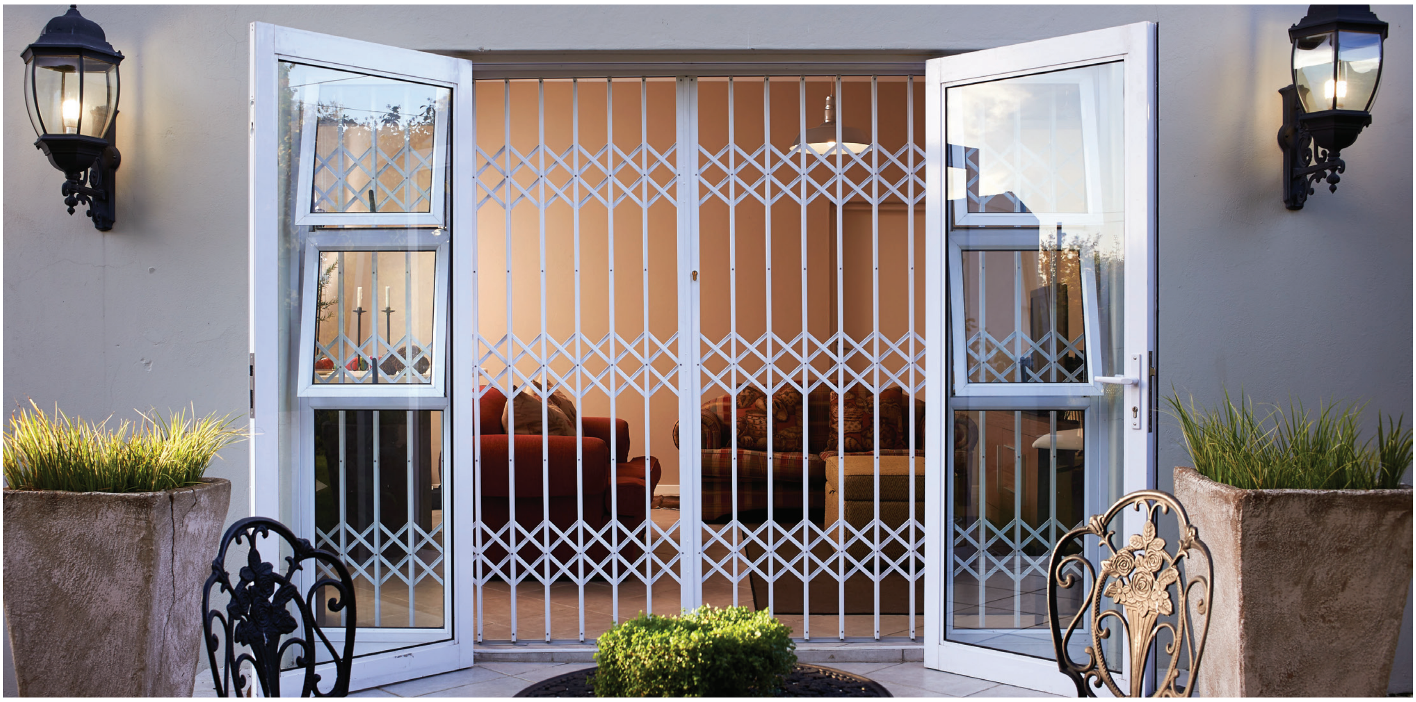

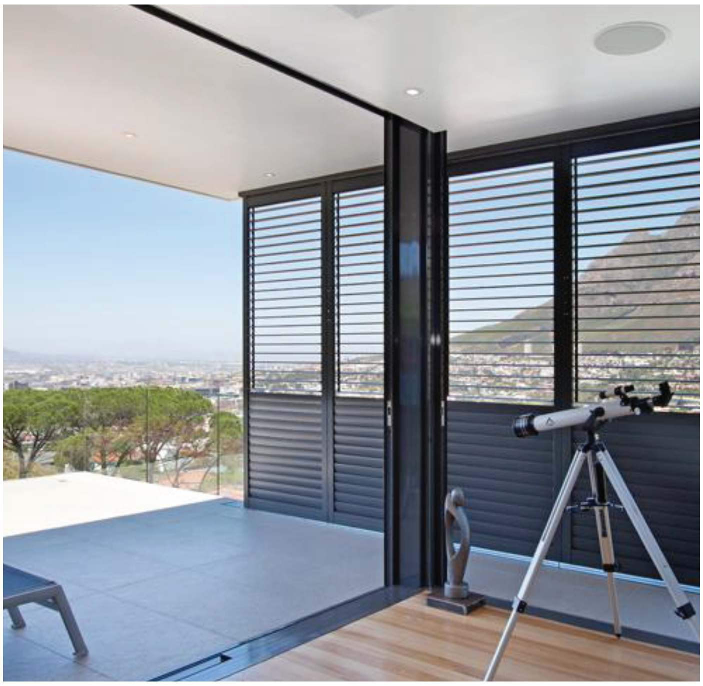

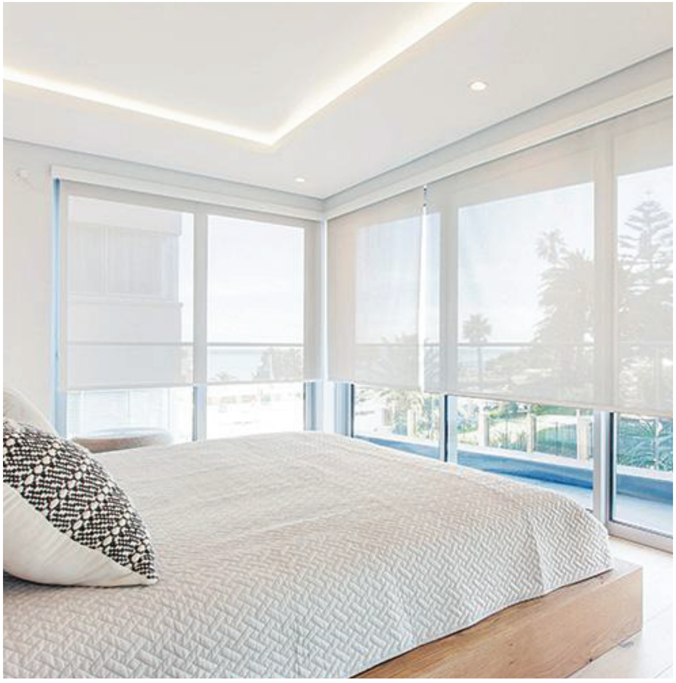

TRELLIDOR HOLDINGS LIMITED

ANNUAL FINANCIAL STATEMENTS 2017

TRELLIDOR®
THE ULTIMATE CRIME BARRIER

TAYLOR
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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

7 September 2017

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 2017, 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 2017, 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 matters relate to the consolidated and separate financial statements.

