

TRELLIDOR HOLDINGS LIMITED

SUMMARISED PROVISIONAL AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2016



▲ **19%** Profit after tax
 ▲ **11,9%** Earnings per share
 ▲ **10,8%** Headline earnings per share
 ▲ **25 cents per share** Total dividend for 2016

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note	Audited 30 June 2016 R	Audited 30 June 2015 R
Assets		
Non-current assets		
Property, plant and equipment	42 553 391	41 488 834
Goodwill	2 388 498	2 388 498
Intangible assets	1 629 879	675 894
Other financial assets	450 000	455 150
Deferred tax assets	3 707 122	2 702 024
	50 728 890	47 710 400
Current assets		
Inventories	30 796 398	21 369 847
Trade and other receivables	44 434 785	40 719 224
Other financial assets	1 546 327	1 080 672
Cash and cash equivalents	89 387 613	15 424 293
	166 165 123	78 594 036
Total assets	216 894 013	126 304 436
Equity and liabilities		
Equity		
Stated capital	45 759 072	92
Reserves	581 777	(201 798)
Retained income	103 500 885	69 762 595
Equity attributable to owners of the company	149 841 734	69 560 889
Non-controlling interests	(845 811)	(1 294 401)
Total equity	148 995 923	68 266 488
Liabilities		
Non-current liabilities		
Other financial liabilities	23 366 519	18 776 249
Provisions	-	5 644 237
	23 366 519	24 420 486
Current liabilities		
Trade and other payables	37 515 819	27 708 089
Other financial liabilities	2 978 150	3 676 557
Current tax payables	3 563 324	2 008 094
Provisions	474 278	224 722
	44 531 571	33 617 462
Total liabilities	67 898 090	58 037 948
Total equity and liabilities	216 894 013	126 304 436

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 30 June 2016 R	Audited 30 June 2015 R
Cash flows from operating activities		
Cash receipts from customers	309 591 086	299 278 974
Cash paid to suppliers and employees	(237 177 945)	(220 888 434)
Cash generated from operations	72 413 141	78 390 540
Interest income	2 748 580	320 414
Finance costs	(2 291 358)	(3 099 419)
Tax paid	(21 134 381)	(21 455 059)
Net cash from operating activities	51 735 982	54 156 476
Cash flows used in investing activities		
Purchase of property, plant and equipment	(7 245 822)	(3 218 573)
Proceeds from sale of property, plant and equipment	807 301	30 494
Purchase of intangible assets	(1 062 958)	(16 063)
Net advances of other financial assets	(762 798)	(440 518)
Net cash used in investing activities	(8 264 277)	(3 644 660)
Cash flows from/(used in) financing activities		
Proceeds on share issue	45 758 980	-
Net proceeds from/(repayment of) other financial liabilities	4 835 062	(2 835 389)
Dividends paid	(19 967 291)	(43 500 000)
Net cash from/(used in) financing activities	30 626 751	(46 335 389)
Total cash movement for the year	74 098 456	4 176 427
Cash at the beginning of the year	15 424 293	11 191 778
Effect of exchange rate movement on cash balances	(135 136)	56 088
Cash and cash equivalents at the end of the period	89 387 613	15 424 293

COMMENTARY

Introduction

Trellidor is the market leading manufacturer of custom made barrier security products, distributed via a dedicated and skilled franchise network throughout South Africa. Franchisees in Africa, the UK and Australia support, design and install the products internationally.

Operations overview

Trellidor is pleased to present its maiden results for the year ended 30 June 2016, post listing the company on the Johannesburg Stock Exchange on 28 October 2015.

Profit after tax growth of 19%, in difficult trading conditions particularly in the second half of the year, was driven by: revenue growth of 6,6%, maintenance of gross margin at 50,1% and tight overhead control. In this respect operating expenses reduced from 29,0% of revenue (June 2015) to 28,1%, notwithstanding one-off listing costs of R1,7 million. Revenue growth from Africa at 15% for the year, was underpinned by solid performance from our Ghanaian subsidiary which achieved 63% growth in revenue in rand terms. Foreign exchange gains of R2,3 million (June 2015: R0,3 million), sale of scrap of R1,2 million, profit on sale of property, plant & equipment of R0,7 million and freight and insurance recoveries of R1 million were recognised in other income during the period.

In June 2016, Trellidor launched a new in-house developed barrier security product, and sales commenced in July 2016. New franchisees in Nigeria and the DRC have been appointed and training and launch of these new franchises will take place in the first half of FY17.

Cash generated from operating activities of R51,7 million was in line with expectation and equated to 95% of profit after tax. Working capital investment increased due to higher inventory levels, predominantly as a result of: the impact of the rand devaluation on imported materials, a change of purchase strategy for certain components to benefit from lower prices, the holding of materials for newly introduced products, and an increase of stockholding in Ghana due to growth in the region.

Trellidor has low levels of gearing, at 30 June 2016, with interest bearing debt of R26,3 million and cash and cash equivalents of R89,4 million, on hand.

