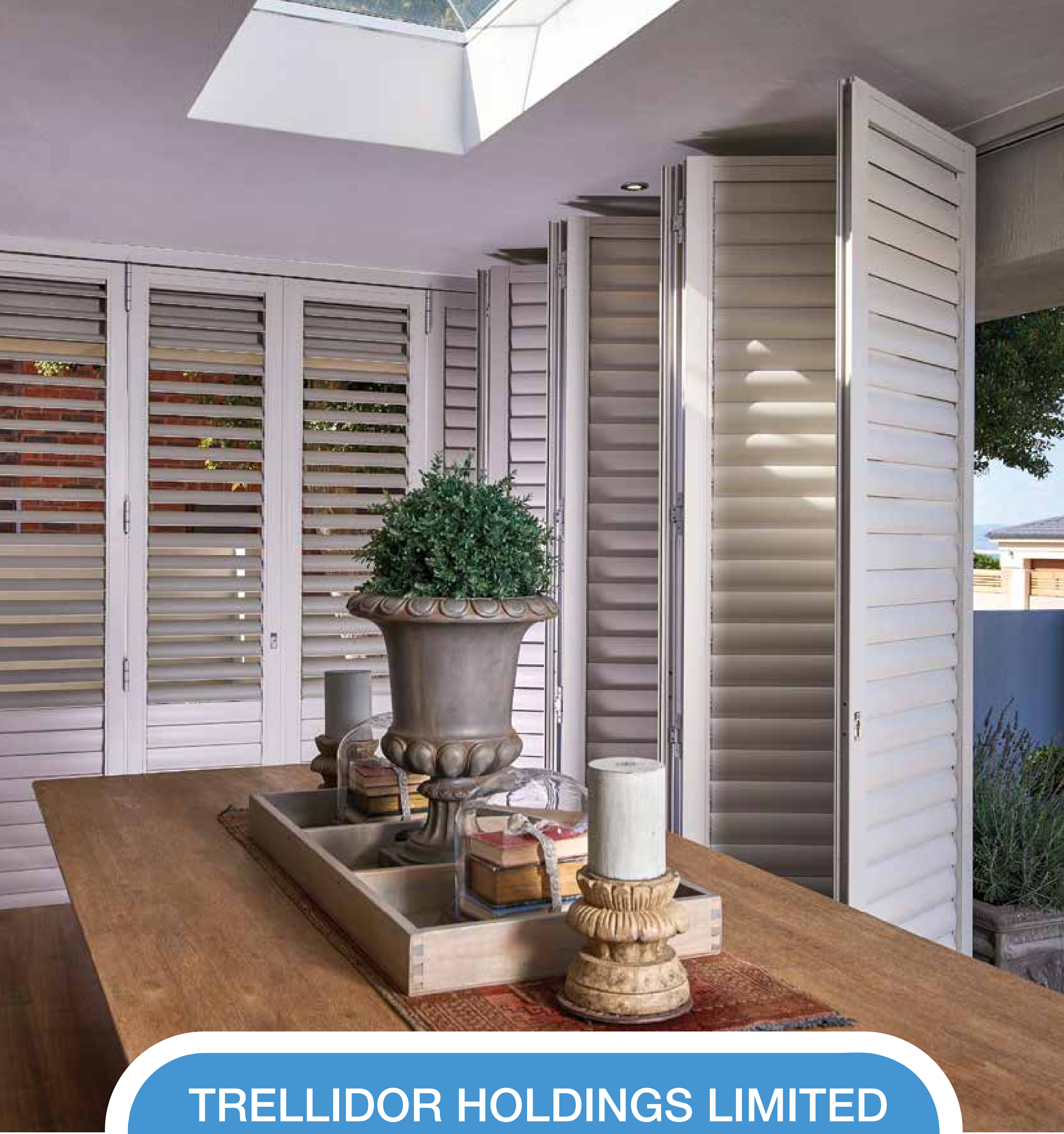

TRELLIDOR HOLDINGS LIMITED
Annual Financial Statements 2018

TRELLIDOR® THE ULTIMATE CRIME BARRIER

TAYLOR BLINDS & SHUTTERS Est.1959

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Contents

Preparation of annual financial statements

The annual financial statements contained in this report, has been prepared under the supervision of the Chief Financial Officer, CG Cunningham CA(SA). The statements have been audited in compliance with the applicable requirements of the Companies Act, No. 71 of 2008.

CG Cunningham
Chief Financial Officer

6 September 2018

Audit, Risk and Compliance Committee Report

The information below constitutes the report of the Audit, Risk and Compliance Committee ("committee") in respect of the year under review, as required by the Companies Act of South Africa, for the Trellidor Holdings Limited Group.

1. Membership

The committee is chaired by Ralph Patmore and further comprises John Winship and Mark Olivier, all of whom are independent non-executive directors and who have served on the committee throughout the period. The CEO, CFO and representatives from the external auditors attend the committee meetings by invitation only. The external auditors have unrestricted access to the committee.

The Nomination Committee and the Board are satisfied that these members have the required knowledge and experience as set out in section 94(5) of the Companies Act and Regulation 42 of the Companies Regulations, 2011. The re-appointment of committee members will be a matter for consideration by shareholders at the forthcoming Annual General Meeting. The Company Secretary is the secretary of this committee.

Ralph Patmore, representing the committee, attends the Annual General Meeting to answer any questions relating to matters within the committee's ambit.

2. Meetings

The committee performs the duties required of it by section 94(7) of the Companies Act by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditor.

Four scheduled meetings of the committee were held during the financial year, this being in accordance with its charter, King IV™ (Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved) and the Companies Act. All the members of the committee attended all the meetings during the year.

The formal committee Charter sets out the committee's responsibilities and it is reviewed annually to confirm compliance with King IV and the Companies Act and to ensure the incorporation of further best practice developments.

The committee meets with external audit and the Chairman with internal audit without the presence of management at least once per annum.

The effectiveness of the committee is assessed annually by the Board. It was found that the committee has duly completed and discharged all its responsibilities during the year in accordance with its written terms of reference/charter.

3. Responsibilities

The overall responsibilities of the committee are as follows:

- To review the principles, policies and practices adopted in the preparation of the financial statements of the Group and to ensure that the financial statements of the Group and any other formal announcements relating to the financial performance comply with all statutory and regulatory requirements as may be required;
- To ensure that both the consolidated interim and consolidated final financial statements, in respect of the first six-month period and the full financial period respectively, comply with all statutory and regulatory requirements;
- To annually assess the appointment of the external auditors and confirm their independence, recommend their appointment to the Annual General Meeting and approve their fees;
- To review the Group's compliance with applicable legislation and requirements of regulatory authorities;
- To review the reports of the Group's external and internal auditors to ensure the adequacy and effectiveness of the Group's financial, operating compliance and risk management controls;
- To set the principles for recommending the use of external auditors for non-audit services and monitoring that these be kept to a minimum;
- To review the management of risk and the monitoring of compliance effectiveness within the Group;
- To review the effectiveness of the Group's information systems and internal controls;
- To review the appropriateness, expertise and experience of the CFO;
- To review the Group's going-concern status;
- To perform duties that are attributed to it by its mandate from the Board, the Companies Act, the JSE Limited and regulatory requirements; and
- To consider the JSE's proactive monitoring report as issued in February 2018 and the possible impact on the annual financial statements.

4. Risk management

The committee is responsible for ensuring that management's processes and procedures are adequate to identify, assess, manage and monitor Group-wide risks.

The committee has performed the following duties:

- Oversight of risk management by reviewing and approving the key risks facing the Group;
- Reviewed the scope and report provided by the internal auditors;
- Reviewed the effectiveness of the internal financial controls;
- Assisted the Board in its review of the Group's risk management and compliance policies; and
- Monitored compliance with the JSE Listings Requirements.

The committee is satisfied that the appropriate risk management processes and policies are in place.

5. External auditor

In the execution of its statutory duties relating to the financial year under review, the committee has:

- Nominated and recommended Mazars for re-election as the independent external auditor of the Company under section 94(8) of the Companies Act and Tertius Erasmus as the designated audit partner, who is a registered independent auditor, for the 2019 audit. The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act and as per the standards stipulated by the auditing profession;
- Taken into consideration such factors as the timing of the audit, the extent of the work required and the scope and in consultation with executive management agreed the engagement letter, terms; audit plan and budgeted audit fees for the financial year ended 30 June 2018. The committee considered the fee to be fair and appropriate;
- Considered and approved the external audit fee;
- Ensured that the appointment of the auditors complied with the provision of the Companies Act, and any other legislation relating to the appointment of auditors;
- Satisfied itself that the external auditor is suitable for reappointment by considering, *inter alia* the information stated in paragraph 22.15(h) of the JSE Listings Requirements;
- Determined the nature and extent of any non-audit services that the auditors may provide to the Company or Group and pre-approved any proposed agreement with the auditors for the provision of non-audit services to the Company or Group; so as to ensure the independence of the external auditor is maintained;
- Prepared a report, which has been included in the annual financial statements of the Company for the financial year under review; received and dealt appropriately with any concerns or complaints, whether from within or outside the Company, or on its own initiative, in relation to the matters as set out in the Companies Act; and
- Made submissions to the Board on any matter concerning the Company's accounting policies, financial control, records and reporting.

The committee has requested that they be provided with any decision letters/explanations issued by IRBA or any other regulator and any summaries relating to monitoring procedures/deficiencies issued by the audit firm. There were no matters pertaining to Trellidor that were raised by IRBA or any other regulator.

Where non-audit services have been provided by the appointed external auditors of the Company, the information relating to these services has been disclosed to the committee. Review and agreed upon procedures amounting to less than 3% of the audit fee have been performed during the year under review.

6. Internal audit

Due to the size of the Group, the Board does not consider it to be cost-effective to maintain a full-time internal audit function and therefore outsources the internal audit function to KPMG. The Group's situation and needs in terms of an internal audit function will be reassessed on an annual basis.

7. Annual financial statements

The committee has reviewed the consolidated and separate financial statements of the Group for the financial year ended 30 June 2018, and is satisfied that they comply, in all material aspects, with the requirements of the Companies Act and with International Financial Reporting Standards.

These financial statements have been reviewed and recommended by the committee to the Board for approval. The Board subsequently approved the annual financial statements and they will be open for discussion at the forthcoming Annual General Meeting.

8. Chief Financial Officer and finance function

The external auditor has expressed an unqualified opinion on the financial statements for the year ended 30 June 2018.

The committee on an annual basis obtains feedback from the external auditors and considers and satisfies itself as to the appropriateness of the expertise and experience of the CFO, as well as the Group finance function and must confirm this by reporting to shareholders in its annual report that the committee has executed this responsibility.

In this regard, the committee is satisfied that after assessing the competence and performance of the CFO, they believe he possesses the appropriate expertise and experience to meet his responsibilities in that position. The committee is also satisfied with the expertise of the financial staff and the adequacy of resources within the finance function. The committee in making these assessments has satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements.

Based on the processes and assurances obtained the committee is of the view that the accounting practices are effective and that appropriate financial reporting procedures exist and are working.

9. Regulatory compliance

The Group has completed its King IV gap analysis review in terms of the revised governance requirements of King IV and is in the process of ensuring that all its obligations are being fulfilled. The committee has complied with any other applicable regulatory and legal responsibilities.

10. Going concern

The committee through its review of the 2019 budget, cash flows, and discussions with executive management reported to the Board that it supports management's view that the Company will continue to operate as a going concern for the foreseeable future.

