23 979	27 280	-	-
Deferred taxation	3 190	(2 034)	-	-
Relating to origination and reversal of temporary differences	3 190	(2 068)	-	-
Adjustments in respect of deferred tax of previous year	-	34	-	-
	27 169	25 246	-	-
Tax rate reconciliation (%)				
Standard SA normal tax rate on companies	28,00	28,00	28,00	28,00
Adjusted for:				
Disallowable expenditure	0,39	0,56	0,00	0,00
Government incentives	0,00	(1,12)	0,00	0,00
Tax at CGT rate	(0,20)	0,00	0,00	0,00
Non-taxable income	(0,03)	(0,07)	(28,00)	(28,00)
Deferred tax asset not recognised	(0,10)	0,00	0,00	0,00
Prior year under/(over) provision	0,00	0,04	0,00	0,00
Effective taxation rate	28,06	27,41	0,00	0,00

6 EARNINGS AND DIVIDENDS PER SHARE

	Group	
	2014	2013
Basic earnings per share are calculated by dividing the total profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.		
Diluted earnings per share are calculated by dividing the total profit attributable to ordinary equity holders by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential shares into ordinary shares.		
Earnings per ordinary share (cents)	Cents	Cents
	216,5	208,9
Headline earnings per ordinary share (cents)	209,2	208,2
Earnings per ordinary share - fully diluted (cents)	212,7	204,4
Headline earnings per ordinary share - fully diluted (cents)	205,5	203,7
The following reflects the income and share data used in the basic and diluted earnings per share computations:	R'000	R'000
Basic and diluted basic earnings		
Net profit attributable to ordinary equity holders for basic earnings	69 651	66 865
Headline and diluted headline earnings		
Net profit attributable to ordinary equity holders for basic earnings	69 651	66 865
Profit on disposal of property, plant and equipment	(2 354)	(208)
Gross amount	(2 856)	(289)
Taxation	502	81
Net profit attributable to ordinary equity holders for headline earnings	67 297	66 657
	Number of shares	Number of shares
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	32 164	32 012
Effect of dilution:		
Share options	584	707
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effects of dilution	32 748	32 719
	Cents	Cents
Dividends per share (cents)	93,0	90,0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

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 2013, net of accumulated depreciation and impairment	4 332	24 825	9 436	149 844	5 464	193 901
Additions	21 311	3 122	7 421	14 160	894	46 908
Transfers	(4 332)	-	-	4 332	-	-
Disposals at carrying value	-	-	(146)	(156)	(41)	(343)
Disposals at cost	-	-	(2 639)	(1 368)	(79)	(4 086)
Disposals - reversal of accumulated depreciation	-	-	2 493	1 212	38	3 743
Depreciation	-	(1 557)	(3 484)	(26 977)	(1 285)	(33 303)
At 30 June 2014, net of accumulated depreciation and impairment	21 311	26 390	13 227	141 203	5 032	207 163
Cost	21 311	34 822	31 837	322 705	16 636	427 311
Accumulated depreciation and impairment	-	(8 432)	(18 610)	(181 502)	(11 604)	(220 148)
Net carrying amount	21 311	26 390	13 227	141 203	5 032	207 163

The amount of borrowing costs capitalised during the year was nil (2013: R153 215) and related to qualifying assets.

No property, plant and equipment have been pledged or have any restrictions on title other than land and buildings.

Refer to note 19 for more detail.

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

	Assets under construction R'000	Land and buildings R'000	Vehicles R'000	Plant machinery R'000	Furniture fittings & computers R'000	Total R'000
At 1 July 2012, net of accumulated depreciation and impairment	-	22 047	9 495	148 818	5 299	185 659
Additions	4 332	3 834	3 182	27 268	1 391	40 007
Transfers	-	-	-	-	-	-
Disposals at carrying value	-	-	(32)	(115)	-	(147)
Disposals at cost	-	-	(806)	(3 893)	(128)	(4 827)
Disposals - reversal of accumulated depreciation	-	-	774	3 778	128	4 680
Depreciation	-	(1 056)	(3 209)	(26 127)	(1 226)	(31 618)
At 30 June 2013, net of accumulated depreciation and impairment	4 332	24 825	9 436	149 844	5 464	193 901
Cost	4 332	31 700	27 055	305 581	15 821	384 489
Accumulated depreciation and impairment	-	(6 875)	(17 619)	(155 737)	(10 357)	(190 588)
Net carrying amount	4 332	24 825	9 436	149 844	5 464	193 901

The amount of borrowing costs capitalised during the year was R153 215 (2012: R597 826) and related to qualifying assets.

No property, plant and equipment have been pledged or have any restrictions on title other than land and buildings.

Refer to note 19 for more detail.