Matter	Audit response
Valuation of intangible assets and the use of experts (referred to in notes 5 and 6 of the financial statements). Intangible assets make up 31% of the total assets in the statement of financial position and arose from an acquisition by the group during the year. There are two areas of significance impacting the valuation of the intangible assets: 1. The initial measurement of the intangible assets. 2. Management is required to perform an impairment test on the goodwill and indefinite useful life of intangible assets annually. Management's assessment process is complex, highly judgemental and is based on assumptions which are affected by future market expectations and economic conditions. The process involved the use of management's experts.	
1. Initial measurement of the intangible assets: The group used the following valuation models: 1. Brand Recognition using the Relief from Royalty Method. 2. Customer List using the Multi-period Excess Earnings Method. These valuations incorporate a number of assumptions including: > Growth rates; > Discount rate applied to the projected cash flows; and > Attrition rates.	**Our procedures included the following:** We assessed, with the assistance of an auditor's expert, whether the valuation model used was allowed, in terms of the financial reporting framework used, in determining the fair value of the intangible assets at acquisition date, including the discount rates used. The historic data used in the valuations were agreed to the management accounts of the businesses acquired. We assessed, with the assistance of an auditor's expert, the future projections used in the models for reasonability by: > Comparing forecasted information to relevant market and economic information; > Assessing the reasonableness of the assumptions, estimates and inputs used by management in the valuation models to supporting documentation; and > Testing the underlying calculations.

INDEPENDENT AUDITOR'S REPORT (continued)

<table>
<tr><th>Matter</th><th>Audit response</th></tr>
<tr><td>2. Subsequent measurement of goodwill and indefinite useful life of intangible asset:

The impairment tests include a discounted cash flow model to determine the value in use for each appropriate cash generating unit, on the basis of the following key assumptions:

> Growth rates; and

> Discount rate 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.</td><td>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.

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 2017 to budgets;

> Assessing the reasonableness of the assumptions and estimates used by management in the valuations with reference to supporting documentation; and

> Testing the underlying calculations.</td></tr>
<tr><td colspan="2">We assessed whether reliance could be placed on the work performed by the auditor's expert by assessing the qualifications, experience and objectivity of the experts.

Having performed our audit procedures and evaluated the outcomes we found that the possibility that any material adjustment in initial and subsequent measurement of the intangible assets, is low.</td></tr>
</table>

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 is required by the JSE Listings Requirements 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, 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 International Standards on Auditing 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group 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 10 years.

Mazars.

Mazars

Partner: DB Bates
Registered Auditor

Durban
12 September 2017

AUDIT AND RISK COMMITTEE REPORT

The information below constitutes the report of the Audit and Risk Committee in respect of the year under review as required by the Companies Act of South Africa of Trellidor Holdings Limited.

1. MEMBERS OF THE AUDIT COMMITTEE

The Audit and Risk Committee is chaired by RB Patmore and further comprises JB Winship and MC Olivier, all of whom are independent non-executive directors of the group. The Chief Executive Officer and Chief Financial Officer attend by invitation. RB Patmore, representing the Audit and Risk Committee, attends the annual general meeting to answer any questions relating to matters within the ambit of the committee. The committee meets with the external and internal auditor without the presence of management at least once per annum.

2. MEETINGS HELD BY THE AUDIT COMMITTEE

The Audit and Risk Committee held four scheduled meetings during the year and all the members of the committee attended all the meetings.

3. RESPONSIBILITIES

The formal Audit and Risk Committee Charter sets out the committee's responsibilities. It is reviewed annually to confirm compliance with King III and the Companies Act of South Africa and to ensure the incorporation of further best practice developments.

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

The Audit and Risk Committee assists the Board by providing an objective and independent view on the group's finance, accounting and control mechanisms and by reviewing and ensuring that consideration is given to the following:

- the accounting policies of the group and any proposed revisions thereto;
- the effectiveness of the group's information systems and internal controls;
- the appointment and monitoring of the effectiveness of the external auditors;
- the appropriateness, expertise and experience of the Chief Financial Officer;
- setting the principles for recommending the use of external auditors for non-audit services and monitoring that these be kept to a minimum;
- the integrated annual report and the annual financial statements;
- the reports of the external auditors;
- the group's going concern status; and
- compliance with the applicable legislation and requirements of regulatory authorities.

The committee have considered the JSE's proactive monitoring report as issued in February 2017 and the possible impacts on the annual financial statements.

4. RISK MANAGEMENT

The committee, through consultation with the external auditors, is responsible for ensuring that management's processes and procedures are adequate to identify, assess, manage and monitor group-wide risks.

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

5. EXTERNAL AUDITOR

The Audit and Risk Committee has nominated Mazars as the independent auditor and DB Bates as the designated partner, who is a registered independent auditor, for appointment for the 2018 audit.

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act of South Africa and as per the standards stipulated by the auditing profession.

The committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The Audit Committee has considered all non-audit services provided by the external auditors and the fees relative thereto so as to ensure the independence of the external auditors are maintained.

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 internal audit function will be reassessed on an annual basis.

7. ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee reviewed and recommended the annual financial statements for the year ended 30 June 2017, for approval to the Board.

The Board has subsequently approved the annual financial statements which will be open for discussion at the forthcoming annual general meeting.

8. CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

The Audit and Risk Committee must consider on an annual basis and satisfy itself as to the appropriateness of the expertise and experience of the Chief Financial Officer and the group must confirm this by reporting to shareholders in its annual report that the Audit and Risk Committee has executed this responsibility. In this regard, the Audit and Risk Committee is satisfied that the Chief Financial Officer, CG Cunningham, is sufficiently competent and that the finance function has sufficient resources and expertise.

9. GOING CONCERN

The Audit and Risk Committee through its review of the 2018 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 forseeable future.

Signed on behalf of the Audit and Risk Committee:

RB Patmore
Audit and Risk Committee Chairman

Durban
7 September 2017

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 49, 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 2017, 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
7 September 2017

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 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 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 2018 and, in light of this review and the current financial position, they are satisfied that the group has or had 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 2 to 4.

The financial statements set out on pages 9 to 49, which have been prepared on the going concern basis, were approved by the board of directors on 7 September 2017 and were signed on their behalf by:

TM Dennison
Chief Executive Officer

CG Cunningham
Chief Financial Officer

COMPANY SECRETARY'S CERTIFICATION

DECLARATION BY THE COMPANY SECRETARY

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
7 September 2017

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 2017.

1. NATURE OF BUSINESS

Trellidor Holdings Limited is an investment entity incorporated in South Africa. During the year the group, through its subsidiary Trellidor Innovations Proprietary Limited, acquired the Taylor Blinds and Shutters and NMC ("Taylor") businesses from Odyssey House Proprietary Limited. 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

There have been no changes to the authorised or issued share capital during the year under review. Refer to note 14.

4. DIVIDENDS

Dividends already declared and paid to the shareholders during the year, after the appropriate approval was granted by the board, are R 28 493 451 (2016: R19 967 291), as reflected in the Statements of Changes in Equity.

Final dividend of 19.5 cents (2016: 15.8 cents) per ordinary share was approved by the board of directors on 7 September 2017 in respect of the year ended 30 June 2017, which brings the total interim and final dividend declared for the year to 30 cents (2016: 25 cents) per ordinary share.

The local dividends tax rate is 20% (2016: 15%).

5. DIRECTORATE

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	Chairman	Non-executive Independent
JB Winship	Director	Non-executive Independent
RB Patmore	Director	Non-executive Independent

6. DIRECTORS' INTERESTS IN SHARES

As at 30 June 2017, the directors of the company held direct and indirect beneficial interests in its issued ordinary shares, as set out below.

	NUMBER OF SHARES			
Interests in shares	**Direct 2017**	Direct 2016	**Indirect 2017**	Indirect 2016
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 significant acquisitions or divestitures during the year ended 30 June 2017, other than the acquisition disclosed in note 41.

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 2017.

At the AGM, the shareholders will be requested to reappoint Mazars as the independent external auditor of the company and to confirm DB Bates as the designated lead audit partner for the 2018 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 7 September 2017. 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 2017

		GROUP		COMPANY	
	Notes	2017 R	2016 R	2017 R	2016 R
ASSETS					
Non-current assets					
Property, plant and equipment	4	**51 500 129**	42 553 391	**–**	–
Goodwill	5	**74 401 270**	2 388 498	**–**	–
Intangible assets	6	**46 741 188**	1 629 879	**–**	–
Investments in subsidiaries	7	**–**	–	**51 045 798**	1 045 898
Other financial assets		**286 247**	450 000	**–**	–
Deferred tax	8	**3 687 217**	3 707 122	**–**	–
Loans to group companies	9	**–**	–	**48 047 029**	–
		176 616 051	50 728 890	**99 092 827**	1 045 898
Current Assets					
Other financial assets		**794 004**	1 546 327	**–**	–
Loans to group companies	9	**–**	–	**12 536 873**	–
Inventories	10	**94 723 884**	30 796 398	**–**	–
Trade and other receivables	11	**61 779 406**	44 434 785	**1 549 900**	2 159 868
Cash and cash equivalents	12	**55 103 148**	89 387 613	**4 509 564**	43 386 848
		212 400 442	166 165 123	**18 596 337**	45 546 716
Total assets		**389 016 493**	216 894 013	**117 689 164**	46 592 614
EQUITY AND LIABILITIES					
Equity					
Attributable to equity holders of parent					
Stated capital	14	**45 759 072**	45 759 072	**45 759 072**	45 759 072
Reserves	15,16,17 &18	**2 031 137**	581 777	**2 290 937**	900 000
Retained income/(accumulated loss)		**139 272 438**	103 500 885	**9 319 373**	(357 320)
		187 062 647	149 841 734	**57 369 382**	46 301 752
Non-controlling interests		**4 827 283**	(845 811)	**–**	–
		191 889 930	148 995 923	**57 369 382**	46 301 752
LIABILITIES					
Non-current liabilities					
Deferred tax	8	**4 438 987**	–	**43 339**	40 601
Other financial liabilities	19	**86 090 075**	23 366 519	**47 583 857**	–
		90 529 062	23 366 519	**47 627 196**	40 601
Current Liabilities					
Other financial liabilities	19	**49 886 544**	2 978 150	**12 547 259**	–
Warranty provisions		**446 969**	474 278	**–**	–
Trade and other payables	20	**52 617 171**	37 515 819	**134 387**	132 688
Current tax payable		**3 646 817**	3 563 324	**10 940**	117 573
		106 597 501	44 531 571	**12 692 586**	250 261
Total liabilities		**197 126 563**	67 898 090	**60 319 782**	290 862
Total equity and liabilities		**389 016 493**	216 894 013	**117 689 164**	46 592 614