RB Patmore
Audit, Risk and Compliance Committee Chairman

Durban
6 September 2018

Directors' responsibilities and approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standards, the Companies Act of South Africa and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standards, the Companies Act of South Africa and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast for the year to 30 June 2019 and, in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Group's financial statements. The financial statements have been examined by the Group's external auditor and their report is presented on pages 5 to 7.

The financial statements set out on pages 9 to 50, which have been prepared on the going concern basis, were approved by the Board of Directors on 6 September 2018 and were signed on their behalf by:

TM Dennison

CG Cunningham

Company Secretary's certification

Declaration by the Company Secretary in respect of section 88(2)(e) of the Companies Act of South Africa
In terms of section 88(2)(e) of the Companies Act of South Africa, as amended, I certify that, as far as I am aware, the Group has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

P Nel
Company Secretary

Durban
6 September 2018

Independent auditor's report

TO THE SHAREHOLDERS OF TRELLIDOR HOLDINGS LIMITED

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Trellidor Holdings Limited (the Group) set out on pages 11 to 49, which comprise the Statements of financial position as at 30 June 2018, and the Statements of profit or loss and other comprehensive income, the Statements of changes in equity and Statements of cash flows for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 30 June 2018, 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, the requirements of the Companies Act of South Africa and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

Basis for opinion

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill and intangible assets including the use of experts (notes 5 and 6). Goodwill and Intangible assets comprises of 31% of the total assets in the statement of financial position. As required by the applicable standards, management conduct an annual impairment test to assess the recoverability of the carrying amount of goodwill and intangible assets with an indefinite useful life. Impairment tests on intangible assets with a definite useful life are assessed where indicators of impairment are identified. Management's assessment process is complex, highly judgemental and is based on assumptions which are affected by future market expectations and economic conditions.	Our procedures included the following: We assessed, with the assistance of an auditor's expert, the appropriateness of the models used in terms of the financial reporting framework, in determining the value in use of the cash-generating units, including the discount rates used. A sensitivity analysis was performed around the key assumptions used in the valuation models.

Key audit matter	How our audit addressed the key audit matter
The impairment tests includes: • Goodwill: A discounted cash flow model to determine the value in use for each appropriate cash-generating unit; • Taylor Blinds and Shutters Brand Name: The Relief from Royalty Method; and • The Customer Database: A discounted cash flow model to determine the value in use for each appropriate cash-generating unit. The impairment tests incorporate a number of assumptions including: • Growth rates; and • Discount rates applied to the projected cash flows. The growth rates have differing degrees of predictability. The current economic climate also increases the complexity of the forecasting. The impairment tests performed on goodwill and the intangible assets is considered to be a key audit matter due to the extent of judgement and estimation included.	We assessed, with the assistance of an auditor's expert, the future projections used in the models for reasonability by: • Comparing forecasted information to approved budgets and other relevant market and economic information; • Assessing the reliability of the budgeting process by comparing the actual results for 2018 to budgets; • Assessing the assumptions and estimates used by management in the valuations against supporting documentation; and • Testing the underlying calculations. We have assessed whether reliance could be placed on the work performed by the auditor's expert by assessing the qualifications, experience and objectivity of the expert.
Having performed our audit procedures and evaluated the outcomes we found that the possibility of any material adjustment due to impairment of goodwill and intangible assets is low.	

Other information

The directors are responsible for the other information. The other information comprises the Directors' report, the Audit, Risk and Compliance Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, and the Shareholder analysis which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of Trellidor Holdings Limited for 12 years.

Mazars.

Mazars
Partner: **DB Bates**
Registered Auditor

Durban
10 September 2018

Practitioner's compilation report

To the shareholders of Trellidor Holdings Limited

We have compiled the annual financial statements of Trellidor Holdings Limited, as set out on pages 11 to 50 based on the information the directors have provided. These annual financial statements comprise the Statements of financial position of Trellidor Holdings Limited as at 30 June 2018, the Statements of profit or loss and other comprehensive income, Statements of changes in equity and Statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist the directors in the preparation and presentation of these annual financial statements in accordance with International Financial Reporting Standards, the Companies Act of South Africa and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These annual financial statements and the accuracy and completeness of the information used to compile them are the directors' responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information the directors provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared in accordance with International Financial Reporting Standards, the Companies Act of South Africa and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

Nexia Levitt Kirson

Nexia Levitt Kirson
Partner: **JA Hotz**
Registered Auditor

Durban
6 September 2018

Directors' report

The directors have pleasure in submitting their report on the annual financial statements of Trellidor Holdings Limited and the Group for the year ended 30 June 2018.

1. Nature of business

Trellidor Holdings Limited is an investment entity incorporated in South Africa. The Company's subsidiaries are engaged in the manufacture and sale of custom-made barrier security products, blinds, decorative and security shutters and cornicing/skirting products.

The Group operates principally in South Africa and Ghana.

2. Review of financial results and activities

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

Full details of the financial position, results of operations and cash flows of the Group are set out in these annual financial statements, and in our view require no further comment.

3. Stated capital

Refer to note 14 of the annual financial statements for detail of the movement in authorised and issued share capital.

4. Dividends

Dividends already declared and paid to the shareholders during the year, after the appropriate approval was granted by the Board, are R32 928 459 (2017: R28 493 451), as reflected in the Statements of changes in equity.

Final dividend of 16.2 cents (2017: 19.5 cents) per ordinary share was approved by the Board of Directors on 06 September 2018 in respect of the year ended 30 June 2018, which brings the total interim and final dividend declared for the year to 27.2 cents (2017: 30 cents) per ordinary share.

The local dividends tax rate is 20%.

5. Directorate

There have been no changes to the directorate for the year under review.

The directors in office at the date of this report are as follows:

Directors	Office	Designation
TM Dennison	Chief Executive Officer	Executive
CG Cunningham	Chief Financial Officer	Executive
MC Olivier	Chairperson	Non-Executive Independent
JB Winship	Director	Non-Executive Independent
RB Patmore	Director	Non-Executive Independent

6. Directors' interests in shares

As at 30 June 2018, the directors of the Company held direct and indirect beneficial interests in its issued ordinary shares, as set out below.

Interests in shares	**2018 Direct**	2017 Direct	**2018 Indirect**	2017 Indirect
Directors				
TM Dennison	**8 719 342**	8 719 342	**–**	–
CG Cunningham	**–**	–	**13 940**	13 940
MC Olivier	**–**	–	**2 887 572**	2 887 572
JB Winship	**1 642 039**	1 642 039	**–**	–
	10 361 381	10 361 381	**2 901 512**	2 901 512

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

7. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the Group had an interest and which significantly affected the business of the Group.

8. Interests in subsidiaries

Details of the Group's interest in subsidiaries are presented in note 7. There were no acquisitions or divestitures during the year ended 30 June 2018.

9. Borrowing powers

In terms of the Memorandum of Incorporation, the borrowing powers of the Group are unlimited. However, all borrowings by the Group are subject to Board approval.

10. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

11. Litigation statement

The Group becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business.

A claim has been instituted by former employees of the Group who were dismissed. Refer to note 35 for further details.

Except as recorded above, the directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have a material effect on the financial position of the Group.

12. Auditors

Mazars continued in office as auditors for the Company and its subsidiaries for 2018.

At the AGM, the shareholders will be requested to re-appoint Mazars as the independent external auditor of the Company and to confirm T Erasmus as the designated lead audit partner for the 2019 financial year.

13. Secretary

The Company Secretary is P Nel.

Postal address
71 Cotswold Drive
Westville
3629

Business address
71 Cotswold Drive
Westville
3629

14. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 6 September 2018. No authority was given to anyone to amend the annual financial statements after the date of issue.

15. Liquidity and solvency

The directors have performed the liquidity and solvency tests required by the Companies Act of South Africa and are satisfied that the Group is sufficiently liquid and solvent.

Statements of financial position

as at 30 June 2018

	Notes	GROUP 2018 R	GROUP 2017 R	COMPANY 2018 R	COMPANY 2017 R
ASSETS					
Non-current assets					
Property, plant and equipment	4	**61 175 213**	51 500 129	**–**	–
Goodwill	5	**74 401 270**	74 401 270	**–**	–
Intangible assets	6	**42 362 770**	46 741 188	**529 574**	–
Investments in subsidiaries	7	**–**	–	**51 045 798**	51 045 798
Other financial assets		**693 001**	286 247	**–**	–
Deferred tax	8	**3 442 441**	3 687 217	**314 566**	–
Loans to Group companies	9	**–**	–	**55 067 672**	48 047 029
		182 074 695	176 616 051	**106 957 610**	99 092 827
Current assets					
Other financial assets		**1 564 627**	794 004	**–**	–
Loans to Group companies	9	**–**	–	**22 634 620**	12 536 873
Inventories	10	**106 374 590**	94 723 884	**–**	–
Trade and other receivables	11	**61 376 862**	61 779 406	**2 130 205**	1 549 900
Current tax receivable		**2 202 439**	–	**–**	–
Cash and cash equivalents	12	**27 127 698**	55 103 148	**960 026**	4 509 564
		198 646 216	212 400 442	**25 724 851**	18 596 337
Total assets		**380 720 911**	389 016 493	**132 682 461**	117 689 164
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of parent					
Stated capital	14	**43 188 374**	45 759 072	**43 188 374**	45 759 072
Reserves		**4 252 944**	2 031 137	**4 604 993**	2 290 937
Retained income		**165 107 033**	139 272 438	**35 923 574**	9 319 373
		212 548 351	187 062 647	**83 716 941**	57 369 382
Non-controlling interest		**5 626 068**	4 827 283	**–**	–
		218 174 419	191 889 930	**83 716 941**	57 369 382
LIABILITIES					
Non-current liabilities					
Deferred tax	8	**2 610 142**	4 438 987	**–**	43 339
Other financial liabilities	18	**71 364 117**	86 090 075	**33 566 353**	47 583 857
		73 974 259	90 529 062	**33 566 353**	47 627 196
Current liabilities					
Other financial liabilities	18	**21 687 259**	49 886 544	**13 919 467**	12 547 259
Warranty provisions		**310 867**	446 969	**–**	–
Trade and other payables	19	**65 680 519**	52 617 171	**1 202 422**	134 387
Current tax payable		**893 588**	3 646 817	**277 278**	10 940
		88 572 233	106 597 501	**15 399 167**	12 692 586
Total liabilities		**162 546 492**	197 126 563	**48 965 520**	60 319 782
Total equity and liabilities		**380 720 911**	389 016 493	**132 682 461**	117 689 164