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

8 INTANGIBLES

	R'000
Cost as at 1 July 2013, net of accumulated impairment	482
At 30 June 2014	482
At 30 June 2014	
Cost (gross carrying amount)	739
Accumulated impairment	(257)
Net carrying amount	482
	R'000
Cost as at 1 July 2012, net of accumulated impairment	482
At 30 June 2013	482
At 30 June 2013	
Cost (gross carrying amount)	739
Accumulated impairment	(257)
Net carrying amount	482

The intangible refers to the 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 group applied the "relief-from-royalty" valuation methodology to value intangible assets for the purpose of impairment testing. This method entails quantifying royalty payments, which would be required if the intangible were owned by a third party and licenced to the company. Main inputs used were forecast future sales, a notional royalty rate payable in an arm's length transaction and an appropriate discount rate of 11% (2013: 11%).

No intangibles have been pledged or have restrictions on title.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

9 GOODWILL

	R'000
Cost as at 1 July 2013, net of accumulated impairment	3 204
At 30 June 2014	3 204
At 30 June 2014	
Cost (gross carrying amount)	3 204
Accumulated impairment	-
Net carrying amount	3 204
	R'000
Cost as at 1 July 2012, net of accumulated impairment	3 204
At 30 June 2013	3 204
At 30 June 2013	
Cost (gross carrying amount)	3 204
Accumulated impairment	-
Net carrying amount	3 204

Goodwill acquired through business combinations has been allocated to Britepak Trading (Pty) Ltd. The recoverable amount has been determined based on a value in use calculation using a discounted cash flow projection based on budgets covering a five-year period which is based on industry expectations and management experience. Management estimates discount rates using the pre-tax average weighted cost of capital for the group. Growth rates are based on industry growth rate forecasts. The recoverable amount exceeded the gross carrying amount with no resulted impairment necessary.

Main inputs used were forecast, increased sales of 8%, increased profit before interest and tax of 5%, movement on working capital of 7%, a pre-tax average weighted cost of capital rate of 11% (2013: 11%) and a terminal growth rate of 1% (2013: 1%).

10 OTHER RECEIVABLES

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Non-current	-	642	-	-
Current	642	2 308	-	-
	642	2 950	-	-

Plant and equipment from a previously discontinued operation was sold. The payment terms are 36 months including interest at the prime overdraft rate.

11 INVESTMENT IN SUBSIDIARIES

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Shares at cost	-	-	24 764	24 764

The respective investments in unlisted subsidiaries carry a cumulative net asset value of R307 227 679 (2013: R268 279 092). The detail of the respective investments is scheduled in the Directors' Report.

12 INVENTORIES

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Raw materials	67 036	60 847	-	-
Work in progress	18 220	12 042	-	-
Finished goods	76 579	47 527	-	-
	161 835	120 416	-	-

No write-down of inventories took place during the year (2013: nil). The cost of inventories expensed amounted to R961 182 000 (June 2013: R853 746 000). Inventories of nil (2013: nil) was carried at net realisable value. No inventories have been restricted or pledged as security for any liabilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Trade receivables	175 838	179 423	-	-
Less provision for bad debts	(1 488)	(1 213)	-	-
	174 350	178 210	-	-
Deposit	623	738	-	-
Sundry accounts receivable	8 784	6 631	-	-
	183 757	185 579	-	-

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

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

At 1 July 2013	1 213	1 520	-	-
Charge for the year	1 572	1 085	-	-
Utilised	(1 297)	(1 392)	-	-
At 30 June 2014	1 488	1 213	-	-

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

	Neither past due nor impaired	Past due but not impaired	Past due but not impaired	Past due but not impaired	Past due but not impaired	Past due but not impaired greater than	Total
	R'000	30 Days R'000	60 days R'000	90 days R'000	120 days R'000	120 days R'000	R'000
2014	144 268	24 405	3 563	711	450	953	174 350
2013	153 532	23 357	1 021	64	80	156	178 210

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

See note 29 on credit risk of trade receivables, which explains how the group manages and measures credit quality of trade receivables that are neither past due nor impaired.

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Cash and cash equivalents	91 266	83 686	-	-

Cash at bank earns interest at floating rates based on daily bank deposit rates.
The fair value of cash is R91 266 000 (2013: R83 686 000).

At 30 June 2014, the group had available R67 750 000 (2013: R67 750 000) of undrawn uncommitted borrowing facilities in respect of which all conditions precedent had been met.