Trellidor's earnings per share and headline earnings per share growth of 11,9% and 10,8%, respectively, for the year ended June 2016 was diluted by the issue of 8 333 334 new ordinary shares to partially finance acquisition opportunities.

Dividend

The Trellidor board of directors is pleased to announce a final gross dividend of 15,8 cents per share in respect of the year ended 30 June 2016, which brings the total interim and final dividend declared for the year to 25,0 cents per share. Trellidor's future dividend policy will reflect capital requirements to finance growth.

Acquisition of the Taylor Group

Aligned with Trellidor's growth strategy, the company concluded an acquisition of an effective 92,5% interest in Taylor Blinds and Shutters and NMC Decorative Mouldings ("the Taylor Group") after year end. Taylor Blinds and Shutters specialises in designing, manufacturing, marketing, distributing and servicing shutters and blinds in the South African market. NMC Decorative Mouldings distributes imported decorative mouldings.

The acquisition of the Taylor Group provides strong brands, quality management and an established distribution network for the development of the home improvements market, distinct from the Trellidor security business. The initial tranche of the purchase consideration for 100% of the equity of the Taylor Group was R131 million, financed by cash of R51 million, which was raised by the issue of new shares on listing, bank debt of R70 million and a R10 million investment by the MD of the Taylor Group (7,5% interest).

Deferred consideration of up to a maximum of R30 million is payable if profit after tax (and before the cost of debt) of R33 million is achieved by the Taylor Group for the twelve months ended 30 April 2017. The deferred consideration will be payable, at the option of the sellers, by a combination of cash and/or new Trellidor shares issued at a price of R6 a share.

Prospects

Tough trading conditions are expected to continue, however Trellidor is well positioned to optimise the opportunities the market place has to provide, through its strong brand, well established distribution network and basket of high quality products.

Growth will also be enhanced through the introduction of Trellidor's new product which was successfully launched to the network in July 2016 and from newly appointed territories in Africa including two new franchises in Nigeria.

The acquisition of the Taylor Group will establish a materially higher earnings base for the future. No earnings from the Taylor Group have been included in the results for the year ended 30 June 2016.

T M Dennison

Chief Executive Officer

13 September 2016

CASH DIVIDEND DECLARATION

Notice is hereby given that the directors have declared a final gross dividend of 15,8 cents per share for the year ended 30 June 2016.

The dividend has been declared from income reserves. A dividend withholding tax of 15% will be applicable to shareholders who are not exempt. The net dividend is 13,43 cents per share for shareholders who are not exempt from dividends tax.

The issued share capital at the declaration date is 108 340 118 shares.

The income tax number of the company is 9419378840.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 27 September 2016
Shares commence trading "ex" dividend	Wednesday, 28 September 2016
Record date	Friday, 30 September 2016
Payment date	Monday, 3 October 2016

Share certificates may not be dematerialised or rematerialised between Wednesday, 28 September 2016 and Friday, 30 September 2016, both days inclusive.

CORPORATE INFORMATION

Trellidor Holdings Limited
 ("Trellidor", "the company" or "the group")
 (Registration number: 1970/015401/06)

Share code: TRL

ISIN: ZAE000209342

Directors

MC Olivier (Chairman)**

TM Dennison (Chief Executive Officer)

CG Cunningham (Chief Financial Officer)

JB Winship**

RB Patmore**

* Non-executive

** Independent

Company Secretary

P Nel

(BComm FCIS)

71 Cotswold Drive

Westville, 3629

Registered office

20 Aberdare Drive

Phoenix Industrial Park

Durban, 4001

(PO Box 20173, Durban North, 4016)

Date of Incorporation: 23 November 1970

Place of Incorporation: South Africa

Auditors and

Independent Reporting Accountants

Mazars

Mazars House

197 Peter Mokaba Road

Morningside

Durban, 4001

(PO Box 70584, Overport, 4067)

Corporate sponsor

PSG Capital (Pty) Ltd

(Registration Number 2006/015817/07)

1st Floor, Ou Kolege

35 Kerk Street

Stellenbosch, 7600

(PO Box 7403, Stellenbosch, 7599); and

1st Floor, Building 8

Inanda Greens Business Park

54 Wierda Road West

Wierda Valley

Sandton, 2196

(PO Box 650957, Benmore, 2010)

Transfer Secretaries

Computershare Investor Services (Pty) Ltd

(Registration Number 2004/003647/07)

Ground Floor, 70 Marshall Street

Johannesburg, 2001

(PO Box 61051, Marshalltown, 2107)

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL RESULTS

1. Basis of preparation

The provisional audited summarised consolidated financial results for the year ended 30 June 2016 has been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Listings Requirements of the JSE Limited, contains the information as required by IAS 34 – Interim Financial Reporting and the Companies Act No 71 of 2008, under the supervision of the Chief Financial Officer, Mr CG Cunningham CA (SA). The accounting policies applied and methods of computation used in preparation of the summarised consolidated financial information are consistent with those applied in the financial statements for the year ended 30 June 2015.

