



TRELLIDOR HOLDINGS LIMITED
UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

HIGHLIGHTS



24%

Earnings per share



22%

Headline earnings per share



9,2

cents per share
(Maiden) Interim dividend declared



THE ULTIMATE CRIME BARRIER

COMMENTARY

INTRODUCTION

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

OPERATIONS OVERVIEW

The group is pleased to present its maiden set of interim results post listing on 28 October 2015.

For the first six months revenue grew 13% to R165 million despite difficult trading conditions. Revenue growth from Africa franchisees is 23%. Gross profit margin has been maintained despite a significantly weaker rand during the reporting period. Foreign exchange gains of R2,2 million (December 2014: R0,8 million) and profit on sale of property, plant and equipment of R0,7 million have been recognised in other income during the period. Operating expenses as a ratio to revenue have reduced from 29,7% (December 2014) to 28,3% notwithstanding listing costs amounting to R1,7 million. Revenue growth, a stable gross margin along with tight overhead control have grown headline earnings per share by 22%.

Net cash from operating activities of R14,2 million is in line with budget. Working capital investment has increased due to higher inventory levels, predominantly due to the timing of receipts of imported goods, a change of purchase strategy of certain components to benefit from lower prices, the holding of materials for newly introduced products and the impact of a weaker currency. Seasonal reductions in payables further contributed to working capital investment. It is anticipated that the current level of working capital will moderate and year on year growth to be in line with sales growth. The board is confident that Trellidor's strong cash generating ability will continue.

DIVIDEND

The Trellidor board of directors is pleased to announce a maiden interim gross dividend, as a listed entity, of 9,2 cents per ordinary share in respect of the six months ended 31 December 2015. The board anticipates distributing a cumulative dividend equivalent to 50% of profit after tax for the full year.

PROSPECTS

Trellidor's strategy of growing recently introduced products is on track. Growth of the distribution network in Africa and the search for possible acquisition targets are both progressing well.

Development of a new "lifestyle" barrier security product is well advanced and on schedule to be launched into the market before the end of the financial year. In this respect development and capital expenditure costs are within budget.

Tough trading conditions are expected to continue and it is anticipated that pressure on input costs, due to rand devaluation, will be mitigated by efficient inventory management, improved utilisation of materials and pricing strategies. The group's exposure to foreign currency inputs is naturally hedged by approximately 60% through foreign currency receipts. This is expected to continue.

T M Dennison

Chief executive officer

10 March 2016

CASH DIVIDEND DECLARATION

Notice is hereby given that the directors have declared an interim gross dividend of 9,2 cents per ordinary share for the six months ended 31 December 2015.

The dividend has been declared from income reserves. A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt. The interim net ordinary dividend is 7,82 cents per share for ordinary shareholders who are not exempt from dividends tax.

The issued share capital at the declaration date is 108 340 118 ordinary 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	Friday, 1 April 2016
Shares commence trading “ex” dividend	Monday, 4 April 2016
Record date	Friday, 8 April 2016
Payment date	Monday, 11 April 2016

Share certificates may not be dematerialised or rematerialised between Monday, 4 April 2016 and Friday, 8 April 2016, both days inclusive.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Unaudited at 31 December 2015 R	Unaudited at 31 December 2014 R	Audited at 30 June 2015 R
Assets				
Non-current assets				
Property, plant and equipment		42 142 165	43 183 453	41 488 834
Goodwill		2 388 498	2 388 498	2 388 498
Intangible assets		643 430	716 565	675 894
Other financial assets		302 293	334 293	455 150
Deferred tax assets		2 872 580	663 732	2 702 024
		48 348 966	47 286 542	47 710 400
Current assets				
Inventories		28 360 079	20 131 619	21 369 847
Current tax receivable		–	–	5 473
Trade and other receivables		40 324 899	38 253 256	40 719 224
Other financial assets		821 430	593 104	1 080 672
Cash and cash equivalents		62 259 513	8 380 341	15 424 293
		131 765 921	67 358 320	78 599 509
Total assets		180 114 887	114 644 862	126 309 909
Equity and liabilities				
Equity				
Share capital	4	45 759 072	92	92
Other reserves		138 191	(850 460)	(201 798)
Retained earnings		88 161 057	70 622 917	69 762 595
Equity attributable to owners of the company		134 058 320	69 772 549	69 560 889
Non-controlling interests		(1 063 384)	(1 388 097)	(1 294 401)
Total equity		132 994 936	68 384 452	68 266 488
Liabilities				
Non-current liabilities				
Other financial liabilities		17 458 948	20 618 808	18 776 249
Provisions		1 216 563	2 819 237	5 644 237
		18 675 511	23 438 045	24 420 486
Current liabilities				
Trade and other payables		22 540 993	18 889 704	27 708 089
Other financial liabilities		3 696 556	3 627 854	3 676 557
Current tax payables		1 966 668	133 656	2 013 567
Provisions		240 223	171 151	224 722
		28 444 440	22 822 365	33 622 935
Total liabilities		47 119 951	46 260 410	58 043 421
Total equity and liabilities		180 114 887	114 644 862	126 309 909