15 AMOUNTS OWING FROM SUBSIDIARIES

	Group		Company	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Transpaco Administration and Financial Services (Pty) Ltd	-	-	86 230	85 792
	-	-	86 230	85 792

The loan is non-interest-bearing, unsecured and has no fixed terms of repayment, however is payable on demand.
There have been no guarantees provided or received. For the year ended 30 June 2014, the group has not recorded any impairment of receivables owing by the subsidiary (2013: nil). This assessment is undertaken each financial year through examining the financial position of the subsidiary.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

16 NON-CURRENT ASSET HELD-FOR-SALE

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Property classified as non-current asset held-for-sale	-	885	-	-
	-	885	-	-

During 2012 the plant and machinery of the PVC division was disposed of. This plant and machinery was housed in the property owned by Snapshot Investments (Pty) Ltd. Subsequent to the sale of the plant and machinery it was decided that the property should be sold. The property was then sold during that year. Transfer of this property took place during the current year.

17 SHARE CAPITAL AND PREMIUM

	Group			Company		
	No of shares	2014 R'000	2013 R'000	No of shares	2014 R'000	2013 R'000
Authorised						
250 000 000 ordinary shares of 1 cents each		2 500	2 500		2 500	2 500
Issued						
Ordinary shares of 1 cents each	33 177 482	332	332	33 177 482	332	332
Shares held by Share Incentive Trust	(980 297)	(10)	(12)	-	-	-
Ranking ordinary shares of 1 cents each	32 197 185	322	320	33 177 482	332	332
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
		11 341	11 339		11 351	11 351

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

Treasury shares	No of shares
At 1 July 2012	1 186 261
Share options exercised	(26 000)
At 30 June 2013	1 160 261
Share options exercised	(179 964)
At 30 June 2014	980 297

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

Other Reserves

	Employee equity benefits reserve R'000
At 1 July 2012	2 438
Share-based payment expense	920
At 30 June 2013	3 358
Share-based payment expense	498
At 30 June 2014	3 856

Employee equity benefits reserve

The employee equity benefits reserve is used to record the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 18.

18 SHARE-BASED PAYMENTS

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

	Group 2014		Group 2013	
	Number	Average price R	Number	Average price R
Beginning of year	895 000	3,65	921 000	3,71
Granted	-	-	-	-
Cancelled	-	-	-	-
Lapsed	-	-	-	-
Exercised	(179 964)	5,66	(26 000)	5,66
End of year	715 036	3,15	895 000	3,65
Exercisable at 30 June	715 036		681 667	

The options outstanding at 30 June 2014 have an exercise price in the range of R0,01 to R5,66 and a weighted average contractual life of 2,29 years (June 2013: 2,93)

The terms and conditions of the share options are as detailed in the Directors' Report (page 56).

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

The group recognised expenses of R497 657 (June 2013: R919 841) related to equity-settled share-based payment expense.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

19 INTEREST-BEARING BORROWINGS

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Secured				
First Mortgage Bond	746	900	-	-
Non-current	579	745	-	-
Current	167	155	-	-
Secured over property situated at 331 6th Street Wynberg, Sandton. The loan bears interest at 0,37% below prime overdraft rate and is repayable monthly in instalments of R18 761, terminating no later than 2018. The carrying amount of the property is R3 075 474.				
	324	468	-	-
First Mortgage Bond	169	324	-	-
Non-current	155	144	-	-
Current				
Secured over property situated at 330 6th Street Wynberg, Sandton. The loan bears interest at 0,5% below prime overdraft rate and is repayable monthly in instalments of R14 733, terminating no later than 2016. The carrying amount of the property is R1 974 944.				
	4 864	6 255	-	-
First Mortgage Bond	3 368	4 861	-	-
Non-current	1 496	1 394	-	-
Current				
Secured over property situated at 1 Glucose Way Bellville South, Western Cape. The loan bears interest at 1% below prime overdraft rate and is repayable monthly in instalments of R152 423, terminating no later than 2017. The carrying amount of the property is R11 915 660.				
	26 237	38 233	-	-
Instalment sale agreements				
Non-current	17 423	26 682	-	-
Current	8 814	11 551	-	-
Secured in terms of instalment sale agreements over certain plant and equipment. The liabilities bear interest at between 0,25% and 2,00% below prime overdraft rate and are repayable in instalments of between R1 000 and R 326 879 per month over periods up to 60 months. The carrying amount of the plant and equipment is R41 774 523.				
Total borrowings	32 171	45 856	-	-
Long-term portion of borrowings	21 539	32 612	-	-
Short-term portion of borrowings	10 632	13 244	-	-
	32 171	45 856	-	-

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

20 DEFERRED INCOME

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
At 1 July	-	-	-	-
Received during the year	6 817	-	-	-
Released to the statement of comprehensive income	(898)	-	-	-
At 30 June	5 919	-	-	-
Current	689	-	-	-
Non-current	5 230	-	-	-
	5 919	-	-	-