Statements of profit or loss and other comprehensive income

for the year ended 30 June 2018

		GROUP		COMPANY	
	Notes	**2018 R**	2017 R	**2018 R**	2017 R
Revenue	21	**538 984 025**	525 384 117	**66 008 794**	40 350 028
Cost of sales	22	**(293 070 308)**	(274 878 380)	**–**	–
Gross profit		**245 913 717**	250 505 737	**66 008 794**	40 350 028
Other income		**7 395 015**	6 710 552	**–**	–
Operating expenses		**(161 408 372)**	(154 916 729)	**(8 534 101)**	(2 484 475)
Operating profit before interest and taxation	23	**91 900 360**	102 299 560	**57 474 693**	37 865 553
Investment income	25	**1 301 976**	3 107 416	**8 692 252**	7 593 520
Finance costs	26	**(9 595 141)**	(12 182 917)	**(5 287 176)**	(6 824 806)
Profit before taxation		**83 607 195**	93 224 059	**60 879 769**	38 634 267
Taxation	27	**(24 029 077)**	(27 233 561)	**(1 347 109)**	(464 123)
Profit for the year		**59 578 118**	65 990 498	**59 532 660**	38 170 144
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations	15	**(108 528)**	(709 695)	**–**	–
Reclassifying of hedging reserve to profit and loss		**–**	661 664	**–**	–
Other comprehensive income for the year net of taxation		**(108 528)**	(48 031)	**–**	–
Total comprehensive income for the year		**59 469 590**	65 942 467	**59 532 660**	38 170 144
Profit attributable to:					
Owners of the parent		**58 763 054**	64 265 004	**59 532 660**	38 170 144
Non-controlling interest		**815 064**	1 725 494	**–**	–
		59 578 118	65 990 498	**59 532 660**	38 170 144
Total comprehensive income attributable to:					
Owners of the parent		**58 670 805**	64 323 427	**59 532 660**	38 170 144
Non-controlling interest		**798 785**	1 619 040	**–**	–
		59 469 590	65 942 467	**59 532 660**	38 170 144
Earnings per share					
Earnings and diluted earnings per share (cents)	28	**54.4**	59.3	**–**	–

Statements of changes in equity

for the year ended 30 June 2018

	Stated capital R	Foreign currency translation reserve R	Hedging reserve R	Share-based payment reserve R	Total reserves R	Retained income R	Total attributable to equity holders of the Group R	Non-controlling interest R	Total equity R
GROUP									
Balance at 1 July 2016	45 759 072	1 243 441	(661 664)	–	581 777	103 500 885	149 841 734	(845 811)	148 995 923
Profit for the year	–	–	–	–	–	64 265 004	64 265 004	1 725 494	65 990 498
Other comprehensive income	–	(603 241)	661 664	–	58 423	–	58 423	(106 454)	(48 031)
Total comprehensive income for the year	–	(603 241)	661 664	–	58 423	64 265 004	64 323 427	1 619 040	65 942 467
Employees share option	–	–	–	1 390 937	1 390 937	–	1 390 937	–	1 390 937
Dividends	–	–	–	–	–	(28 493 451)	(28 493 451)	–	(28 493 451)
Sale of shares in subsidiary to non-controlling interest	–	–	–	–	–	–	–	4 054 054	4 054 054
Balance at 1 July 2017	45 759 072	640 200	–	1 390 937	2 031 137	139 272 438	187 062 647	4 827 283	191 889 930
Profit for the year	**–**	**–**	**–**	**–**	**–**	**58 763 054**	**58 763 054**	**815 064**	**59 578 118**
Other comprehensive income	**–**	**(92 249)**	**–**	**–**	**(92 249)**	**–**	**(92 249)**	**(16 279)**	**(108 528)**
Total comprehensive income for the year	**–**	**(92 249)**	**–**	**–**	**(92 249)**	**58 763 054**	**58 670 805**	**798 785**	**59 469 590**
Treasury/own shares	**(2 570 698)**	**–**	**–**	**–**	**–**	**–**	**(2 570 698)**	**–**	**(2 570 698)**
Employees share option	**–**	**–**	**–**	**2 314 056**	**2 314 056**	**–**	**2 314 056**	**–**	**2 314 056**
Dividends	**–**	**–**	**–**	**–**	**–**	**(32 928 459)**	**(32 928 459)**	**–**	**(32 928 459)**
Balance at 30 June 2018	**43 188 374**	**547 951**	**–**	**3 704 993**	**4 252 944**	**165 107 033**	**212 548 351**	**5 626 068**	**218 174 419**
Notes	14	15		17					

	Stated capital R	Share-based payment reserve R	Other reserves R	Retained income R	Total equity R
COMPANY					
Balance at 1 July 2016	45 759 072	–	900 000	(357 320)	46 301 752
Profit and other comprehensive income for the year	–	–	–	38 170 144	38 170 144
Employees share option	–	1 390 937	–	–	1 390 937
Dividends	–	–	–	(28 493 451)	(28 493 451)
Balance at 1 July 2017	45 759 072	1 390 937	900 000	9 319 373	57 369 382
Profit and other comprehensive income for the year	**–**	**–**	**–**	**59 532 660**	**59 532 660**
Treasury/ own shares	**(2 570 698)**	**–**	**–**	**–**	**(2 570 698)**
Employees share option	**–**	**2 314 056**	**–**	**–**	**2 314 056**
Dividends	**–**	**–**	**–**	**(32 928 459)**	**(32 928 459)**
Balance at 30 June 2018	**43 188 374**	**3 704 993**	**900 000**	**35 923 574**	**83 716 941**
Notes	14	17	16		

Statements of cash flows
for the year ended 30 June 2018

	Notes	GROUP 2018 R	GROUP 2017 R	COMPANY 2018 R	COMPANY 2017 R
Cash flows from operating activities					
Cash receipts from customers		**546 159 878**	514 031 126	**65 428 689**	40 959 996
Cash paid to suppliers and employees		**(439 213 398)**	(409 405 460)	**(5 152 210)**	(1 091 839)
Cash generated from operations	29	**106 946 480**	104 625 666	**60 276 479**	39 868 157
Interest income	25	**1 301 976**	3 107 416	**5 913 444**	7 053 244
Finance costs	26	**(9 536 911)**	(12 182 917)	**(5 409 468)**	(6 334 607)
Tax paid	30	**(30 568 814)**	(33 229 998)	**(1 438 676)**	(568 018)
Net cash from operating activities		**68 142 731**	62 320 167	**59 341 779**	40 018 776
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(16 416 277)**	(9 070 729)	**–**	–
Proceeds on disposal of property, plant and equipment		**399 111**	168 478	**–**	–
Purchase of other intangible assets	6	**(725 394)**	(44 455)	**(529 574)**	–
Business combinations		**–**	(124 004 579)	**–**	–
Acquisition of subsidiary	7	**–**	–	**–**	(49 999 900)
Loans advanced to Group companies	9	**–**	–	**(27 750 000)**	(80 802 924)
Repayments of loans to Group companies	9	**–**	–	**13 410 418**	20 759 298
Inflow from other financial assets		**1 419 839**	916 076	**–**	–
Advances of other financial assets		**(2 597 216)**	–	**–**	–
Net cash from investing activities		**(17 919 937)**	(132 035 209)	**(14 869 156)**	(110 043 526)
Cash flows from financing activities					
Purchase of own shares	14	**(2 570 698)**	–	**(2 570 698)**	–
Proceeds from other financial liabilities	32	**6 812 210**	95 756 165	**–**	70 000 000
Repayment of other financial liabilities	32	**(49 795 680)**	(35 890 284)	**(12 523 004)**	(10 359 083)
Dividends paid	31	**(32 928 459)**	(28 493 451)	**(32 928 459)**	(28 493 451)
Proceeds on sale of shares in subsidiary to non-controlling interest where control is not lost		**–**	4 054 054	**–**	–
Net cash from financing activities		**(78 482 627)**	35 426 484	**(48 022 161)**	31 147 466
Total cash movement for the year		**(28 259 833)**	(34 288 558)	**(3 549 538)**	(38 877 284)
Cash at the beginning of the year		**55 103 148**	89 387 613	**4 509 564**	43 386 848
Effect of exchange rate movement on cash balances		**284 383**	4 093	**–**	–
Total cash at end of the year	12	**27 127 698**	55 103 148	**960 026**	4 509 564

Accounting policies

1. Presentation of consolidated and Company annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards, the Companies Act of South Africa and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee. The annual financial statements have been prepared on the historical cost basis, except as indicated and incorporate the principle accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period, except for the changes set out in note 3, New Standards and Interpretations.

1.1 Consolidation

Basis of consolidation

The Group annual financial statements incorporate the annual financial statements of the Company and all entities that are controlled by the Group.

The results of subsidiaries are included in the Group annual financial statements from the date they are controlled to the effective date of disposal.

All inter-Company transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of subsidiaries are identified and recognised separately from the Group's interest therein, within equity.

Company annual financial statements

In the Company's annual financial statements, investments in subsidiaries are carried at cost.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements in conformity with IFRS, management is required, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Significant judgements and estimates include:

Goodwill impairment

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are transactions and calculations for which the estimated tax payable or receivable could be different. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Useful lives and residual value of assets

The useful lives of assets within each asset category are determined based on Group replacement policies for the various assets or the best estimate of the period the Group expects to use it. In assessing the residual values, the remaining life of the asset, its projected disposal value and future market conditions are taken into account. The useful lives and residual values are assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors including future growth plans, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

1. Presentation of consolidated and Company annual financial statements continued

1.3 Property, plant and equipment

Property, plant and equipment is initially measured at cost which includes all expenditure directly attributable to the acquisition or construction of the asset.

Measurable expenditure incurred subsequently for major services, additions to or replacements of significant parts of property, plant and equipment are capitalised if it is probable that future economic benefits will flow to the Group. Day to day repair and maintenance costs are included in profit or loss in the year they are incurred. Assets acquired, constructed or refurbished are added to assets under construction, once the construction is complete the costs are transferred to the appropriate category of property, plant and equipment and depreciated when the asset becomes available for use.

Property, plant and equipment is subsequently carried at cost less accumulated depreciation, except for land which is stated at cost.

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Depreciation of an asset commences when the asset is available for its intended use. The assets carrying amount is depreciated down to residual value over its estimated useful life. This charge is recognised in profit or loss. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life (years)
Land and buildings		
• Land	Indefinite life	
• Buildings	Straight-line basis	50
• Building improvements	Straight-line basis	10
Furniture, fittings and equipment	Straight-line basis	2 to 6
Plant and machinery	Straight-line basis	3 to 10
Motor vehicles	Straight-line basis	4 to 5
IT equipment	Straight-line basis	4

1.4 Goodwill

Goodwill is initially measured at cost, being the excess of the business combination consideration over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities. Subsequently goodwill is carried at cost less any accumulated impairment. Goodwill is tested annually for impairment.

1.5 Intangible assets

Intangible assets are initially recognised at cost and are subsequently carried at cost less any accumulated amortisation, with the amortisation included in operating expenses as incurred.

No amortisation is provided for intangible assets which have been assessed as having indefinite useful lives, but they are tested for impairment annually and wherever there is an indication that the asset may be impaired.

Amortisation is provided to write down the intangible assets, on a straight-line basis as follows:

Item	Useful life
Customer base	5 years
Brand name	Indefinite
Patents and trademarks	10 to 20 years
Product design and development costs	10 years

1. Presentation of consolidated and Company annual financial statements continued

1.6 Financial instruments

Classification

At initial recognition, the Group classifies financial assets and financial liabilities into the following categories depending on the purpose for which they were obtained or incurred:

- Loans and receivables;
- Financial liabilities measured at amortised cost.

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

Financial instruments are measured initially at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each reporting date the Group assesses all financial assets, to determine whether there is objective evidence that a financial asset has been impaired.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to Group companies

These include loans to subsidiaries.

Loans to Group companies are classified as loans and receivables.

Other financial assets

Other financial assets comprises of loans to third parties and are classified as loans and receivables.

Trade and other receivables

Trade and other receivables are classified as loans and receivables. An allowance account is used in recognising impairment.

Trade and other payables

Trade and other payables are classified as financial liabilities at amortised cost.