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Note	Unaudited Six months ended 31 December 2015 R	Unaudited Six months ended 31 December 2014 R	Audited Year ended 30 June 2015 R
Revenue		165 269 129	146 881 875	293 775 739
Cost of sales		(81 753 325)	(72 517 076)	(144 916 961)
Gross profit		83 515 804	74 364 799	148 858 778
Other income		4 049 029	1 860 412	2 863 787
Operating expenses		(46 716 910)	(43 629 763)	(85 336 767)
Operating profit		40 847 923	32 595 448	66 385 798
Investment revenue		778 669	117 747	320 414
Finance costs		(1 333 177)	(1 461 329)	(3 099 419)
Profit before tax		40 293 415	31 251 866	63 606 793
Taxation	3	(11 636 361)	(8 948 622)	(18 097 072)
Profit for the period		28 657 054	22 303 244	45 509 721
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Exchange differences on translating foreign operations		(183 834)	(98 076)	81 235
Unwinding of cash flow hedge		496 248	496 248	992 496
Income tax related to items that may be reclassified		-	-	-
Other comprehensive income for the period, net of taxation		312 414	398 172	1 073 731
Total comprehensive income for the period		28 969 468	22 701 416	46 583 452
Profit attributable to:				
Owners of the company		28 398 462	22 279 438	45 419 116
Non-controlling interests		258 592	23 806	90 605
		28 657 054	22 303 244	45 509 721
Total comprehensive income attributable to:				
Owners of the company		28 738 451	22 692 321	46 480 660
Non-controlling interests		231 017	9 095	102 792
		28 969 468	22 701 416	46 583 452
Earnings per share for profit for the period attributable to the owners of the company during the period				
Basic and diluted earnings per share (cents)	5	27,6	22,3	45,4
Headline earnings per share (cents)	5	27,1	22,3	45,4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Share capital R	Other reserves R	Retained earnings R	Attributable to owners of the company R	Non- controlling interests R	Total equity R
Balance at 1 July 2014	92	(1 263 343)	67 843 479	66 580 228	(1 397 192)	65 183 036
Profit for the period	—	—	22 279 438	22 279 438	23 806	22 303 244
Other comprehensive income	—	412 883	—	412 883	(14 711)	398 172
Total comprehensive income for the period	—	412 883	22 279 438	22 692 321	9 095	22 701 416
Dividends	—	—	(19 500 000)	(19 500 000)	—	(19 500 000)
Total distributions	—	—	(19 500 000)	(19 500 000)	—	(19 500 000)
Balance at 31 December 2014	92	(850 460)	70 622 917	69 772 549	(1 388 097)	68 384 452
Profit for the period	—	—	23 139 678	23 139 678	66 799	23 206 477
Other comprehensive income	—	648 662	—	648 662	26 897	675 559
Total comprehensive income for the period	—	648 662	23 139 678	23 788 340	93 696	23 882 036
Dividends	—	—	(24 000 000)	(24 000 000)	—	(24 000 000)
Total distributions	—	—	(24 000 000)	(24 000 000)	—	(24 000 000)
Balance at 30 June 2015	92	(201 798)	69 762 595	69 560 889	(1 294 401)	68 266 488
Issue of new shares	45 758 980	—	—	45 758 980	—	45 758 980
Profit for the period	—	—	28 398 462	28 398 462	258 592	28 657 054
Other comprehensive income	—	339 989	—	339 989	(27 575)	312 414
Total comprehensive income for the period	—	339 989	28 398 462	28 738 451	231 017	28 969 468
Dividends	—	—	(10 000 000)	(10 000 000)	—	(10 000 000)
Total distributions	—	—	(10 000 000)	(10 000 000)	—	(10 000 000)
Balance at 31 December 2015	45 759 072	138 191	88 161 057	134 058 320	(1 063 384)	132 994 936