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

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

21 DEFERRED TAXATION

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Property, plant and equipment	31 221	27 219	-	-
Other temporary differences	(9 761)	(7 552)	-	-
Tax losses available for set-off against future taxable income	(1 764)	(3 161)	-	-
Net deferred taxation	19 696	16 506	-	-
Reconciliation of deferred taxation				
At beginning of year	16 506	18 540	-	-
Differential between carrying value and tax value of property, plant and equipment	4 002	2 349	-	-
Other temporary differences	(2 209)	(5 052)	-	-
Tax losses	1 397	669	-	-
	19 696	16 506	-	-
Represented by:				
Deferred taxation asset	(2 757)	(4 373)	-	-
Deferred taxation liability	22 453	20 879	-	-
	19 696	16 506	-	-

The group has an assessed tax loss of R6 298 000 (2013: R11 289 000) that is available for offset against future taxable profits of the company in which the loss arose.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

22 TRADE PAYABLES AND ACCRUALS

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Trade payables and accruals	168 934	147 122	-	-
Other	4 054	1 776	168	241
	172 988	148 898	168	241

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

23 PROVISIONS - GROUP 2014

Holiday & leave pay

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

Incentive bonus

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

	Holiday & leave pay R'000	Incentive bonus R'000	Total R'000
Balance 30 June 2012	4 883	11 303	16 186
Arising during the year	9 860	8 650	18 510
Utilised	(9 040)	(8 207)	(17 247)
Balance 30 June 2013	5 703	11 746	17 449
Arising during the year	10 170	11 091	21 261
Utilised	(9 999)	(9 486)	(19 485)
Balance 30 June 2014	5 874	13 351	19 225

24 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 chief operating decision makers monitor the operating results of the 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.

	Plastic Products R'000	Paper and Board Products R'000	Properties and Group Services R'000	Total Group Operations R'000
Revenue - 2014	818 408	429 190	1 399	1 248 997
Revenue to all customers	879 599	453 012	1 399	1 334 010
Less revenue to internal customers	61 191	23 822	-	85 013
Revenue - 2013	689 671	434 061	1 528	1 125 260
Revenue to all customers	739 017	450 901	1 528	1 191 446
Less revenue to internal customers	49 346	16 840	-	66 186
Operating profit - 2014	46 113	46 121	5 610	97 844
Operating profit - 2013	36 028	53 360	3 752	93 140
Depreciation - 2014	22 433	9 998	872	33 303
Depreciation - 2013	21 586	9 234	798	31 618
Interest income - 2014	193	19	1 399	1 611
Interest income - 2013	499	29	1 528	2 056
Interest expense - 2014	1 181	911	543	2 635
Interest expense - 2013	1 970	446	669	3 085
Capital expenditure - 2014	41 645	4 715	547	46 907
Capital expenditure - 2013	15 861	22 838	1 308	40 007
Assets - 2014	396 058	165 093	93 859	655 010
Assets - 2013	334 186	165 794	96 900	596 880
Liabilities - 2014	154 979	82 317	15 531	252 827
Liabilities - 2013	133 908	76 209	25 828	235 945
Taxation - 2014	12 758	12 809	1 602	27 169
Taxation - 2013	8 817	15 009	1 420	25 246

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

25 OPERATING LEASE COMMITMENTS

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:				
Property				
Due within one year	15 297	13 922	-	-
Due after one year but not later than five years	30 420	14 623	-	-
Due after five years	1 912	-	-	-
	47 629	28 545	-	-

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

26 CAPITAL COMMITMENTS

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Commitments in respect of capital expenditure approved by the directors and contracted for:				
Plant and equipment	10 059	9 347	-	-

Capital expenditure will be funded by the group's cash resources. The group has provided for local third party guarantees to the value of R2 086 021 (2013: R1 711 579).

27 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 the consolidated statement of comprehensive income, amounted to R14 606 227 (2013: R13 958 054).

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

28 RELATED PARTIES

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

Name	% of equity interest	
	2014	2013
Transpaco Cores (Pty) Ltd	100	100
Disaki Cores and Tubes (Pty) Ltd	100	100
Transpaco Flexibles (Pty) Ltd	100	100
Transpaco Flexibles Mpumalanga (Pty) Ltd	100	100
Transpaco Plastics (Pty) Ltd	100	100
Transpaco Packaging (Pty) Ltd	100	100
Transpaco Sheet Extrusion (Pty) Ltd	100	100
Transpaco Recycling (Pty) Ltd	100	100
Transpaco Polymer Recyclers (Pty) Ltd	100	100
Transpaco Specialised Films (Pty) Ltd	100	100
Britepak Trading (Pty) Ltd	100	100
Booysens Road Properties (Pty) Ltd	100	100
Explosive Films (Pty) Ltd	100	100
Snapshot Investments (Pty) Ltd	100	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 arm's-length, market-related basis, except for amounts owing by subsidiaries which are interest free.