Cash and cash equivalents

Cash and cash equivalents are classified as loans and receivables comprising cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Other financial liabilities

Borrowings and instalment sales are classified as financial liabilities at amortised cost.

Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

1. Presentation of consolidated and Company annual financial statements continued

1.7 Tax

Current tax

Current tax is recognised when there is an expected charge or deduction for tax purposes. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Current tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability/(asset) is recognised for all taxable/(deductible) temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are accounted for as operating leases.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, at inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the Group's borrowing rate. The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average cost basis. The Group believes the use of the weighted average cost basis better matches current costs with revenues earned.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

1. Presentation of consolidated and Company annual financial statements continued

1.10 Impairment of non-financial assets

The Group assesses annually whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life for impairment annually by comparing its carrying amount with its value in use. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is classified as an impairment loss, which is recognised in profit or loss.

Goodwill is, from the date of the business combination, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination.

1.11 Stated capital and equity

Ordinary shares are classified as equity.

1.12 Share based payments

The Group issues equity-settled share options to certain employees. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and is recognised over the period during which the employees become unconditionally entitled to the option. Fair value is measured using the Black Scholes model taking into account the terms and conditions upon which options were granted. The risk-free rate, dividend yield, share price volatility and attrition rate key assumptions used in the valuation model are based on management's best estimate at the date of valuation.

At each reporting date the estimate of the number of options that are expected to vest based on the non-market vesting conditions are revised. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

The subsidiaries will pay the Company for the portion of the share based expense that relates to employees rendering services in those companies. This results in the Company recognising an asset for the amount to be recovered.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) is recognised in the period in which the service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans and provident funds are charged as an expense as they fall due.

1. Presentation of consolidated and Company annual financial statements continued

1.14 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and value added tax.

Revenue comprises:

- sale of products;
- royalties;
- dividends; and
- management fees.

Revenue from the sale of product includes sales of custom-made security products, blinds, decorative and security shutters and cornicing/skirting products. The sale is recognised when the product is dispatched, it is probable that future economic benefits from the sale will flow to the Group and the associated costs can be reliably measured.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Dividends are recognised, in profit or loss, when the Company's right to receive payment has been established.

Management fees received by the Company are recognised as revenue over the period during which the service is performed as per the inter-Company agreements.

1.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (functional currency).

The Group annual financial statements are presented in South African Rand which is the Group presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate; and
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Net investment in foreign operations

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities are translated at the closing rate at the reporting date;
- income and expenses are translated at the average exchange rate for the period; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendments to IAS 7: Disclosure initiative
The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after 1 January 2017.

The Group has adopted the amendment for the first time in the 2018 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the Group, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and amendments thereto, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 July 2018 or later periods:

IFRS 16 Leases
New standard that introduces a single accounting model for lessees, while the accounting for lessors is left largely unchanged from its predecessor (IAS 17 Leases). Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short-term leases or leases where the underlying asset has a low value, which are expensed on a straight-line or other systematic basis.

The right of use asset represents the lessees right to use the underlying leased asset and the lease liability represents its obligation to make lease payments.

The effective date of the standard is for years beginning on or after 1 January 2019.

The Group expects to adopt the standard for the first time in the 2020 annual financial statements.

The expected impact of the standard will result in the Group capitalising the right to use the leased premises from which it operates and recognising the related lease liability. This "right of use asset" will be amortised over the lease period and finance cost will arise on the lease liability. Additional disclosures are also required.

IFRS 9 Financial Instruments
The new standard replaces IAS 39 and incorporates classification and measurement requirements that are driven by a Company business model. Financial instruments are classified into one of three classes and the standard also incorporates a forward-looking "expected credit loss" model. The "expected credit loss" model is a departure from the "incurred loss" model applied under IAS 39.

The effective date of the standard is for years beginning on or after 1 January 2018.

The Group expects to adopt the standard for the first time in the 2019 annual financial statements.

The Group business model is to hold and collect and the Group only collects capital and interest, therefore its financial instruments are unlikely to change. The amendment will likely impact the manner in which the impairment loss on financial assets is determined, but unlikely to have a material impact on the Group's financial results.

IFRS 15 Revenue from Contracts with Customers
The new standard replaces IAS 18 and requires entities to recognise revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to contracts with customers.

The effective date of the standard is for years beginning on or after 1 January 2018.

The Group expects to adopt the standard for the first time in the 2019 annual financial statements.

The Group recognises revenue from the sale of products when the product is dispatched. It is unlikely that the adoption of this standard will have a material impact on the Group's current revenue recognition approach. It may result in additional disclosures.

Notes to the annual financial statements

3. Segmental information

The Group has two reportable segments that are used by the Chief Executive Officer to make key operating decisions and assess performance.

The Group's reportable segments are operating segments which are differentiated and identified by the products they manufacture and markets they operate in. The Group operates two operating segments, the manufacture of custom-made barrier security products and the manufacture and distribution of custom-made blinds, decorative and security shutters and cornicing/skirting products, which the Chief Executive Officer assesses for resource allocation.

These reportable segments as well as the products and services from which each of them derives revenue are set out below:

Reportable segment	Products and services
Trellidor	Manufacture and distribution of custom-made barrier security products
Taylor	Manufacture and distribution of custom-made blinds, decorative and security shutters and cornicing/skirting products

Segmental revenue and results

The performance of the operating segments is based on the measure of operating profit. This measure excludes the effects of *ad hoc* and non-operational expenditure from the operating segments such as acquisition costs, intangible amortisation and fair value adjustments.

The segment information provided to the Chief Executive Officer is presented below. The information presented includes a reconciliation of the Group's EBITDA to net profit before tax.

	GROUP			
	Revenue R	EBITDA R	Depreciation and amortisation R	Segment profit R
2018				
Trellidor	**331 575 500**	**70 184 244**	**(5 228 216)**	**64 956 028**
Taylor	**208 820 140**	**33 291 802**	**(1 456 270)**	**31 835 532**
Inter-segment	**(1 411 615)**	**–**	**–**	**–**
Total	**538 984 025**	**103 476 046**	**(6 684 486)**	**96 791 560**
Reconciling items				
Net interest				**(8 293 165)**
Amortisation of client database				**(4 891 200)**
Profit before tax				**83 607 195**
2017				
Trellidor	315 903 425	71 573 154	(5 487 363)	66 085 791
Taylor	209 480 692	47 483 976	(1 177 443)	46 306 533
Total	525 384 117	119 057 130	(6 664 806)	112 392 324
Reconciling items				
Net interest				(9 075 501)
Acquisition costs				(2 473 564)
Amortisation of client base				(4 891 200)
Fair value on deferred consideration				(2 728 000)
Profit before tax				93 224 059

3. Segmental information continued

Segment assets and liabilities

The amounts presented with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Deferred tax, cash and cash equivalents and other financial liabilities are not considered to be segment assets or liabilities and are not allocated to segments.

The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities, as per the statement of financial position:

	Total assets R	Total liabilities R
2018		
Trellidor	**141 356 069**	**33 651 041**
Taylor	**209 112 049**	**33 551 279**
Inter-segment	**(317 346)**	**(317 346)**
Total	**350 150 772**	**66 884 974**
Reconciling items		
Cash and cash equivalents	**27 127 698**	**–**
Deferred tax	**3 442 441**	**2 610 142**
Other financial liabilities	**–**	**93 051 376**
Total as per statement of financial position	**380 720 911**	**162 546 492**
Capital expenditure		
Trellidor		**13 705 310**
Taylor		**3 436 360**
		17 141 670
2017		
Trellidor	125 725 154	32 823 415
Taylor	204 500 974	23 887 542
Total	330 226 128	56 710 957
Reconciling items		
Cash and cash equivalents	55 103 148	–
Deferred tax	3 687 217	4 438 987
Other financial liabilities	–	135 976 619
Total as per statement of financial position	389 016 493	197 126 563
Capital expenditure		
Trellidor		8 327 850
Taylor		1 176 729
		9 504 579

	2018 Revenue by location of customer R	2017 Revenue by location of customer R
Geographical information		
South Africa	**475 431 321**	470 018 572
Foreign	**63 552 704**	55 365 545
Total	**538 984 025**	525 384 117

4. Property, plant and equipment

	GROUP					
		2018			2017	
	Cost R	**Accumulated depreciation R**	**Carrying value R**	Cost R	Accumulated depreciation R	Carrying value R
Land	**5 625 481**	**–**	**5 625 481**	5 625 481	–	5 625 481
Buildings	**31 283 397**	**(6 003 816)**	**25 279 581**	29 293 533	(5 376 092)	23 917 441
Building improvements	**6 654 022**	**(3 677 198)**	**2 976 824**	5 911 499	(3 936 601)	1 974 898
Plant and machinery	**53 644 572**	**(38 723 910)**	**14 920 662**	49 442 759	(37 426 486)	12 016 273
Furniture, fixtures and equipment	**4 139 826**	**(2 840 297)**	**1 299 529**	3 677 168	(2 724 871)	952 297
Motor vehicles	**3 897 883**	**(1 116 842)**	**2 781 041**	2 592 660	(614 130)	1 978 530
IT equipment	**5 605 053**	**(3 331 139)**	**2 273 914**	4 231 867	(2 936 933)	1 294 934
Assets under construction	**6 018 181**	**–**	**6 018 181**	3 740 275	–	3 740 275
Total	**116 868 415**	**(55 693 202)**	**61 175 213**	104 515 242	(53 015 113)	51 500 129

	GROUP						
Reconciliation of property, plant and equipment 2018	**Opening balance R**	**Additions R**	**Disposals R**	**Transfers R**	**Foreign exchange movements R**	**Depreciation R**	**Carrying value R**
Land	**5 625 481**	**–**	**–**	**–**	**–**	**–**	**5 625 481**
Buildings	**23 917 441**	**1 989 864**	**–**	**–**	**–**	**(627 724)**	**25 279 581**
Building improvements	**1 974 898**	**978 120**	**(24)**	**612 275**	**–**	**(588 445)**	**2 976 824**
Plant and machinery	**12 016 273**	**3 524 203**	**(74 496)**	**2 882 321**	**(3 889)**	**(3 423 750)**	**14 920 662**
Furniture, fixtures and equipment	**952 297**	**742 547**	**(10)**	**–**	**(563)**	**(394 742)**	**1 299 529**
Motor vehicles	**1 978 530**	**1 606 589**	**(142 441)**	**–**	**(29 548)**	**(632 089)**	**2 781 041**
IT equipment	**1 294 934**	**1 556 773**	**(31 914)**	**245 679**	**12 911**	**(804 469)**	**2 273 914**
Assets under construction	**3 740 275**	**6 018 181**	**–**	**(3 740 275)**	**–**	**–**	**6 018 181**
	51 500 129	**16 416 277**	**(248 885)**	**–**	**(21 089)**	**(6 471 219)**	**61 175 213**