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Unaudited Six months ended 31 December 2015 R	Unaudited Six months ended 31 December 2014 R	Audited Year ended 30 June 2015 R
Cash flows from operating activities			
Cash receipts from customers	169 712 483	153 846 235	299 278 974
Cash paid to suppliers and employees	(143 109 291)	(120 755 262)	(220 888 434)
Cash generated from operations	26 603 192	33 090 973	78 390 540
Interest revenue	778 669	117 747	320 414
Finance costs	(1 333 177)	(1 461 329)	(3 099 419)
Tax paid	(11 848 343)	(12 142 755)	(21 455 059)
Net cash from operating activities	14 200 341	19 604 636	54 156 476
Cash flows from investing activities			
Purchase of property, plant and equipment	(3 909 302)	(1 770 807)	(3 218 573)
Proceeds from sale of property, plant and equipment	797 299	23 244	30 494
Purchase of intangible assets	(21 767)	–	(16 063)
Proceeds from/(advance of) other financial assets	412 099	167 908	(440 518)
Net cash from/(used in) investing activities	(2 721 671)	(1 579 655)	(3 644 660)
Cash flows from financing activities			
Repayment of other financial liabilities	(549 213)	(1 359 440)	(2 835 389)
Dividends paid	(10 000 000)	(19 500 000)	(43 500 000)
Proceeds from the issue of shares to shareholders	45 758 980	–	–
Net cash from/(used in) financing activities	35 209 767	(20 859 440)	(46 335 389)
Net increase/(decrease) in cash and cash equivalents	46 688 437	(2 834 459)	4 176 427
Cash and cash equivalents at the beginning of the period	15 424 293	11 191 778	11 191 778
Exchange gains on cash and cash equivalents	146 783	23 022	56 088
Cash and cash equivalents at the end of the period	62 259 513	8 380 341	15 424 293

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 31 December 2015, have 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 Guideline as issued by the Accounting Practices committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited, 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 in preparation of the condensed consolidated financial information are consistent with those applied in the financial statements for the year ended 30 June 2015.

These results have not been reviewed or reported on by the Group's auditors. The results were approved by the board of directors on 10 March 2016.

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. TAXATION

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate, expected for the full financial year, applied to the pre-tax income of the interim period. The Group's consolidated effective tax rate for the six months ended 31 December 2015, was 28,9% (31 December 2014: 28,6%; 30 June 2015: 28,5%).

4. CAPITAL AND RESERVES

Issues of ordinary shares

During the six months, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Unaudited Six months ended 31 December 2015 R	Unaudited Six months ended 31 December 2014 R	Audited Year ended 30 June 2015 R
5. EARNINGS PER SHARE			
Profit attributable to ordinary shareholders	28 398 462	22 279 438	45 419 116
Adjusted for: (Profit)/loss on disposal of property, plant and equipment	(475 097)	23 817	23 819
Gross amount	(659 856)	33 082	33 082
Tax effect	184 760	(9 263)	(9 263)
Headline earnings	27 923 365	22 303 257	45 442 935
	Number	Number	Number
Number of shares in issue	108 340 118	183 836	183 836
Weighted average number of ordinary shares in issue during the period	102 950 625	100 006 784	100 006 784
Diluted weighted average number of shares	102 950 625	100 006 784	100 006 784
Basic and diluted earnings per share (cents)	27,6	22,3	45,4
Headline earnings per share (cents)	27,1	22,3	45,4

6. EVENTS AFTER BALANCE SHEET DATE

There have been no material post balance sheet events.

7. CHANGES TO THE BOARD

The changes to the board of directors and the appointment of a new company secretary, as noted in the pre-listing statement, have taken place during the period under review. The following changes occurred:

- Mr CG Cunningham was appointed to the Board with effect from 27 August 2015;
- Mr P Rawson resigned from the Board with effect from 27 August 2015;
- Mr PB Patmore has been appointed to the Board with effect from 28 October 2015;
- Mr CG Cunningham resigned as company secretary with effect from 28 October 2015; and
- Ms P Nel was appointed as company secretary with effect from 28 October 2015.

CORPORATE INFORMATION

TRELLIDOR HOLDINGS LIMITED

(Registration number 1970/015401/06)
20 Aberdare Drive, Phoenix Industrial Park, Durban
(PO Box 20173, Durban North 4016)

Share code: TRL

ISIN: ZAE000209342

DIRECTORS

MC Olivier (Chairman)*#
TM Dennison (Chief Executive Officer)
CG Cunningham (Chief Financial Officer)
RB Patmore*#
JB Winship*#

* *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

WEBSITE

www.trellidor.co.za

AUDITORS AND

INDEPENDENT REPORTING ACCOUNTANTS

Mazars
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Durban, 4001
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SPONSOR

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(PO Box 7403, Stellenbosch, 7599)
and
1st Floor, Building 8
Inanda Greens Business Park
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Wierda Valley
Sandton, 2196
(PO Box 650957, Benmore, 2010)

TRANSFER SECRETARIES

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(Registration Number 2004/003647/07)
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