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

		GROUP		COMPANY	
	Notes	2017 R	2016 R	2017 R	2016 R
Revenue	22	**525 384 117**	313 442 272	**40 350 028**	21 117 500
Cost of sales	23	**(274 878 380)**	(156 187 883)	**–**	–
Gross profit		**250 505 737**	157 254 389	**40 350 028**	21 117 500
Other income		**6 710 552**	6 391 171	**–**	–
Operating expenses		**(154 916 729)**	(88 227 231)	**(2 484 475)**	(3 341 705)
Operating profit	24	**102 299 560**	75 418 329	**37 865 553**	17 775 795
Investment income	26	**3 107 416**	2 748 580	**7 593 520**	2 277 675
Finance costs	27	**(12 182 917)**	(2 291 358)	**(6 824 806)**	(212 413)
Profit before taxation		**93 224 059**	75 875 551	**38 634 267**	19 841 057
Taxation	28	**(27 233 561)**	(21 684 512)	**(464 123)**	(721 557)
Profit for the year		**65 990 498**	54 191 039	**38 170 144**	19 119 500
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations	16	**(709 695)**	(245 789)	**–**	–
Reclassification of hedging reserve to profit and loss		**661 664**	992 496	**–**	–
Other comprehensive income for the year net of taxation		**(48 031)**	746 707	**–**	–
Total comprehensive income for the year		**65 942 467**	54 937 746	**38 170 144**	19 119 500
Profit attributable to:					
Owners of the parent		**64 265 004**	53 705 581	**38 170 144**	19 119 500
Non-controlling interests		**1 725 494**	485 458	**–**	–
		65 990 498	54 191 039	**38 170 144**	19 119 500
Total comprehensive income attributable to:					
Owners of the parent		**64 323 428**	54 489 156	**38 170 144**	19 119 500
Non-controlling interests		**1 619 039**	448 590	**–**	–
		65 942 467	54 937 746	**38 170 144**	19 119 500
Earnings per share					
Earnings and diluted earnings per share (cents)	29	**59.3**	50.8	**–**	–

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	GROUP								
	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 interests R	Total equity R
Balance at 1 July 2015	92	1 452 362	(1 654 160)	–	(201 798)	69 762 595	69 560 889	(1 294 401)	68 266 488
Profit for the year	–	–	–	–	–	53 705 581	53 705 581	485 458	54 191 039
Other comprehensive income	–	(208 921)	992 496	–	783 575	–	783 575	(36 868)	746 707
Total comprehensive income for the year	–	(208 921)	992 496	–	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	–	–	–	–	–	(19 967 291)	(19 967 291)	–	(19 967 291)
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 30 June 2017	**45 759 072**	**640 200**	**–**	**1 390 937**	**2 031 137**	**139 272 438**	**187 062 647**	**4 827 283**	**191 889 930**
Notes	14	16	17	15					

STATEMENTS OF CHANGES IN EQUITY (continued)
FOR THE YEAR ENDED 30 JUNE 2017

	COMPANY				
	Stated capital R	Share-based payment reserve R	Other reserves R	Retained income R	Total equity R
Balance at 1 July 2015	92	–	900 000	490 471	1 390 563
Profit and other comprehensive income for the year	–	–	–	19 119 500	19 119 500
Issue of shares	45 758 980	–	–	–	45 758 980
Dividends	–	–	–	(19 967 291)	(19 967 291)
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 30 June 2017	**45 759 072**	**1 390 937**	**900 000**	**9 319 373**	**57 369 382**
Notes	14	15			

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	GROUP 2017 R	GROUP 2016 R	COMPANY 2017 R	COMPANY 2016 R
Cash flows from operating activities					
Cash receipts from customers		514 031 126	309 591 086	40 959 996	20 308 100
Cash paid to suppliers and employees		(409 405 460)	(237 177 945)	(1 091 839)	(4 259 472)
Cash generated from operations	30	104 625 666	72 413 141	39 868 157	16 048 628
Interest income	26	3 107 416	2 748 580	7 053 244	2 277 675
Finance costs	27	(12 182 917)	(2 291 358)	(6 334 607)	(212 413)
Tax paid	31	(33 229 998)	(21 134 381)	(568 018)	(557 910)
Net cash from operating activities		62 320 167	51 735 982	40 018 776	17 555 980
Cash flows from investing activities					
Purchase of property, plant and equipment		(9 070 729)	(7 245 822)	–	–
Proceeds on disposal of property, plant and equipment		168 478	807 301	–	–
Purchase of other intangible assets	6	(44 455)	(1 062 958)	–	–
Business combinations	41	(124 004 579)	–	–	–
Acquisition of subsidiary	7	–	–	(49 999 900)	(100)
Loans advanced to group companies	9	–	–	(80 802 924)	–
Proceeds from loans to group companies	9	–	–	20 759 298	–
Inflow from other financial assets		916 076	996 472	–	7 500
Advances of other financial assets		–	(1 759 270)	–	–
Net cash from investing activities		(132 035 209)	(8 264 277)	(110 043 526)	7 400
Cash flows from financing activities					
Proceeds on share issue	14	–	45 758 980	–	45 758 980
Proceeds from other financial liabilities		95 756 165	5 806 896	70 000 000	–
Repayment of other financial liabilities		(35 890 284)	(971 834)	(10 359 083)	–
Dividends paid	32	(28 493 451)	(19 967 291)	(28 493 451)	(19 967 291)
Proceeds on sale of shares in subsidiary to non-controlling interest where control is not lost		4 054 054	–	–	–
Net cash from financing activities		35 426 484	30 626 751	31 147 466	25 791 689
Total cash movement for the year		(34 288 558)	74 098 456	(38 877 284)	43 355 069
Cash at the beginning of the year		89 387 613	15 424 293	43 386 848	31 779
Effect of exchange rate movement on cash balances		4 093	(135 136)	–	–
Total cash at end of the year	12	55 103 148	89 387 613	4 509 564	43 386 848

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2017

1. PRESENTATION OF CONSOLIDATED AND COMPANY ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been 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. 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 as indicated below.

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 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 many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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.

1.3 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 and any accumulated impairment losses, except for land which is stated at cost.

Costs incurred to add an improvement to the current condition of the building are capitalised as 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.