	GROUP							
Reconciliation of property, plant and equipment 2017	Opening balance R	Additions R	Additions through business combi-nations R	Disposals R	Transfers R	Foreign exchange movements R	Depreciation R	Carrying value R
Land	5 625 481	–	–	–	–	–	–	5 625 481
Buildings	19 026 007	–	–	–	5 581 447	–	(690 013)	23 917 441
Building improvements	1 252 135	1 282 365	–	–	–	–	(559 602)	1 974 898
Plant and machinery	10 082 228	1 903 200	3 486 590	(28)	296 198	(54 138)	(3 697 777)	12 016 273
Furniture, fixtures and equipment	748 053	150 907	387 927	(1)	40 763	(3 333)	(372 019)	952 297
Motor vehicles	417 941	760 475	1 221 027	(48 083)	–	(5 392)	(367 438)	1 978 530
IT equipment	814 256	336 240	906 681	(579)	–	(652)	(761 011)	1 294 934
Assets under construction	4 587 291	5 071 392	–	–	(5 918 408)	–	–	3 740 275
	42 553 392	9 504 579	6 002 225	(48 691)	–	(63 515)	(6 447 860)	51 500 129

4. Property, plant and equipment continued

Property, plant and equipment encumbered as security

The following assets have been pledged as security for the secured long-term borrowings, refer to note 18:

	GROUP Carry value		COMPANY Carry value	
	2018 R	2017 R	**2018 R**	2017 R
Land and buildings	**30 905 062**	29 542 922	**–**	–
Plant and machinery	**1 279 235**	1 466 465	**–**	–
Motor vehicles	**432 972**	697 970	**–**	–

5. Goodwill

	GROUP					
	2018			2017		
	Cost R	**Accumulated impairment R**	**Carrying value R**	Cost R	Accumulated impairment R	Carrying value R
Goodwill	**74 401 270**	**–**	**74 401 270**	74 401 270	–	74 401 270

	GROUP	
Reconciliation of goodwill 2018	**Opening balance R**	**Total R**
Goodwill	**74 401 270**	**74 401 270**

	GROUP			
Reconciliation of goodwill 2017	Opening balance R	Additions through business combinations Taylor R	Additions through business combinations Other R	Total R
Goodwill	2 388 498	71 147 772	865 000	74 401 270

Goodwill relates to the Rollerstyle and Clearguard product ranges and the acquisition of the Taylor Blinds and Shutters and NMC businesses from Odyssey House Proprietary Limited.

Management have tested goodwill for impairment during the year, based on the results of the impairment test performed, no impairment was required. The recoverable amount of goodwill is based on value-in-use calculations, this calculation utilises expected pre-tax cash flows, market-related growth for five years and a reasonable growth rate applied thereafter, discounted at a risk-adjusted interest rate appropriate to the cash generating unit. In assessing future income, management has considered the assumptions relating to the sustainable growth. The estimation of pre-tax cash flows is sensitive to the periods for which forecasts are available and to assumptions regarding the long-term sustainable cash flows. While forecasts are compared with actual performance and external economic data, expected cash flows naturally reflect management's view of future performance. The discount rates used in the discounted cash flow models are calculated using the principles of the capital asset pricing model, taking into account the current market conditions in South Africa. A pre-tax weighted average cost-of-capital rate that ranges between 17.5% to 19.5% was used. The growth rate applied for the periods beyond 2018 was 6%. The growth rate does not exceed the long-term average growth rate for the markets in which the entity operates and ranges between 5% to 9%.

6. Intangible assets

	GROUP					
	2018			2017		
	Cost R	Accumulated amortisation R	Carrying value R	Cost R	Accumulated amortisation R	Carrying value R
Patents and trademarks	1 172 470	(674 461)	498 009	1 001 770	(599 156)	402 614
Brand name	25 719 000	–	25 719 000	25 719 000	–	25 719 000
Computer software	570 367	(16 760)	553 607	15 581	(15 581)	–
Product design	1 647 422	(728 868)	918 554	1 647 422	(592 648)	1 054 774
Customer base	24 456 000	(9 782 400)	14 673 600	24 456 000	(4 891 200)	19 564 800
Total	53 565 259	(11 202 489)	42 362 770	52 839 773	(6 098 585)	46 741 188

	COMPANY					
	2018			2017		
	Cost R	Accumulated amortisation R	Carrying value R	Cost R	Accumulated amortisation R	Carrying value R
Computer software	529 574	–	529 574	–	–	–

	GROUP				
Reconciliation of intangible assets 2018	Opening balance R	Additions R	Foreign exchange movements R	Amortisation R	Total R
Patents and trademarks	402 614	170 726	–	(75 331)	498 009
Brand name	25 719 000	–	–	–	25 719 000
Computer software	–	554 668	653	(1 714)	553 607
Product design	1 054 774	–	–	(136 222)	918 554
Customer base	19 564 800	–	–	(4 891 200)	14 673 600
	46 741 188	725 394	653	(5 104 467)	42 362 770

	GROUP				
Reconciliation of intangible assets 2017	Opening balance R	Additions R	Additions through business combinations R	Amortisation R	Total R
Patents and trademarks	436 801	44 455	–	(78 642)	402 614
Brand name	–	–	25 719 000	–	25 719 000
Product design	1 193 078	–	–	(138 304)	1 054 774
Customer base	–	–	24 456 000	(4 891 200)	19 564 800
	1 629 879	44 455	50 175 000	(5 108 146)	46 741 188

	COMPANY		
Reconciliation of intangible assets 2018	Opening balance R	Additions R	Total R
Computer software	–	529 574	529 574

6. Intangible assets continued

Details of intangible assets

The Taylor brand name acquired in the acquisition has been tested by management for impairment during the year. The recoverable amount of the brand name is based on value-in-use calculations, this calculation utilised a deemed royalty income of between 1% and 3% based on the actual 2018 revenue, growth for a further five years and a reasonable growth rate applied thereafter, based on current market conditions. In assessing future income, management has considered the assumptions relating to the sustainable growth. The discount rates used in the discounted cash flow models are calculated using the principles of the capital asset pricing model, taking into account the current market conditions in South Africa. A pre-tax weighted average cost-of-capital rate that ranges between 17.5% to 19.5% was used. The growth rate applied for the periods beyond 2018 was 6%. The growth rate does not exceed the long-term average growth rate for the markets in which the entity operates and ranges between 5% to 8%.

The remaining useful life of material intangible assets is as follows:

	2018	2017
Customer base	**3 years**	4 years

7. Investments in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

	COMPANY			
Name of Company	**Percentage holding 2018**	Percentage holding 2017	**Carrying amount 2018 R**	Carrying amount 2017 R
Trellidor Proprietary Limited	**100.00**	100.00	**100**	100
Trellidor Innovations Proprietary Limited	**92.50**	92.50	**50 000 000**	50 000 000
Trellicor Proprietary Limited	**100.00**	100.00	**1 045 698**	1 045 698
Trellidor Ghana Limited	**85.00**	85.00	**–**	–
			51 045 798	51 045 798

Principal place of business

Trellidor Ghana Limited is a subsidiary of Trellicor Proprietary Limited and is thus indirectly owned by the Group. All the entities are domiciled and operate in South Africa except for Trellidor Ghana Limited which is domiciled and operates in Ghana.

	GROUP		COMPANY	
	2018 R	2017 R	**2018 R**	2017 R

8. Deferred tax

	2018 R	2017 R	**2018 R**	2017 R
Deferred tax asset/(liability)				
Property, plant and equipment	**(547 340)**	(523 675)	**–**	–
Client base	**(4 108 608)**	(5 478 144)	**–**	–
Prepaid expenses	**(580 363)**	(228 509)	**(60 181)**	(43 339)
Doubtful debts	**(60 409)**	15 184	**–**	–
Section 24C allowance	**(1 724 231)**	(798 386)	**–**	–
Unrealised profit in inventory	**950 553**	921 439	**–**	–
Provisions	**4 387 998**	3 784 674	**374 747**	–
Income received in advanced	**2 514 699**	1 555 647	**–**	–
Total net deferred tax asset/(liability)	**832 299**	(751 770)	**314 566**	(43 339)
Deferred tax liability	**(2 610 142)**	(4 438 987)	**–**	(43 339)
Deferred tax asset	**3 442 441**	3 687 217	**314 566**	–
Total net deferred tax asset/(liability)	**832 299**	(751 770)	**314 566**	(43 339)
Reconciliation of deferred tax asset/(liability)				
At beginning of year	**(751 770)**	3 707 122	**(43 339)**	(40 601)
Temporary differences movements	**1 584 069**	3 152 627	**357 905**	(2 738)
Temporary difference arising on acquisition	**–**	(7 611 519)	**–**	–
	832 299	(751 770)	**314 566**	(43 339)

Utilisation of deferred tax assets
The directors are satisfied that the underlying entities will have sufficient future taxable profits to utilise the deferred tax assets.

9. Loans to Group companies

	2018 R	2017 R
Subsidiaries		
Trellidor Innovations Proprietary Limited	**77 702 292**	60 583 902
The loan is unsecured, bears interest at prime and is repayable over five years.		
Non-current assets	**55 067 672**	48 047 029
Current assets	**22 634 620**	12 536 873
	77 702 292	60 583 902

Fair value of loans to Group companies
The directors consider the carrying amount of the loan to approximate its fair value as interest is charged at market-related rates.

The maximum exposure to credit risk at the reporting date is the fair value of the loan. The Company does not hold any collateral as security. The credit quality of the loan has been assessed with reference to a review of detailed profit and cash flow forecasts of the subsidiary and management assessed that the subsidiary has the ability to repay the loan.

10. Inventories

	GROUP		COMPANY	
	2018 **R**	2017 R	**2018** **R**	2017 R
Raw materials, components	**101 053 108**	80 544 205	–	–
Work in progress	**1 804 958**	3 221 643	–	–
Finished goods	**1 334 848**	1 772 474	–	–
Goods in transit	**3 276 395**	9 649 686	–	–
	107 469 309	95 188 008	–	–
Provision for obsolescence of raw materials	**(1 094 719)**	(464 124)	–	–
	106 374 590	94 723 884	–	–

The provision for obsolescence is calculated by identifying inventory items that have not moved in the previous 12 months and are not expected to move in the next 12 months.

11. Trade and other receivables

	GROUP		COMPANY	
	2018 **R**	2017 R	**2018** **R**	2017 R
Trade receivables	**55 303 607**	57 024 353	–	4 081
Prepayments	**3 007 363**	2 883 786	214 933	154 782
Other receivables	**3 065 892**	1 871 267	1 915 272	1 391 037
	61 376 862	61 779 406	2 130 205	1 549 900

Trade and other receivables pledged as security

Refer to note 37, trade receivables have been ceded as security for financing facilities.

Fair value of trade and other receivables

The directors consider the carrying amount of trade and other receivables to approximate the fair value due to their short-term nature.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than three months past due are not considered to be impaired.

Past due but not impaired trade receivables relate to customers for whom there is no history of default or for whom management is aware of the client's particular circumstances and are of the opinion that the receivable is fully recoverable.