For further details refer to notes 4 and 15.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

Compensation of key management personnel of the group

	2014 R'000	2013 R'000
Short-term employee benefits	35 392	32 509
Post-employment pension	3 840	3 652
Share-based payment expense	498	920
Total compensation paid to key personnel	39 730	37 081

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.

	2014 R'000	2013 R'000
Loan to a director of a subsidiary		
Balance at beginning of year	-	130
Repaid	-	(130)
Balance at end of year	-	-

	2014 R'000	2013 R'000
Dividends received by the company from subsidiaries		
Transpaco Cores (Pty) Ltd	11 200	-
Transpaco Flexibles Mpumalanga (Pty) Ltd	7 000	31 000
Transpaco Packaging (Pty) Ltd	13 000	-
	31 200	31 000

	2014 R'000	2013 R'000
Amount owing by a subsidiary to the company		
Transpaco Administration and Financial Services (Pty) Ltd (see Note 15)	86 230	85 792

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Group

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

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

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

Company

The company's principle financial liabilities comprise trade payables. The main purpose of these is to raise finance for the company's operations. The company also has a loan to a subsidiary company.

Market Risk

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

Interest Rate Risk

Group

The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates. The group endeavours to ensure that borrowings are at market-related rates. The exposure at year-end to interest rate risk amounts to R32 171 000 (2013: R45 856 000). 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 19 for the interest rates achieved.

Interest Rate Risk Table

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

	Increase/ decrease in basis points	Effect on profit before tax R'000
2014	+ 100	(114)
	(50)	57
2013	+ 100	(121)
	(50)	60

Company

The company has no exposure to interest rate risk.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

Foreign Currency Risks

Group

The group has transactional currency exposures. Such exposure arises from sales or purchases by a subsidiary in currencies other than the unit's functional currency. The group requires all its subsidiaries to use forward exchange contracts to eliminate the currency exposures on any individual transaction. The forward currency contracts must be in the same currency as the hedged item. It is the group's policy not to enter into forward contracts until a firm commitment is in place. The concentration of foreign currency risk is in US dollars. Hedge accounting is not used.

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

	Increase/ decrease in US dollar and Euro rate	Effect on profit before tax R'000	Effect on equity R'000
2014	+10%	(268)	(193)
	(5%)	134	96
2013	+10%	(247)	(178)
	(5%)	123	89

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

Imports	Settlement	Average contract rate	2014 R'000	2013 R'000
US dollars	July 2014 to September 2014	10,62	2 683	-
US dollars	July 2013 to August 2013	9,60	-	2 374
Euro	July 2013	13,04	-	95

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 R181 892 000 (2013: R185 579 000).

There have been no changes in risk from the previous period. In instances where there is a concentration of credit risk, this happens only with blue chip customers and is agreed to by the directors of that company taking all the relevant factors into account. Management determination of risk is based on sales to a customer exceeding 25% of the sales of that segment of which there is none.

The group has entered into agreements of between 12 and 36 months with reputable companies relating to the sale of the plant at the discontinued operation. The maximum exposure is R642 000 (2013: R2 950 000).

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

Company

The company's maximum exposure to credit rate risk is detailed in Note 15.

Liquidity Risk

Group

The group monitors its risk to a shortage of funds by considering the maturity of its financial assets and projected cash flows from operations. The group's objective is to maintain a balance between the continuity of funding and flexibility through the use of bank overdrafts, bank loans and installment sale agreements. There have been no changes from the previous period.

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

The table below summarises the maturity profile of the group's financial liabilities at 30 June 2014 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 2014					
Interest-bearing loans and borrowings	-	3 008	9 023	21 772	33 803
Trade and other payables	-	168 934	-	-	168 934
Other liabilities	-	4 054	-	-	4 054
	-	175 996	9 023	21 772	206 791

	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 2013					
Interest-bearing loans and borrowings	-	3 715	11 146	34 491	49 352
Trade and other payables	-	147 122	-	-	147 122
Other liabilities	-	1 776	-	-	1 776
	-	152 613	11 146	34 491	198 250

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

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 2014 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 2014					
Trade and other payables	-	168	-	-	168
	-	168	-	-	168

	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 2013					
Trade and other payables	-	241	-	-	241
	-	241	-	-	241

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 2014 and 30 June 2013, save for the issue of shares to allow for share options for employees of the group.