1. PRESENTATION OF CONSOLIDATED AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

1.3 Property, plant and equipment (continued)

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
Land and buildings		
• Land	Indefinite life	
• Buildings	Straight line basis – years	50
• Building improvements	Straight line basis – years	10
Plant and machinery	Straight line basis – years	3 – 10
Equipment, furniture and fittings	Straight line basis – years	2 – 6
Motor vehicles	Straight line basis – years	4 – 5
IT Equipment	Straight line basis – years	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 – 20 years
Product design and development costs	10 years

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.

1. PRESENTATION OF CONSOLIDATED AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

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.

1.7 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 a leased asset and lease liability 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.

The discount rate used in calculating the present value of the minimum lease payments is the group's incremental 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 an accrual basis.

1. PRESENTATION OF CONSOLIDATED AND COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average cost basis. The method of measurement changed from the first-in first-out basis used in the prior year, to weighted average cost basis in the current year. 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.

1.10 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 Share 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.

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

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.

Long-term employee benefits

Long-term employee benefits disclosed in the operating profit note related to a long-term incentive scheme that was closed out in the prior year and replaced with the share incentive scheme.

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 despatched, 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 Rands, 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;
- 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. 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. A segment report is only presented for 2017 as in 2016 there was only one segment.

	2017			
	Revenue	**EBITDA**	**Depreciation and amortisation**	**Segment profit**
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 database				(4 891 200)
Fair value on contingent consideration				(2 728 000)
Profit before tax				93 224 059

2. 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:

	2017	
	Total assets	**Total liabilities**
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

Geographic information

	2017 Revenue by location of customer	2016 Revenue by location of customer
South Africa	**470 018 572**	261 270 906
Foreign	**55 365 545**	52 171 366
Total	**525 384 117**	313 442 272

3. NEW STANDARDS AND INTERPRETATIONS

3.1 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:

Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements
The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1. It also provides amended guidance concerning the order of presentation of the notes in the annual financial statements, as well as guidance for applying materiality to presentation and disclosures.

The effective date of the group is for years beginning on or after 1 January 2016. The group has adopted the amendment for the first time in the 2017 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the group, but has resulted in reduced financial statement disclosure.

3.2 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 2017 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).

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 premises from which it operates. This resulting lease asset for the right of use of the premises will be amortised over the lease period.

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:

- at amortised cost;
- fair value through profit or loss; and
- fair value through other comprehensive income.

The standard also incorporates a forward looking "expected loss" impairment loss model.

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 amendment will likely impact the manner in which the impairment loss on financial assets is determined.

IFRS 15 Revenue from Contracts with Customers
New standard that replaces IAS 18 and establishes a single, comprehensive and robust framework for the recognition, measurement and disclosure of revenue.

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 impact of this standard is currently being assessed.

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 expects to adopt the amendment for the first time in the 2018 annual financial statements

It is unlikely that the amendment will have a material impact on the group's annual financial statements, barring additional disclosure.

4. PROPERTY, PLANT AND EQUIPMENT

	GROUP					
	2017			2016		
	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	29 293 533	(5 376 092)	23 917 441	23 712 086	(4 686 079)	19 026 007
Building improvements	5 911 499	(3 936 601)	1 974 898	4 645 744	(3 393 609)	1 252 135
Plant and machinery	49 067 151	(37 050 878)	12 016 273	44 658 053	(34 575 825)	10 082 228
Motor vehicles	2 592 660	(614 130)	1 978 530	682 020	(264 079)	417 941
Equipment, furniture and fittings	4 052 776	(3 100 479)	952 297	3 534 333	(2 786 280)	748 053
IT Equipment	4 247 448	(2 952 514)	1 294 934	3 404 303	(2 590 048)	814 255
Assets under construction	3 740 275	–	3 740 275	4 587 291	–	4 587 291
Total	104 530 823	(53 030 694)	51 500 129	90 849 311	(48 295 920)	42 553 391

Reconciliation of property, plant and equipment

	GROUP							
	2017							
	Opening balance R	Additions R	Additions through business combi-nation 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
Motor vehicles	417 941	760 475	1 221 027	(48 083)	–	(5 392)	(367 438)	1 978 530
Equipment, furniture and fittings	748 053	150 907	387 927	(1)	40 763	(3 333)	(372 019)	952 297
IT equipment	814 255	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
	42 553 391	9 504 579	6 002 225	(48 691)	–	(63 515)	(6 447 860)	51 500 129

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment

	GROUP						
	2016						
	Opening balance R	Additions R	Disposals R	Transfers R	Foreign exchange movements R	Depreciation R	Carrying value R
Land	5 762 925	–	(137 444)	–	–	–	5 625 481
Buildings	19 647 485	–	–	–	–	(621 478)	19 026 007
Building improvements	1 665 428	117 720	–	39 000	–	(570 013)	1 252 135
Plant and machinery	12 119 958	1 763 093	–	171 775	(30 943)	(3 941 655)	10 082 228
Motor vehicles	2	458 624	–	–	51	(40 736)	417 941
Equipment, furniture and fittings	1 055 888	34 158	–	–	(8 542)	(333 451)	748 053
IT equipment	1 019 339	284 936	(3 345)	7 017	(9 313)	(484 379)	814 255
Assets under construction	217 792	4 587 291	–	(217 792)	–	–	4 587 291
	41 488 817	7 245 822	(140 789)	–	(48 747)	(5 991 712)	42 553 391

Property, plant and equipment encumbered as security

The following assets have been pledged as security for the secured long-term borrowings, refer to note 19:

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Land and buildings	**29 542 922**	23 346 711	**–**	–
Plant and machinery	**1 466 465**	1 874 370	**–**	–
Motor vehicles	**697 970**	401 991	**–**	–

Details of properties

Erf 158 and Erf 159 Phoenix Industrial Park

The property is described as Erf 159 Phoenix Industrial Park, Registration Division FT, Province of KwaZulu-Natal, in extent 2,3090 hectares and Erf 158 Phoenix Industrial Park, Registration Division FT, Province of KwaZulu-Natal, in extent 0.6282 hectares.