	GROUP		COMPANY	
	2018 R	2017 R	**2018 R**	2017 R
11. Trade and other receivables continued				
At 30 June 2018, R4 140 656 (2017: R7 513 326) were past due but not impaired and the ageing of these amounts is as follows:				
Ageing of local trade debtors				
30 to 90 days	**3 357 457**	6 131 679	**–**	–
	3 357 457	6 131 679	**–**	–
Ageing of foreign trade debtors				
30 to 90 days	**270 839**	876 749	**–**	–
90 to 120 days	**512 360**	504 898	**–**	–
	783 199	1 381 647	**–**	–
Trade and other receivables impaired				
As of 30 June 2018, trade and other receivables of R954 718 (2017: R758 292) were impaired and provided for.				
Reconciliation of provision for impairment of trade and other receivables				
Opening balance	**(758 292)**	(328 658)	**–**	–
Provision for impairment	**(196 426)**	(429 634)	**–**	–
	(954 718)	(758 292)	**–**	–
Credit risk				
The maximum exposure to credit risk at the reporting date is the fair value of each class of loan receivable mentioned above. The Group does not hold any collateral as security.				
Currencies				
US Dollar	**2 094 663**	313 253	**–**	–
GB Pound	**681 563**	135 925	**–**	–
Euro	**164 867**	9 341	**–**	–
Ghanaian Cedi	**1 430 029**	2 940 190	**–**	–
	4 371 122	3 398 709	**–**	–

	GROUP		COMPANY	
	2018 R	2017 R	**2018 R**	2017 R
12. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	**86 306**	75 476	**–**	–
Bank balances	**27 041 392**	55 027 672	**960 026**	4 509 564
	27 127 698	55 103 148	**960 026**	4 509 564
Due to the short-term nature of cash and cash equivalents the carrying amount is deemed to approximate fair value.				
The total amount of undrawn facilities available for future operating activities and commitments	**36 484 069**	25 096 215		
Refer to note 37 for the facilities and securities held with First National Bank.				
Credit quality of cash at bank and short-term deposits, excluding cash on hand				
The credit quality of cash at bank and short-term deposits, excluding cash on hand, can be assessed by reference to external credit ratings of the Group's bankers.				
Currencies				
US Dollar	**996 504**	1 113 548	**–**	–
GB Pound	**2 574 549**	125 381	**–**	–
Euro	**296 357**	848 886	**–**	–
Ghanaian Cedi	**614 424**	916 568	**–**	–
	4 481 834	3 004 383	**–**	–

13. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

	GROUP	
	Loans and receivables R	Total R
2018		
Trade and other receivables	**58 225 775**	**58 225 775**
Other financial assets	**2 257 628**	**2 257 628**
Cash and cash equivalents	**27 127 698**	**27 127 698**
	87 611 101	**87 611 101**
2017		
Trade and other receivables	58 763 412	58 763 412
Other financial assets	1 080 251	1 080 251
Cash and cash equivalents	55 103 148	55 103 148
	114 946 811	114 946 811

	COMPANY	
	Loans and receivables R	Total R
2018		
Loans to Group companies	**77 702 292**	**77 702 292**
Trade and other receivables	**250 000**	**250 000**
Cash and cash equivalents	**960 026**	**960 026**
	78 912 318	**78 912 318**
2017		
Loans to Group companies	60 583 902	60 583 902
Trade and other receivables	4 181	4 181
Cash and cash equivalents	4 509 564	4 509 564
	65 097 647	65 097 647

14. Stated capital

		2018	2017
Authorised			
No par value shares	(shares)	**5 000 000 000**	5 000 000 000
Reconciliation of number of shares issued:			
Reported as at 1 July 2017	(shares)	**108 340 118**	108 340 118
Issued			
Ordinary no par value shares	(Rand)	**45 759 072**	45 759 072
Treasury/own shares	(Rand)	**(2 570 698)**	–
	(Rand)	**43 188 374**	45 759 072

Subsequent to year-end the 446 535 shares, acquired at a weighted average of R5.70, held in treasury were cancelled. The cancellation will reduce issued share equity to 107 893 583 and stated capital to R43 188 374.

15. Foreign currency translation reserve

The translation reserve comprises exchange differences on consolidation of the foreign subsidiary into the presentation currency of the Group.

16. Other non-distributable reserve

The other non-distributable reserve represents the surplus on restructuring of a subsidiary.

17. Share based payments

Under the Trellidor share incentive scheme, the Group, at the discretion of the Remuneration Committee, may grant share options on the shares of the parent to the employees of any Company within the Group, via the Trellidor Group Share Incentive Trust. The share options granted give the holder the right to purchase Trellidor shares. During October 2017, the Group granted 1 830 920 options to purchase shares, to employees, at an exercise price of R5.66 in terms of the Trellidor share incentive scheme. These share options vest and are exercisable in tranches of 25% on the 2nd, 3rd, 4th and 5th anniversary of the award. The vesting of the share options is dependent on the employee being employed within the Group at vesting date and exercising the option within the 30-day exercise period.

	2018		2017	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Reconciliation of share options				
Outstanding options at beginning of year	**5.41**	**5 060 984**	–	-
Options granted	**5.66**	**1 830 920**	5.41	5 060 984
	5.48	**6 891 904**	5.41	5 060 984

The fair value was determined using the below assumptions:

Grant date	23 October 2017	18 October 2016
Grant price	5.66	5.41
Average option price	1.08	1.48
Average risk-free interest rate	7.27%	7.65%
Average expected volatility	29.38%	33.13%
Expected dividend yield	4.50%	4.50%
Vesting period	4 years	4 years

No share options vested during the year, the first tranche of the October 2016 award vests in October 2018.

The fair value of the share options was determined by taking the difference between the fair value of the shares less the exercise price. The fair value of the options granted on 23 October 2017 (grant date) was R1 968 239. At 30 June 2018 the carrying amount of the share based payment reserve was R3 704 993 with an expense of R2 314 056 recognised for employee services rendered during the year. Each Company in the Group recognise the expense for employee services rendered during the year.

The expected volatility was determined based on the average historical volatility of similar listed peer companies, whilst the risk-free rate was based on the money market rate for a maturity equal to the options maturity.

18. Other financial liabilities

	GROUP		COMPANY	
	2018 R	2017 R	**2018 R**	2017 R
Held at amortised cost				
Nedbank Limited	**25 000 000**	22 263 739	**–**	–
First National Bank term loan – Trellidor Holdings Limited	**47 485 820**	60 131 116	**47 485 820**	60 131 116
First National Bank term loan – Trellidor Innovations Proprietary Limited	**13 571 776**	17 035 411	**–**	–
Wesbank Corporate	**692 857**	1 634 145	**–**	–
Novaspectacular Investments Proprietary Limited	**6 300 923**	4 912 208	**–**	–
Deferred purchase consideration	**–**	30 000 000	**–**	–
	93 051 376	135 976 619	**47 485 820**	60 131 116

Nedbank Limited
The loan is secured by first and second covering mortgage bonds over land and buildings with a total book value of R30 905 062 (2017: R29 542 922) as described in note 4 and a limited suretyship of R25 000 000 by Trellicor Proprietary Limited. The loan bears interest at prime less 0.15% per annum and is repayable in monthly instalments until June 2028.

Term Loans – First National Bank
The loan held by Trellidor Holdings Limited bears interest at prime less 0.5% per annum and is repayable in monthly instalments until July 2021.

The loan held by Trellidor Innovations Proprietary Limited bears interest at prime less 0.5% per annum and is repayable in monthly instalments until July 2021.

Wesbank Corporate
Instalment sale agreements exist, which are repayable in average monthly instalments of R91 517 (2017: R85 750), secured by plant and machinery and motor vehicles with a carrying value of R1 712 207 (2017: R2 164 435) as referred to in note 4, bearing interest at variable rates linked to the prime overdraft rate.

Novaspectacular Investments Proprietary Limited
The loan is unsecured, bears interest at prime and is repayable over five years. This loan has been subordinated to First National Bank Limited as security for the facilities with the bank.

Refer to note 37 for securities held for these facilities.

	GROUP		COMPANY	
	2018 R	2017 R	**2018 R**	2017 R
Deferred purchase consideration				
The balance was settled during the current year.				
Non-current liabilities				
At amortised cost	**71 364 117**	86 090 075	**33 566 353**	47 583 857
Current liabilities				
At amortised cost	**21 687 259**	49 886 544	**13 919 467**	12 547 259
	93 051 376	135 976 619	**47 485 820**	60 131 116

Fair value of financial liabilities at amortised cost
The directors consider the carrying amounts of financial liabilities at amortised cost to approximate their fair value as the loans bear interest at market-related rates.

	GROUP		COMPANY	
	2018 R	2017 R	**2018 R**	2017 R
19. Trade and other payables				
Trade payables	**37 587 424**	25 592 464	**149 997**	–
Amounts received in advance	**9 485 612**	6 291 496	**–**	–
Accrued leave pay and bonus	**9 853 218**	9 425 424	**759 837**	–
Accrued expenses	**6 585 613**	8 835 036	**138 793**	134 387
Other payroll accruals	**2 168 652**	2 472 751	**153 795**	–
	65 680 519	52 617 171	**1 202 422**	134 387

Trade and other payables consist of purchases from suppliers at normal trade terms and are generally payable between 30 and 90 days.

Fair value of trade and other payables

The directors consider the carrying amount of trade and other payables to approximate their fair value based on the short-term nature of the trade and other payables.

Currencies

The carrying amounts of foreign trade and other payables, included in the balance, are denominated in the following currencies:

	GROUP 2018 R	GROUP 2017 R	COMPANY 2018 R	COMPANY 2017 R
US Dollar	**12 377 768**	13 015 610	**–**	–
GB Pound	**2 252 496**	–	**–**	–
Euro	**4 556 542**	3 217 909	**–**	–
Ghanaian Cedi	**392 725**	575 693	**–**	–
	19 579 531	16 809 212	**–**	–

20. Financial liabilities by category

	GROUP	
	Financial liabilities at amortised cost	Total
2018		
Other financial liabilities	**93 051 376**	**93 051 376**
Trade and other payables	**43 273 514**	**43 273 514**
	136 324 890	**136 324 890**
2017		
Other financial liabilities	135 976 619	135 976 619
Trade and other payables	25 592 459	25 592 459
	161 569 078	161 569 078

	COMPANY	
	Financial liabilities at amortised cost	Total
2018		
Other financial liabilities	**47 485 820**	**47 485 820**
Trade and other payables	**149 997**	**149 997**
	47 635 817	**47 635 817**
2017		
Other financial liabilities	60 131 116	60 131 116
Trade and other payables	100 620	100 620
	60 231 736	60 231 736

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	R	R	**R**	R
21. Revenue				
Sale of products	**538 128 775**	524 380 235	**–**	–
Management fees	**–**	–	**8 258 794**	1 974 316
Royalty income	**855 250**	1 003 882	**–**	–
Dividends received	**–**	–	**57 750 000**	38 375 712
	538 984 025	525 384 117	**66 008 794**	40 350 028
22. Cost of sales				
Sale of products	**195 530 546**	184 970 735	**–**	–
Employee costs	**58 057 245**	53 225 698	**–**	–
Depreciation	**3 437 937**	3 671 752	**–**	–
Manufacturing expenses	**36 044 580**	33 010 195	**–**	–
	293 070 308	274 878 380	**–**	–
23. Operating profit before interest and taxation				
Operating profit before interest and taxation for the year is stated after accounting for the following, amongst others:				
Leases				
Operating lease charges				
Premises	**7 728 017**	7 270 021	**–**	–
Other				
Net loss on exchange differences	**3 267 976**	2 964 386	**–**	–
Amortisation on intangible assets	**5 104 467**	5 108 146	**–**	–
Depreciation on property, plant and equipment	**6 471 219**	6 447 860	**–**	–
Short-term employee benefits	**120 022 573**	111 470 873	**5 089 465**	706 500
Post employment benefits	**5 862 043**	5 415 468	**192 816**	–
Advertising	**25 554 624**	23 429 355	**–**	–
Cartage	**7 306 750**	6 842 207	**–**	–
Consulting fees	**4 611 735**	4 669 840	**–**	–
Commission	**4 727 186**	4 797 769	**–**	–
Gas, electricity and water	**7 074 792**	7 033 882	**–**	–
Share based payment expense	**2 314 056**	1 390 937	**648 984**	–
Fair value on contingent consideration	**–**	2 728 000	**–**	–
24. Retirement benefits				
Defined contribution plan				
It is the policy of the Group to provide retirement benefits to all of its employees. The Group makes contributions to the pension and provident funds, which are subject to the Pension Funds Act and MEIBC regulations. The Group is under no obligation to cover any unfunded benefits.				
Total Group contribution to such schemes	**5 862 043**	5 415 468	**192 816**	–