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

	2014 R'000	2013 R'000
Interest-bearing borrowings	32 171	45 856
Cash and cash equivalents	(91 266)	(83 686)
Net debt	(59 095)	(37 830)
Equity	402 183	360 935
Total capital	402 183	360 935
Net interest-bearing debt : equity ratio	Net cash positive	Net cash positive

30 FINANCIAL INSTRUMENTS

Categorisation of Financial Assets and Financial Liabilities

	Held-for-trading	Held-to-maturity	Loans and receivables	Financial assets available-for-sale	Other liabilities	
	Fair value R'000	Amortised cost R'000	Amortised cost R'000	Fair value R'000	Amortised cost R'000	Total R'000
Group 2014						
Assets	-	-	183 757	-	-	183 757
Trade and other receivables	-	-	642	-	-	642
Short-term receivables	-	-	91 266	-	-	91 266
Cash and cash equivalents	-	-		-	-	
Total	-	-	275 665	-	-	275 665
Shareholders' equity and liabilities						
Interest-bearing borrowings	-	-	-	-	21 539	21 539
Trade payables and accruals	-	-	-	-	172 988	172 988
Current portion of interest-bearing borrowings	-	-	-	-	10 632	10 632
Total	-	-	-	-	205 159	205 159
Group 2013						
Assets	-	-	642	-	-	642
Long-term receivables	-	-	185 579	-	-	185 579
Trade and other receivables	-	-	2 308	-	-	2 308
Short-term receivables	-	-	83 686	-	-	83 686
Cash and cash equivalents	-	-		-	-	
Total	-	-	272 215	-	-	272 215
Shareholders' equity and liabilities						
Interest-bearing borrowings	-	-	-	-	32 612	32 612
Trade payables and accruals	-	-	-	-	148 898	148 898
Current portion of interest-bearing borrowings	-	-	-	-	13 244	13 244
Total	-	-	-	-	194 754	194 754

NOTES TO THE ANNUAL FINANCIAL STATEMENTS /continued

FOR THE YEAR ENDED 30 JUNE 2014

	Held-for-trading	Held-to-maturity	Loans and receivables	Financial assets available-for-sale	Other liabilities	
	Fair value R'000	Amortised cost R'000	Amortised cost R'000	Fair value R'000	Amortised cost R'000	Total R'000
Company 2014						
Assets						
Amounts owing from subsidiary	-	-	86 230	-	-	86 230
Total	-	-	86 230	-	-	86 230
Shareholders' equity and liabilities						
Trade payables and accruals	-	-	-	-	168	168
Total	-	-	-	-	168	168

Company 2013						
Assets						
Amounts owing from subsidiary	-	-	85 792	-	-	85 792
Total	-	-	85 792	-	-	85 792
Shareholders' equity and liabilities						
Trade payables and accruals	-	-	-	-	241	241
Total	-	-	-	-	241	241

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 2014, 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 2014, the group held the following financial instruments carried at fair value in the statement of financial position:

	30 June 2014 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Financial instrument				
Foreign exchange forward contracts (gross: R2 683 000)	5	-	5	-

As at 30 June 2013, the group held the following financial instruments carried at fair value in the statement of financial position:

	30 June 2013 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Financial instrument				
Foreign exchange forward contracts (gross: R2 469 000)	26	-	26	-

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

31 NOTES TO THE CASH FLOW STATEMENTS

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
31.1 Cash generated/utlised from operations	128 789	125 389	-	-
Operating profit before net interest paid and dividends received	97 844	93 140	-	-
Depreciation	33 303	31 618	-	-
Share-based payment	498	920	-	-
Profit on disposal of property, plant and equipment	(2 856)	(289)	-	-
Movement in working capital	(7 812)	(25 322)	(511)	(2 633)
(Increase)/decrease in inventory	(41 419)	3 105	-	-
Decrease/(increase) in trade and other receivables	1 822	(15 637)	-	-
Increase/(decrease) in trade payables and accruals	24 090	(14 053)	(73)	41
Increase in deferred income	5 919	-	-	-
Increase in provisions	1 776	1 263	-	-
Increase in amount owing from subsidiary	-	-	(438)	(2 674)
	120 977	100 067	(511)	(2 633)
31.2 Taxation paid				
Net taxation receivable at beginning of year	(1 459)	2 053	-	-
Taxation receivable at beginning of year	1 404	2 560	-	-
Taxation payable at beginning of year	(2 863)	(507)	-	-
Taxation excluding deferred taxation	(23 979)	(27 280)	-	-
Net taxation receivable at end of year	(3 833)	1 459	-	-
Taxation receivable at end of year	(3 904)	(1 404)	-	-
Taxation payable at end of year	71	2 863	-	-
	(29 271)	(23 768)	-	-