The consolidated annual financial statements for the year have been audited by Mazars and their accompanying unmodified audit report is available for inspection at the company's registered office. The summarised consolidated financial results have been extracted from audited consolidated annual financial statements but is itself not audited. The directors take full responsibility for the preparation of the summarised report and that the financial information has been correctly extracted from the underlying consolidated annual financial statements. The consolidated annual financial statements were approved by the board on 12 September 2016.

Information included the heading "Prospects" and any reference to future financial information included in the audited summarised consolidated financial results have not been audited or reviewed. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of their report with the accompanying financial results from the company's registered office. Full details of the group's business combinations after year end, additions and disposals of property, plant and equipment as well as commitments and contingent liabilities will be included in the audited consolidated annual financial statements that are available to be reviewed at the company's Registered Offices.

2. Segmental information

Operating segments are components of entities from which revenue may be earned and expenses may be incurred, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resource allocations and for which discrete financial information is available.

The group operates as a single operating segment, the manufacturing of barrier security, which the chief executive officer assesses for resource allocation.

3. Capital and reserves

Issues of shares

During the year the company subdivided each issued ordinary share into 544 shares. On 28 October 2015, the company listed all of its issued ordinary shares on the JSE main board. In conjunction with the listing, the company undertook a private placement by way of an offer to invited investors to acquire and/or subscribe for private placement shares in the company. The company issued 8 333 334 new ordinary shares through the private placement.

4. Earnings per share

	Audited Year ended 30 June 2016 R	Audited Year ended 30 June 2015 R
Profit attributable to ordinary shareholders	53,705,581	45,419,116
Adjusted for:		
(Profit)/loss on disposal of property, plant and equipment	(541,609)	23,819
Gross amount	(666,495)	33,082
Tax effect	124,886	(9,263)
Headline earnings	53 163 972	45 442 935
	Number	Number
Number of shares issued	108 340 118	183 836
Weighted average number of ordinary shares in issue during the period	105 630 646	100 006 784
Diluted weighted average number of shares	105 630 646	100 006 784
Basic and diluted earnings per share (cents)	50,8	45,4
Headline and diluted earnings per share (cents)	50,3	45,4

5. Events after reporting date

On 8 July 2016 the group concluded the acquisition of an effective 92,5% interest in Taylor Blinds and Shutters and NMC Decorative Mouldings through its subsidiary Trellidor Innovations Proprietary Limited. The acquisition of the businesses provides the Trellidor group with strong brands, management team and distribution network for the development of the home improvements market, distinct from the Trellidor business. The IFRS adjusted purchase consideration of R158 million (initial consideration R131 million, deferred discounted consideration R27 million) includes goodwill of R52 million.

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Note	Audited 30 June 2016 R	Audited 30 June 2015 R
Revenue	313 442 272	293 775 739
Cost of sales	(156 187 883)	(144 916 961)
Gross profit	157 254 389	148 858 778
Other income	6 391 171	2 863 787
Operating expenses	(88 227 231)	(85 336 767)
Operating profit before interest	75 418 329	66 385 798
Investment revenue	2 748 580	320 414
Finance costs	(2 291 358)	(3 099 419)
Profit before tax	75 875 551	63 606 793
Taxation	(21 684 512)	(18 097 072)
Profit for the year	54 191 039	45 509 721
Other comprehensive income:		
Items that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	(245 789)	81 235
Reclassification of hedging reserves to profit and loss	992 496	992 496
Income tax related to items that may be reclassified	-	-
Total items that may be reclassified to profit or loss	746 707	1 073 731
Other comprehensive income for the year net of taxation	746 707	1 073 731
Total comprehensive income for the year	54 937 746	46 583 452
Profit attributable to:		
Owners of the company	53 705 581	45 419 116
Non-controlling interests	485 458	90 605
	54 191 039	45 509 721
Total comprehensive income attributable to:		
Owners of the company	54 489 156	46 480 661
Non-controlling interests	448 590	102 791
	54 937 746	46 583 452
Earnings per share for the year attributable to the owners of the company during the period		
Basic and diluted earnings per share (cents)	50,8	45,4

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R	Total reserves R	Accumulated earnings R	Total attributable to equity holders of the group/ company R	Non-controlling interests R	Total R
Balance at 1 July 2014	92	(1 263 343)	67 843 479	66 580 228	(1 397 192)	65 183 036
Total comprehensive income for the year	-	1 061 545	45 419 116	46 480 661	102 791	46 583 452
Dividends	-	-	(43 500 000)	(43 500 000)	-	(43 500 000)
Balance at 1 July 2015	92	(201 798)	69 762 595	69 560 889	(1 294 401)	68 266 488
Total comprehensive income for the year	-	783 575	53 705 581	54 489 156	448 590	54 937 746
Issue of shares	45 758 980	-	-	45 758 980	-	45 758 980
Dividends</						