	GROUP		COMPANY	
	2018 R	2017 R	2018 R	2017 R
25. Investment income				
Interest revenue				
Bank	**902 049**	2 384 078	**164 980**	584 075
Other interest	**399 927**	723 338	**5 634**	–
Loan to Group companies	**–**	–	**8 521 638**	7 009 445
Total interest income	**1 301 976**	3 107 416	**8 692 252**	7 593 520
26. Finance costs				
Non-current borrowings	**9 425 246**	11 310 950	**5 238 002**	6 493 926
Bank and other	**164 754**	388 679	**45 124**	330 880
Tax authorities	**5 141**	–	**4 050**	–
Interest rate swap	**–**	483 288	**–**	–
Total finance costs	**9 595 141**	12 182 917	**5 287 176**	6 824 806
27. Taxation				
Major components of the tax expense				
Current				
Local income tax – current period	**25 613 146**	30 386 188	**1 705 014**	461 385
Deferred				
Originating and reversing temporary differences	**(1 584 069)**	(3 152 627)	**(357 905)**	2 738
	24 029 077	27 233 561	**1 347 109**	464 123

	GROUP		COMPANY	
	2018 %	2017 %	2018 %	2017 %
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate:				
Applicable tax rate	**28.00**	28.00	**28.00**	28.00
Exempt income	**–**	–	**(26.56)**	(27.81)
Tax incentives	**(0.02)**	(0.05)	**–**	–
Non-taxable fair value adjustments	**–**	(0.13)	**–**	–
Difference in tax rate of foreign subsidiary	**0.17**	(0.08)	**–**	–
Capital expenditure	**–**	0.90	**–**	–
Prior year overprovision	**–**	(0.07)	**–**	–
Capital gains	**(0.01)**	0.02	**–**	–
Reclassification of hedge	**–**	0.20	**–**	–
Non-deductible expenses	**0.60**	0.42	**0.77**	1.01
	28.74	29.21	**2.21**	1.20

28. Earnings per share

		GROUP 2018 R	GROUP 2017 R
Headline earnings and diluted headline earnings per share			
Headline earnings			
Profit for the year attributable to ordinary shareholders		**58 763 054**	64 265 004
Adjusted for:			
Profit on disposal of property, plant and equipment		**(99 709)**	(86 418)
Gross amount		**(150 227)**	(119 787)
Non-controlling interest		**8 455**	–
Tax effect thereon		**42 063**	33 369
		58 663 345	64 178 586
Core headline earnings			
Headline earnings		**58 663 345**	64 178 586
Adjusted for:			
Amortisation of customer base		**4 891 200**	4 891 200
Acquisition costs – Taylor		**–**	2 473 564
Fair value adjustment on contingent consideration		**–**	2 728 000
Tax effect thereon		**(1 369 536)**	(2 133 376)
Non-controlling interest		**(264 125)**	(596 954)
		61 920 884	71 541 020
Number of shares issued	(shares)	**108 340 118**	108 340 118
Weighted average number of ordinary shares in issue during the year	(shares)	**108 020 801**	108 340 118
Diluted weighted average number of shares	(shares)	**108 020 801**	108 340 118
Earnings and diluted earnings per share	(cents)	**54.4**	59.3
Headline earnings and diluted headline earnings per share	(cents)	**54.3**	59.2
Core headline earnings and core diluted headline earnings per share	(cents)	**57.3**	66.0

	GROUP		COMPANY	
	2018 R	2017 R	2018 R	2017 R
29. Cash generated from operations				
Profit before taxation	83 607 195	93 224 059	60 879 769	38 634 267
Adjustments for:				
Depreciation	6 471 219	6 447 860	–	–
Amortisation	5 104 467	5 108 146	–	–
Interest income	(1 301 976)	(3 107 416)	(8 692 252)	(7 593 520)
Finance costs	9 595 141	12 182 917	5 287 176	6 824 806
Net profit on disposal of property, plant and equipment	(150 227)	(119 787)	–	–
Share based payment	2 314 056	1 390 937	648 984	–
Unwinding of cash flow hedge	–	661 664	–	–
Movements in provisions	(136 102)	(27 309)	–	–
Interest rate swap	–	(441 175)	–	–
Fair value of contingent consideration	–	2 728 000	–	–
Movement in inventory obsolescence	630 595	29 284	–	–
Unrealised exchange differences	717 542	–	–	–
Changes in working capital:				
Inventories	(12 281 304)	(23 112 208)	–	–
Trade and other receivables	929 599	3 391 502	1 084 767	2 000 905
Trade and other payables	11 446 275	6 269 192	1 068 035	1 699
	106 946 480	104 625 666	60 276 479	39 868 157
30. Tax paid				
Balance at beginning of the year	(3 646 817)	(3 563 324)	(10 940)	(117 573)
Current tax for the year recognised in profit or loss	(25 613 146)	(30 386 188)	(1 705 014)	(461 385)
Adjustment in respect of business combinations	–	(2 927 303)	–	–
Balance at end of the year	(1 308 851)	3 646 817	277 278	10 940
	(30 568 814)	(33 229 998)	(1 438 676)	(568 018)
31. Dividends paid				
Dividends	(32 928 459)	(28 493 451)	(32 928 459)	(28 493 451)

Dividends per share of R0.31 (2017: R0.26) were distributed to the shareholders.

32. Changes in liabilities arising from financing activities

	GROUP			
	Opening balance R	Interest accrual non-cash movements R	Cash flows R	Closing balance R
Reconciliation of liabilities arising from financing activities				
2018				
Other financial liabilities measured at amortised cost	135 976 619	58 227	(42 983 470)	93 051 376

	COMPANY			
	Opening balance R	Interest accrual non-cash movements R	Cash flows R	Closing balance R
Reconciliation of liabilities arising from financing activities				
2018				
Other financial liabilities measured at amortised cost	60 131 116	(122 292)	(12 523 004)	47 485 820

The deferred consideration has been reclassified from investing activities to financing activities to better reflect the nature of the payment.

	GROUP		COMPANY	
	2018 R	2017 R	**2018 R**	2017 R
33. Related parties				
Relationships				
Subsidiaries: Refer to note 7				
Members of key management: All directors (refer to note 5 of the directors' report)				
Prescribed Officer: PWE Rawson				
Related party balances				
Loan accounts – Owing (to)/by related parties				
Subsidiaries	**–**	–	**77 702 292**	60 583 902
Novaspectacular Investments Proprietary Limited	**(6 300 923)**	(4 912 208)	**–**	–
Amounts included in trade and other receivables regarding related parties				
Subsidiaries	**–**	–	**1 915 272**	1 390 937
Related party transactions				
Management fees received from related parties				
Subsidiaries	**–**	–	**8 258 794**	1 974 316
Dividends received from related parties				
Subsidiaries	**–**	–	**57 750 000**	38 375 712
Interest received from/(paid to) related parties				
Subsidiaries	**–**	–	**8 521 638**	7 009 445
Novaspectacular Investments Proprietary Limited	**(691 010)**	(568 335)	**–**	–
Advertising expenses paid to related parties				
Other related party	**(1 131 076)**	(1 221 362)	**–**	–

Refer to note 34 for compensation paid to directors and other key management.

34. Directors' and prescribed officers' emoluments

	GROUP		
	Emoluments R	Pension fund contributions R	Total R
Executive			
2018			
TM Dennison	3 833 514	165 039	3 998 553
PWE Rawson	2 397 364	148 560	2 545 924
CG Cunningham	1 254 802	63 402	1 318 204
	7 485 680	377 001	7 862 681
2017			
TM Dennison	4 662 301	154 995	4 817 296
PWE Rawson	2 575 608	139 356	2 714 964
CG Cunningham	1 416 234	59 817	1 476 051
	8 654 143	354 168	9 008 311

	GROUP	
	Directors' fees R	Total R
Non-executive		
2018		
MC Olivier	246 100	246 100
JB Winship	246 100	246 100
RB Patmore	246 100	246 100
	738 300	738 300
2017		
MC Olivier	235 500	235 500
JB Winship	235 500	235 500
RB Patmore	235 500	235 500
	706 500	706 500

Executive directors' and prescribed officers' contracts

The terms of executive directors' and prescribed officers' contracts are in line with all other employees.

Number of share options held by directors and officers:

	Opening balance R	Granted R	Exercise price R	Closing balance R	Annual expense R
TM Dennison	1 672 628	–	5.41	1 672 628	648 984
CG Cunningham	396 756	–	5.41	396 756	153 942
PWE Rawson	983 052	–	5.41	983 052	381 427

For more detail refer to note 17.

35. Contingencies

A dispute is in process relating to former employees who were dismissed by a subsidiary of the Company. The employees are claiming compensation for loss of earnings. The subsidiary, however has a counterclaim against the employees for damage to property. The directors are of the opinion that the current dispute will not result in a material outflow, if any, to the Group.

The information usually required by the standard regarding provisions, contingent liabilities and contingent assets is not disclosed on the grounds that legal opinion indicated no probable outflow from the case.

Guarantees

First National Bank Limited has issued the following guarantees on behalf of the Group to the following parties:

	Group	
	2018 R	2017 R
Emira Property Fund Limited	**963 190**	963 190
Ethekwini Municipality	**202 580**	202 580
The South African Post Office	**40 000**	40 000
	1 205 770	1 205 770

	GROUP		COMPANY	
	2018 R	2017 R	**2018 R**	2017 R
36. Commitments				
Authorised capital expenditure				
Already contracted for but not provided for				
Property, plant and equipment	**5 009 818**	1 865 918	**–**	–
This committed expenditure relates to property, plant and equipment and will be financed by available bank facilities and existing cash resources.				
Operating leases – as lessee (expense)				
Minimum lease payments due				
– within one year	**7 875 737**	6 374 754	**–**	–
– in second to fifth year inclusive	**18 513 007**	1 996 909	**–**	–
	26 388 744	8 371 663	**–**	–

Operating lease payments represent rentals payable by the Group for certain of its factory and office premises. Leases are negotiated for an average term of three to five years. No contingent rentals are payable.