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Carrying value	**29 542 922**	24 651 488	**–**	–

5. GOODWILL

	GROUP					
	2017			2016		
	Cost R	**Accumulated impairment R**	**Carrying value R**	Cost R	Accumulated impairment R	Carrying value R
Goodwill	**74 401 270**	**–**	**74 401 270**	2 388 498	–	2 388 498

Reconciliation of goodwill – Group – 2017

	Opening balance	Additions through business combination – Taylor	Additions through business combination – Other	Total
Goodwill	2 388 498	71 147 772	865 000	74 401 270

Goodwill in the prior year relates to the acquisition of the Rollerstyle and Clearguard product ranges. As disclosed in note 41, the group acquired the Taylor Blinds and Shutters and NMC businesses from Odyssey House Proprietary Limited. R71 147 772 of the current year goodwill increase arose on this acquisition. In addition, a blind and shutter installation business was acquired during the year giving rise to a further R865 000 goodwill. This acquisition is not material and not disclosed further.

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 2017 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					
	2017			2016		
	Cost R	Accumulated amortisation R	Carrying value R	Cost R	Accumulated amortisation R	Carrying value R
Patents and trademarks	1 001 770	(599 156)	402 614	957 514	(520 713)	436 801
Brand name	25 719 000	–	25 719 000	–	–	–
Product design	1 647 422	(592 648)	1 054 774	1 647 422	(454 344)	1 193 078
Customer base	24 456 000	(4 891 200)	19 564 800	–	–	–
Total	52 824 192	(6 083 004)	46 741 188	2 604 936	(975 057)	1 629 879

Reconciliation of intangible assets

	GROUP				
	2017				
	Opening balance R	Additions R	Additions through business combination R	Amortisation R	Total
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

Reconciliation of intangible assets

	GROUP					
	2016					
	Opening balance R	Additions R	Transfers R	Foreign exchange movements R	Amortisation R	Total R
Patents and trademarks	675 894	98 696	(297 132)	(514)	(40 143)	436 801
Product design	–	964 262	297 132	–	(68 316)	1 193 078
	675 894	1 062 958	–	(514)	(108 459)	1 629 879

6. INTANGIBLE ASSETS (continued)

Details of intangible assets

The current year acquisition of intangible assets relates to the acquisition of the Taylor Blinds and Shutters and NMC businesses during the 2017 financial year, refer to note 41.

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 2017 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 2017 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:

	2017	2016
Customer base	**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	**Holding 2017 %**	Holding 2016 %	**Carrying amount 2017 R**	Carrying amount 2016 R
Trellidor Proprietary Limited	**100%**	100%	**100**	100
Trellidor Innovations Proprietary Limited	**92.5%**	100%	**50 000 000**	100
Trellicor Proprietary Limited	**100%**	100%	**1 045 698**	1 045 698
Trellidor Ghana Limited	**85%**	85%	**–**	–
			51 045 798	1 045 898

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.

Change in Groups' interest in subsidiary

On 07 July 2016, the group acquired through its subsidiary, Trellidor Innovations Proprietary Limited, the Taylor Blinds and Shutters and NMC businesses. In order to finance the acquisition, Trellidor Holdings Limited increased its investment in Trellidor Innovations Proprietary Limited. As referred to in note 41, integral to the acquisition was the purchase of a minority stake of 7.5% in Trellidor Innovations Proprietary Limited by the Managing Director of the business, reducing the group's interest to 92.5%. The effect on the equity attributable to the owners of the parent is reflected in the statement of changes in equity.

	GROUP		COMPANY	
	2017 R	2016 R	2017 R	2016 R
8. DEFERRED TAX				
Deferred tax liability				
Property, plant and equipment	**(523 675)**	(623 956)	**–**	–
Client base	**(5 478 144)**	–	**–**	–
Prepaid expenses	**(228 509)**	(198 829)	**(43 339)**	(40 601)
Doubtful debts	**15 184**	(767)	**–**	–
Section 24C allowance	**(798 386)**	(18 058)	**–**	–
Total deferred tax liability	**(7 013 530)**	(841 610)	**(43 339)**	(40 601)
Deferred tax asset				
Unrealised profit in inventory	**921 439**	1 305 972	**–**	–
Provisions	**3 784 674**	3 137 737	**–**	–
Income received in advance	**1 555 647**	105 023	**–**	–
Total deferred tax asset	**6 261 760**	4 548 732	**–**	–
Deferred tax liability	**(4 438 987)**	–	**(43 339)**	(40 601)
Deferred tax asset	**3 687 217**	3 707 122	**–**	–
Total net deferred tax (liability)/asset	**(751 770)**	3 707 122	**(43 339)**	(40 601)
Reconciliation of deferred tax (liability)/asset				
At beginning of year	**3 707 122**	2 702 024	**(40 601)**	–
Temporary differences movements	**3 152 627**	1 005 098	**(2 738)**	(40 601)
Temporary difference arising on acquisition	**(7 611 519)**	–	**–**	–
	(751 770)	3 707 122	**(43 339)**	(40 601)

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.

	GROUP		COMPANY	
	2017 R	2016 R	2017 R	2016 R
9. LOANS TO GROUP COMPANIES				
Subsidiaries				
Trellidor Innovations Proprietary Limited	**–**	–	**60 583 902**	–
The loan is unsecured, bears interest at prime and is repayable over five years				
Non-current assets	**–**	–	**48 047 029**	–
Current assets	**–**	–	**12 536 873**	–
	–	–	**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 group does not hold any collateral as security.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R	R	**R**	R
10. INVENTORIES				
Raw materials, components	**80 544 205**	25 325 548	**–**	–
Work in progress	**3 221 643**	1 184 533	**–**	–
Finished goods	**1 772 474**	758 662	**–**	–
Goods in transit	**9 649 686**	3 962 495	**–**	–
	95 188 008	31 231 238	**–**	–
Provision for obsolescence of raw materials	**(464 124)**	(434 840)	**–**	–
	94 723 884	30 796 398	**–**	–

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.

The prior period inventory balance has not been restated, as the difference caused by the change in accounting policy is not considered to be material.