12/

SHAREHOLDER INFORMATION

SHAREHOLDER ANALYSIS

Limits	Classification	No.of holders	No.of shares	%
1-1 000	Corporate bodies	31	10 755	0,03
	Individuals	293	99 550	0,30
	Nominee companies or trusts	20	7 696	0,02
		344	118 001	0,35
1 001-10 000	Corporate bodies	42	169 653	0,51
	Individuals	254	877 614	2,65
	Nominee companies or trusts	35	169 572	0,51
		331	1 216 839	3,67
10 001-50 000	Corporate bodies	24	517 356	1,56
	Individuals	53	1 263 061	3,81
	Nominee companies or trusts	14	315 729	0,95
		91	2 096 146	6,32
50 001 and greater	Corporate bodies	31	21 884 832	65,96
	Individuals	14	6 641 530	20,02
	Nominee companies or trusts	3	1 220 134	3,68
		48	29 746 496	89,66
Shareholders				
	Corporate bodies	128	22 582 596	68,07
	Individuals	614	8 881 755	26,77
	Nominee companies or trusts	72	1 713 131	5,16
		814	33 177 482	100,00
Non-public / public shareholders				
Non-public shareholders		14	22 187 264	66,87
	Directors and associates of the company	12	17 264 569	52,04
	Transpaco Share Incentive Scheme	1	980 297	2,95
	Major shareholders (more than 10%)	1	3 942 398	11,88
Public shareholders		800	10 990 218	33,13
		814	33 177 482	100,00
Beneficial shareholders owning more than 5%:				
	Amalgum Investments 36 (Pty) Ltd		8 273 012	24,94
	Old Mutual Life Assurance Co SA Ltd		3 942 398	11,88
	P Abelheim		3 660 871	11,03
	Samuel Abelheim Holdings (Pty) Ltd		2 084 278	6,28
			17 960 559	54,13

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

SIXTY SECOND ANNUAL GENERAL MEETING

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

Notice is hereby given that the annual general meeting of Transpaco will be held at the offices of Transpaco at 331 6th Street, Wynberg, Sandton, Johannesburg on Friday, 5 December 2014 at 09h00 for the purposes of:

- Considering and, if deemed fit, adopting, with or without modification, the annual financial statements of the company for the year ended 30 June 2014;
- 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, 10 October 2014 or Friday, 17 October 2014. The record date to participate in and vote at the annual general meeting is Friday, 28 November 2014.

SPECIAL RESOLUTIONS

Special resolution 1: Share repurchases

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

- (a) the repurchase being implemented through the order book operated by the JSE trading system, without any prior understanding or arrangement between the company and the counter party;
- (b) the company being authorised thereto by its memorandum of incorporation;
- (c) repurchases not being made at a price greater than 10% (ten percent) above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;

- d) an announcement being published as soon as the company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;
- (e) repurchases not exceeding 20% (twenty percent) in aggregate of the company's issued ordinary share capital in any one financial year;
- (f) the company's sponsor confirming the adequacy of the company's working capital for purposes of undertaking the repurchase of shares in writing to the JSE prior to entering the market to proceed with the repurchase;
- (g) 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 an announcement over the Securities Exchange News Services (SENS) prior to the commencement of the prohibited period; and
- (h) the company only appointing one agent to effect any repurchases on its behalf."

NOTICE OF ANNUAL GENERAL MEETING /continued

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

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

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

- Directors and management - pages 30 and 31;
- Major beneficial shareholders - page 102;
- Directors' interests in ordinary shares - page 58;
- Share capital of the company - page 86.

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors whose names appear on pages 30 and 31 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings including proceedings that are pending or threatened, that may have or have had in the recent past (being at least the previous 12 (twelve) months) a material effect on the group's financial position.

Directors' responsibility statement

The directors, whose names appear on page 30 and 31 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all required information.

Material changes

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

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 2015 annual general meeting, be authorised:

Non-executive Directors' Remuneration	Fee (2014/15) R	Proposed Fee (2015/16) R	Board	Audit & Risk Committee	Board Governance & Remuneration	Transformation, Social & Ethics Committee
AJ Aaron	283 122	302 941	Chairman	Member	Member	
HA Botha	213 300	228 231	Member	Chairman	Member	
SI Jacobson	270 410	289 339	Member			Member
DJJ Thomas	227 653	243 589	Member		Chairman	Member
SP van der Linde	204 541	218 859	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 2015 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, the Companies Act and the JSE Listings Requirements, 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, the 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.

NOTICE OF ANNUAL GENERAL MEETING /continued

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 desirable 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 2014 are received and adopted."

Ordinary resolution 2: Unissued ordinary shares

"In aggregate 1 609 859 of the authorised but unissued shares of the company, constituting 5% (five percent) of the company's issued share capital (after deducting the shares held by the Transpaco Share Incentive Scheme and treasury shares) be placed under the control of the directors of the company until the forthcoming annual general meeting or part thereof in their discretion, subject to the provisions of the Companies Act 71 of 2008 and the Listings Requirements of the JSE Limited."