	GROUP		COMPANY	
	2018 R	2017 R	**2018 R**	2017 R

37. Securities and facilities – First National Bank

Facilities				
Overdraft facility (working capital)	**20 000 000**	15 000 000	**–**	–
Credit card facility (First card)	**700 000**	–	**–**	–
Guarantees	**2 000 000**	1 000 000	**–**	–
Asset finance (Wesbank facility)	**15 000 000**	13 000 000	**–**	–
Forward exchange contracts	**250 000**	250 000	**–**	–
Global banking	**200 000**	200 000	**–**	–
	38 150 000	29 450 000	**–**	–

The following terms and conditions are required to be complied with in order to ensure the ongoing availability of the facilities approved with First National Bank Limited:

- A cross-suretyship for the amount of R100 000 000 for the joint and several obligations of Trellidor Holdings Limited;
- A suretyship of R25 000 000 given by Trellidor Holdings Limited for the obligations of Trellidor Innovations Proprietary Limited;
- A suretyship of R50 000 000 given by Trellidor Innovations Proprietary Limited for the joint and severable obligations of Trellidor Holdings Limited and Trellidor Innovations Proprietary Limited;
- Cessions given by each of the entities in the Trellidor Group of any and all rights which they may have over the debtors of the Group from time to time upon terms and conditions acceptable to the bank, excluding Trellidor Proprietary Limited and Trellidor Ghana Limited;
- Unlimited cessions in favour of the bank of the Group's credit balances held at First National Bank, excluding Trellidor Proprietary Limited and Trellidor Ghana Limited;
- Subordination to First National Bank Limited by Novaspectacular Investments Proprietary Limited, of its loan receivable from Trellidor Innovations Proprietary Limited; and
- Subordination to First National Bank Limited by Trellidor Holdings Limited, of its loan receivable from Trellidor Innovations Proprietary Limited.

Term loan 1 – Trellidor Holdings Limited
The loan is secured by a cession of Trellicor Proprietary Limited's debtors and credit balances at the bank, suretyship by Trellicor Proprietary Limited (limited to R100 000 000), cession by Trellidor Innovations Proprietary Limited of its debtors and credit balances at the bank and a suretyship by Trellidor Innovations Proprietary Limited (limited to R50 000 000).

Term loan 2 – Trellidor Innovations Proprietary Limited
The loan is secured by a cession of Trellicor Proprietary Limited's debtors and credit balances at the bank, suretyship by Trellidor Holding Limited (limited to R25 000 000), cession by Trellidor Innovations Proprietary Limited of its debtors and credit balances at the bank, subordination of loans from Trellidor Holdings Limited and Novaspectacular Investments Proprietary Limited to Trellidor Innovations Proprietary Limited.

38. Going concern

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

39. Events after the reporting period

There were no significant or material subsequent events which would require adjustment to or disclosure of in the annual financial statements.

40. Risk management

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. Capital adequacy and liquidity are managed by monitoring the debt to equity ratio, interest cover and debt service ratios.

The debt ratio is calculated as debt divided by total equity. Debt is calculated as total interest-bearing borrowings. Total equity is represented in the statement of financial position. The ratio is closely monitored by management.

The Group is required to maintain and monitor dividend, interest and debt cover ratios in terms of its agreements with its financiers, as referred to in note 37. As at 30 June 2018 the Group was not in breach of any covenants and there was no change to what the entity manages as capital or the strategy for capital maintenance from the previous year.

Subject to covenants being met and sufficient cash flow generation, the Group would seek to achieve a dividend cover of 2.25.

The debt to equity ratio at 2018 and 2017 respectively were as follows:

		GROUP		COMPANY	
		2018 R	2017 R	**2018 R**	2017 R
Debt		**93 051 376**	105 976 619	**47 485 820**	60 131 116
Total equity		**218 174 419**	191 889 930	**83 716 941**	57 369 382
Debt:Equity	(%)	**43**	55	**57**	105

Financial risk management

The Group's financial instruments consist primarily of cash resources invested with financial institutions, accounts receivable, accounts payable, loans to/(from) Group companies and instalment sale agreements. The Group's activities expose it to a variety of financial risks including credit, interest, foreign currency, capital and liquidity risk.

Risk management policies have been established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies are regularly reviewed to reflect changes in market conditions and the Group's activities. The Group through training, management standards and procedures aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

There have been no major changes to the Group's financial risk management policies and processes from the previous period.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Trellidor Group maintains flexibility in funding by maintaining facilities under committed credit lines.

These facilities are used whenever an entity within the Group requires cash to maintain operations. Overall credit lines are approved by the Board. There is a concentration risk in that both of the major facilities used (Wesbank and FNB) are part of the FirstRand Group. However, this risk is mitigated by the fact that the FirstRand Group is a strong financial services provider and that a large substitution market exists. Credit facilities also exist with Nedbank Limited.

Management monitors rolling forecasts of the entity's cash and cash equivalents on the basis of expected cash flow. There is central cash management function at Group level, which manages cash flows and balances, ensuring liquidity by operation as required and the maximisation of the overall return on free cash.

Trade and other receivables are used to offset the risk that arises from trade and other payables.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

40. Risk management continued

	GROUP			
	Less than one year	Between one and two years	Between two and five years	Over five years
At 30 June 2018				
Other financial liabilities	**29 505 912**	**29 213 977**	**39 267 743**	**19 698 226**
Trade and other payables	**43 273 514**	**–**	**–**	**–**
Trade and other receivables	**(58 225 775)**	**–**	**–**	**–**
At 30 June 2017				
Other financial liabilities	59 392 256	28 841 589	63 067 160	12 445 000
Trade and other payables	25 592 459	–	–	–
Trade and other receivables	(58 763 412)	–	–	–

	COMPANY		
	Less than one year	Between one and two years	Between two and five years
At 30 June 2018			
Other financial liabilities	**17 698 054**	**17 698 054**	**19 172 891**
Loan to Group Company	**(29 391 600)**	**(29 391 600)**	**(31 840 900)**
Trade and other payables	**149 997**	**–**	**–**
Trade and other receivables	**(250 000)**	**–**	**–**
At 30 June 2017			
Other financial liabilities	17 850 338	17 850 338	37 188 204
Loan to Group Company	(18 309 963)	(18 309 963)	(38 145 755)
Trade and other payables	100 620	–	–
Trade and other receivables	(4 181)	–	–

Interest rate risk

The Group's interest rate risk arises from cash deposits and financial liabilities, which can impact on the cash flows of these instruments. The exposure to interest rate risk is managed through a central cash management mechanism at Group level, which enables the Group to maximise returns whilst minimising risk.

Group

At 30 June 2018, if interest rates had been 0.5% higher/lower with all other variables held constant, pre-tax profit for the year would have been R329 618 (2017: R264 563) lower/higher, mainly as a result of higher interest expense/income on bank balances and borrowings.

Company

At 30 June 2018, if interest rates had been 0.5% higher/lower with all other variables held constant, pre-tax profit for the year would have been R155 882 (2017: R24 812) higher/lower, mainly as a result of higher interest income/expense on bank balances and borrowings.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet their contractual obligations. Credit risk consists mainly of cash deposits, cash equivalents, trade receivables and other financial assets.

The credit quality of cash held at the bank is assessed to be good as the Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

The measurement and control of credit risk relating to trade and other receivables is achieved through a combination of weekly reviews by executive management, monthly review by the executive committee and a quarterly review by Trellidor Holdings Board. The latter reviews are undertaken by people independent of the daily operations of the Company. Executive management is held accountable for any defaults. A suitable provision is made for doubtful debts, which is formally reviewed at least on a quarterly basis.

40. Risk management continued

Financial assets exposed to credit risk at year-end were as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	R	R	**R**	R
Financial instrument				
Cash and cash equivalents	**27 041 392**	55 027 672	**960 026**	4 509 564
Trade receivables	**58 225 775**	58 763 412	**250 000**	1 395 118
Other financial assets	**2 257 628**	1 080 251	**–**	–
Loan to Group Company	**–**	–	**77 702 492**	60 583 902

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, GB Pound and Euro.

The Group imports raw materials and components and exports finished goods. These transactions are foreign currency-based, hence there is exposure to foreign currency risk in the form of transactions and translation expenses from fluctuations in foreign currency exchange rates. The Group utilises, as part of its risk management, the natural hedging that arises from being an importer and exporter of goods and forward exchange contracts where appropriate.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before tax due to changes in the fair value of forward exchange to which the entity has significant exposure.

	Year-end spot rate	Rand appreciation/ (depreciation) %	Effect on Group R
2018			
US Dollar	**13.75**	**1**	**92 866**
		(1)	**(92 866)**
Euro	**16.07**	**1**	**40 953**
		(1)	**(40 953)**
2017			
US Dollar	12.97	1	115 888
		(1)	(115 888)
Euro	14.80	1	23 597
		(1)	(23 597)

40. Risk management continued

Foreign currency exposure at the end of the reporting period

	GROUP	
	2018 R	2017 R
Current assets		
Trade and other receivables, USD152 335 (2017: 24 147)	**2 094 663**	313 253
Trade and other receivables, GBP37 517 (2017: 8 078)	**681 563**	135 925
Trade and other receivables, EUR10 260 (2017: 631)	**164 867**	9 341
Cash and cash equivalents, USD72 471 (2017: 85 837)	**996 504**	1 113 548
Cash and cash equivalents, EUR18 442 (2017: 57 346)	**296 357**	848 886
Cash and cash equivalents, GBP141 716 (2017: 7 451)	**2 574 549**	125 381
Liabilities		
Trade and other payables, USD900 175 (2017: 1 003 300)	**12 377 768**	13 015 610
Trade and other payables, EUR283 552 (2017: 217 385)	**4 556 542**	3 217 909
Trade and other payables, GBP123 989 (2017: 0)	**2 252 496**	–
Year-end exchange rates used for conversion of foreign items were:		
USD	**13.75**	12.97
GBP	**18.17**	16.83
EUR	**16.07**	14.80
GHS	**2.86**	2.96

The Group reviews its foreign currency exposure, including commitments on an ongoing basis.

Shareholder analysis

Shareholder type	Number	Shareholding	%
Non-public shareholders	10	30 539 776	28.19
Directors and associates of the Company (direct holding)	5	13 851 563	12.79
Directors and associates of the Company (indirect holding)	3	2 901 512	2.68
Own holdings	1	446 535	0.41
Shareholders (excluding Fund Managers) holding more than 10%			
The LMO Trust	1	13 340 166	12.31
Public shareholders	699	77 800 342	71.81
	709	108 340 118	100.00
Fund managers with a shareholding greater than 5% of issued shares			
Mazi Capital Proprietary Limited	42	18 048 778	16.66
Sanlam	3	6 076 195	5.61
	45	24 124 973	22.27
Beneficial shareholders with a holding greater than 5% of the issued shares			
Government Employees Pension Fund	1	7 494 296	6.92
Peregrine Equities Proprietary Limited	1	9 000 000	8.31
	2	16 494 296	15.23

Corporate information and advisors

Share code: TRL
ISIN: ZAE000209342
JSE sector: Industrials - Building material & fixtures
Year end: 30 June

Executive directors
TM Dennison (Chief Executive Officer)
CG Cunningham (Chief Financial Officer)

Independent non-executive directors
MC Olivier (Chairman)
RB Patmore
JB Winship

Company registration number
1970/015401/06

Country of incorporation
South Africa

Date of incorporation
23 November 1970

Website
www.trellidor.co.za

Registered Office
20 Aberdare Drive
Phoenix Industrial Park
Durban, 4001
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Legal Advisor
Cliffe Dekker Hofmeyr Incorporated
(Registration number 2008/018923/21)
11 Buitengracht Street, Cape Town, 8001
(PO Box 695, Cape Town, 8000)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Corporate Advisor and Sponsor
PSG Capital Proprietary Limited
(Registration number 2006/015817/07
1st Floor, Ou Kollege
35 Kerk Street, Stellenbosch, 7600

and

Second Floor, Building 3, 11 Alice Lane, Sandhurst
Sandton, 2196
(PO Box 650957, Benmore, 2010)

Independent Reporting Accountants and Auditors
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Morningside, Durban, 4001
(PO Box 70584, Overport, 4067)

Bankers
First National Bank
(Registration number 1929/001225/06)
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