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R	R	**R**	R
11. TRADE AND OTHER RECEIVABLES				
Trade receivables	**57 024 353**	39 773 893	**4 081**	809 400
Prepayments	**2 883 786**	2 471 987	**154 782**	1 349 185
Other receivables	**1 871 267**	2 188 905	**1 391 037**	1 283
	61 779 406	44 434 785	**1 549 900**	2 159 868

Trade and other receivables pledged as security

During the current financial year, the entire trade receivables has been ceded as security for the financing facilities. Refer to note 37.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to external credit ratings. If there is no independent external rating, management assesses the credit quality of customers, taking into account their financial position, past experience and other factors.

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 3 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	
	2017 R	2016 R	2017 R	2016 R
11. TRADE AND OTHER RECEIVABLES (continued)				
At 30 June 2017, R7 513 326 (2016: R1 960 725) were past due but not impaired and the ageing of these amounts is as follows:				
Ageing of local trade debtors				
30 to 90 days	**6 131 679**	763 721	**–**	–
	6 131 679	763 721	**–**	–
Ageing of foreign trade debtors				
30 to 90 days	**876 749**	723 350	**–**	–
90 to 120 days	**504 898**	473 654	**–**	–
	1 381 647	1 197 004	**–**	–
Trade and other receivables impaired				
As of 30 June 2017, trade and other receivables of R758 292 (2016: R328 658) were impaired and provided for.				
Reconciliation of provision for impairment of trade and other receivables				
Opening balance	**(328 658)**	(246 117)	**–**	–
Provision for impairment	**(429 634)**	(82 541)	**–**	–
	(758 292)	(328 658)	**–**	–
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				
The carrying amounts of foreign trade and other receivables are denominated in the following currencies:				
US Dollar	**313 253**	1 602 220	**–**	–
British Pound	**135 925**	193 587	**–**	–
Euro	**9 341**	2 750	**–**	–
Ghanaian Cedi	**2 940 190**	3 152 569	**–**	–
	3 398 709	4 951 126	**–**	–

	GROUP		COMPANY	
	2017 R	2016 R	2017 R	2016 R
12. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Cash on hand	75 476	38 899	–	–
Bank balances	55 027 672	89 348 714	4 509 564	43 386 848
	55 103 148	89 387 613	4 509 564	43 386 848
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	25 096 215	20 789 410	–	–
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	1 113 548	2 484 399	–	–
British Pound	125 381	73 838	–	–
Euro	848 886	–	–	–
Ghanaian Cedi	916 568	1 231 202	–	–
	3 004 383	3 789 439	–	–

13. FINANCIAL ASSETS BY CATEGORY

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

	GROUP			
	2017		2016	
	Loans and receivables R	Total R	Loans and receivables R	Total R
Trade and other receivables	58 763 412	58 763 412	41 648 808	41 648 808
Other financial assets	1 080 251	1 080 251	1 996 327	1 996 327
Cash and cash equivalents	55 103 148	55 103 148	89 387 613	89 387 613
	114 946 811	114 946 811	133 032 748	133 032 748

	COMPANY			
	2017		2016	
	Loans and receivables R	Total R	Loans and receivables R	Total R
Loans to group companies	60 583 902	60 583 902	–	–
Trade and other receivables	4 181	4 181	810 683	810 683
Cash and cash equivalents	4 509 564	4 509 564	43 386 848	43 386 848
	65 097 647	65 097 647	44 197 531	44 197 531

14. STATED CAPITAL

		GROUP	
		2017	2016
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	(shares)	108 340 118	183 836
Share split (1:544)	(shares)	–	99 822 948
Issue of shares – ordinary shares	(shares)	–	8 333 334
	(shares)	108 340 118	108 340 118
Issued			
Ordinary no par value shares	(Rand)	45 759 072	45 759 072

During the prior year, 8 333 334 shares were issued at R6 per share by way of a private placement of shares offered to invited investors in conjunction with the listing of the company on the Johannesburg Stock Exchange.

15. SHARE BASED PAYMENTS

Under the Trellidor share incentive scheme, the group, at the discretion of the remuneration committee, may grant share options of the parent to the employees of any company within the group, via the Trellidor Group Share Incentive Trust. During October 2016, the group granted 5 060 984 options at an exercise price of R5.41 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 by any group company at vesting date and exercising the option within the 30 day exercise period.

No share options vested during the year.

Number of share options held by directors and officers:

	Granted	Option grant price	Closing balance	Annual expense
TM Dennison	1 672 628	5.41	1 672 628	459 432
CG Cunningham	396 756	5.41	396 756	108 980
PWE Rawson	983 052	5.41	983 052	270 022

The fair value of the options granted on 18 October 2016 (grant date) was R6 372 173. At 30 June 2017 the carrying amount of the share based payment reserve was R1 390 937 with a corresponding expense recognised for employee services rendered during the year.

Reconciliation of share options for the year	Number of options
Opening balance	–
Options granted	5 060 984
Outstanding options at year end	**5 060 984**

The fair value was determined using the below assumptions:

Grant date	18 October 2016
Grant price	5.41
Average option price	1.48
Average risk-free interest rate	7.65%
Average expected volatility	33.13%
Expected dividend yield	4.5%
Vesting period	4 years

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. The dividend yield of 4.5% was determined based on the average dividend for the year.

16. FOREIGN CURRENCY TRANSLATION RESERVE

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

17. HEDGING RESERVE

The hedge reserve represents the effective portion of gains or losses on the interest rate swap as a hedging instrument recognised directly in equity. The interest rate swap matured during the year.

18. OTHER NON-DISTRIBUTABLE RESERVE

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

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R	R	**R**	R
19. OTHER FINANCIAL LIABILITIES				
At fair value through profit and loss				
ABSA Bank Limited – Interest rate swap	**–**	441 175	**–**	–
Held at amortised cost				
BOE Private Bank	**22 263 739**	23 915 935	**–**	–
First National Bank term loan – Trellidor Holdings Limited	**60 131 116**	–	**60 131 116**	–
First National Bank term loan – Trellidor Innovations Proprietary Limited	**17 035 411**	–	**–**	–
Wesbank Corporate	**1 634 145**	1 987 559	**–**	–
Novaspectacular Investments Proprietary Limited	**4 912 208**	–	**–**	–
Deferred purchase consideration	**30 000 000**	–	**–**	–
	135 976 619	26 344 669	**60 131 116**	–

BOE Private Bank

The loan is secured by first and second covering mortgage bonds over land and buildings with a total book value of R29 542 922 (2016: R23 346 711) as described in note 4 and a limited suretyship of R25 000 000 by Trellicor Proprietary Limited. The loan bears interest at prime less 0.75% per annum and is repayable in monthly instalments until 1 September 2025.