Ordinary resolution 3: Issue of shares for cash

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

- a) the allotment and issue of ordinary shares for cash shall be made only to persons qualifying as public shareholders as defined in the JSE Listings Requirements and not to related parties as defined in the JSE Listings Requirements;
- b) the number of ordinary shares issued for cash shall not in the aggregate in any one financial year of the company exceed 1 609 859 shares which represent 5% (five percent) of the company's issued ordinary shares after deducting the shares held by the Transpaco Share Incentive Scheme and treasury shares;
- c) the maximum discount at which ordinary shares may be issued for cash is 10% (ten percent) of the weighted average traded price on the JSE of those ordinary shares over 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of the company;
- d) after the company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the effect of the issue on the net asset value and earnings per share of the company; and
- e) that at least 75% (seventy-five percent) of shareholders present in person or represented by proxy at the annual general meeting at which this ordinary resolution 3 is proposed, vote in favour of this resolution."

Ordinary resolution 4: Signature of documentation

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

Ordinary resolution 5: Non-binding resolution of the Board Governance & Remuneration Committee

"To approve in accordance with the recommendations of King III, through a non-binding advisory vote, the company's remuneration policy as set out in the annual financial statements for the year ended 30 June 2014."

As this is not a matter that is required to be resolved or approved by shareholders, no minimum voting threshold is required. Nevertheless, for record purposes, the minimum percentage of voting rights that is required for this resolution to be adopted as a non-binding advisory vote is 50% of the voting rights plus 1 (one) vote to be cast on the resolution.

Ordinary resolution 6: Re-election of director

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

An abridged *curriculum vitae* for HA Botha is set on page 30 of the annual report of which this notice forms part.

Ordinary resolution 7: 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 out on page 31 of the annual report of which this notice forms part.

Ordinary resolution 8: Re-election of director

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

An abridged *curriculum vitae* for SP van der Linde is set out on page 30 of the annual report of which this notice forms part.

Ordinary resolution 9: Appointment of Audit & Risk Committee members

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

A brief *curriculum vitae* in respect of the

above Audit & Risk Committee members is included on pages 30 and 31 of the annual report of which this notice forms part.

Ordinary resolution 10: Reappointment of auditors

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

In order for each of ordinary resolutions 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 to be adopted, the support of a majority of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

VOTING AND PROXIES

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

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

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

shareholder and his/her CSDP or broker. Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the company, 331 6th Street, Wynberg, Sandton (PO Box 39601, Bramley 2018. Tele fax: (011) 887 0434) to be received by no later than 09h00 Wednesday, 3 December 2014. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the member subsequently decide to do so.

By order of the board.



H van Niekerk
Company Secretary

14 October 2014

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

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

NOTES

This image shows a single sheet of cream-colored paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

NOTES

NOTES

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

FORM OF PROXY

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

FOR USE AT THE ANNUAL GENERAL MEETING ON 5 DECEMBER 2014 AT 09H00

For use by the holders of the company's certificated ordinary shares ("certificated shareholders") and/or dematerialised ordinary shares held through a Central Securities Depository Participant ("CSDP") or broker who have selected own-name registration ("own-name dematerialised shareholders") at the annual general meeting of the company to be held at 09h00 on Friday, 5 December 2014, 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, 05 December 2014 at 09h00 and at any

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 2014			
2. To place under the control of directors 5% of the unissued shares			
3. To issue shares for cash in accordance with the terms of this resolution			
4. To authorise the signature of documentation			
5. To approve the company's remuneration policy			
6. To re-elect HA Botha as a director of the company			
7. To re-elect DJJThomas as a director of the company			
8. To re-elect SP van der Linde as a director of the company			
9. To appoint members of the Audit & Risk Committee			
9.1 To appoint HA Botha as a member of the Audit & Risk Committee			
9.2 To appoint AJ Aaron 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 Penelope Wittstock being the individual registered auditor			

Signed at _____ on _____ 2014.

Signature _____ (Assisted by if applicable) _____

Please read notes on reverse.

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 initialed by the shareholder(s). The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy, the chairperson shall be deemed to be appointed as the proxy.
3. A shareholder’s instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the chairperson, to vote or abstain from voting as deemed fit and in the case of the chairperson to vote in favour of the resolution.
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained may not exceed the total of the votes exercisable in respect of the shares held by the shareholder.
5. Forms of proxy must be lodged at, posted or faxed to Transpaco, 331 6th Street, Wynberg, Sandton (PO Box 39601, Bramley 2018) Telefax: (011) 887-0434, to be received by not later than 09h00 on Wednesday, 3 December 2014.
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) Ltd or waived by the chairperson of the general meeting.
9. Any alteration or correction made to this form of proxy must be initialed 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) Ltd.
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.



www.transpaco.co.za