Term Loans – First National Bank

The group obtained a 60 month term loan from First National Bank for R70 000 000. This loan bears interest at prime less 0.5% per annum.

The group obtained a 60 month term loan from First National Bank for R20 000 000. This loan was used to repay the ABSA loan within Taylor Blinds and Shutters and NMC businesses acquired by Trellidor Innovations Proprietary Limited. Interest is prime less 0.5% per annum.

Wesbank corporate

Instalment sale agreements exist, which are repayable in average monthly instalments of R85 750 (2016: R151 376), secured by plant and machinery and motor vehicles with a carrying value of R2 164 435 (2016: R2 276 361) 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 a five year period. 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.

Deferred purchase consideration

This amount relates to the balance still payable for the deferred purchase consideration regarding the acquisition of the operations from Odyssey House Proprietary Limited. This liability was settled during July 2017. Refer to note 41 for further details of the deferred purchase consideration.

The present fair value of the deferred purchase consideration arrangement was determined at acquisition date, using the discounted cash flow method and was estimated to be R27 272 000. During the year, the consideration was agreed and is no longer contingent. At year end the deferred consideration is therefore accounted for at amortised cost.

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R	R	**R**	R
19. OTHER FINANCIAL LIABILITIES (continued)				
Non-current liabilities				
At amortised cost	**86 090 075**	23 366 519	**47 583 857**	–
Current liabilities				
Fair value through profit or loss	**–**	441 175	**–**	–
At amortised cost	**49 886 544**	2 536 975	**12 547 259**	–
	49 886 544	2 978 150	**12 547 259**	–
	135 976 619	26 344 669	**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	
	2017	2016	**2017**	2016
	R	R	**R**	R
20. TRADE AND OTHER PAYABLES				
Trade payables	**25 592 464**	13 487 994	**–**	–
Amounts received in advance	**6 291 496**	2 480 751	**–**	–
Accrued leave pay and bonus	**9 425 424**	9 827 754	**–**	–
Accrued expenses	**8 835 036**	9 684 046	**134 387**	132 688
Other payroll accruals	**2 472 751**	2 035 274	**–**	–
	52 617 171	37 515 819	**134 387**	132 688

Trade and other payables consist of purchases from suppliers at normal trade terms and are generally payable between 30 – 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 2017 R	GROUP 2016 R	COMPANY 2017 R	COMPANY 2016 R
US Dollar	**13 015 610**	4 216 410	**–**	–
Euro	**3 217 909**	–	**–**	–
Ghanaian Cedi	**575 693**	638 720	**–**	–
	16 809 212	4 855 130	**–**	–

21. FINANCIAL LIABILITIES BY CATEGORY

Group – 2017

	Financial liabilities at amortised cost	Total
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

Group – 2016

	Financial liabilities at amortised cost	Fair value through profit or loss-held for trading	Total
Other financial liabilities	25 903 494	441 175	26 344 669
Trade and other payables	21 569 118	–	21 569 118
	47 472 612	441 175	47 913 787

Company – 2017

	Financial liabilities at amortised cost	Total
Other financial liabilities	60 131 116	60 131 116
Trade and other payables	100 620	100 620
	60 231 736	60 231 736

Company – 2016

	Financial liabilities at amortised cost	Total
Trade and other payables	85 682	85 682

	GROUP		COMPANY	
	2017 R	2016 R	2017 R	2016 R
22. REVENUE				
Sale of products	524 380 235	312 497 414	–	–
Management fees	–	–	1 974 316	1 217 500
Royalty income	1 003 882	944 858	–	–
Dividends received	–	–	38 375 712	19 900 000
	525 384 117	313 442 272	40 350 028	21 117 500
23. COST OF SALES				
Sale of products	184 970 735	97 159 932	–	–
Employee costs	53 225 698	39 837 472	–	–
Depreciation	3 671 752	3 933 144	–	–
Manufacturing expenses	33 010 195	15 257 335	–	–
	274 878 380	156 187 883	–	–

	GROUP		COMPANY	
	2017 **R**	2016 R	**2017** **R**	2016 R
24. OPERATING PROFIT				
Operating profit before interest for the year is stated after accounting for the following, amongst others:				
Leases				
Operating lease charges				
Premises	**7 270 021**	1 009 216	**–**	–
Other				
Net loss/(profit) on exchange differences	**2 964 386**	(2 280 780)	**–**	–
Amortisation on intangible assets	**5 108 146**	108 459	**–**	–
Depreciation on property, plant and equipment	**6 447 860**	5 991 713	**–**	–
Short-term employee benefits	**111 470 873**	67 445 740	**706 500**	492 750
Long-term employee benefits	**–**	4 412 175	**–**	–
Post-employment benefits	**5 415 468**	3 504 628	**–**	–
Advertising	**23 429 355**	14 978 501	**–**	–
Cartage	**6 842 207**	6 807 457	**–**	–
Consulting fees	**4 669 840**	3 420 459	**–**	1 315 368
Commission	**4 797 769**	1 323 736	**–**	–
Electricity and water	**7 033 882**	6 385 603	**–**	–
Share-based payment expense	**1 390 937**	–	**–**	–
Fair value on contingent consideration	**2 728 000**	–	**–**	–
25. 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.				
The total group contribution to such schemes	**5 415 468**	3 504 628	**–**	–
26. INVESTMENT INCOME				
Interest revenue				
Bank	**2 384 078**	2 494 245	**584 075**	2 277 675
Other interest	**723 338**	254 335	**–**	–
Subsidiaries	**–**	–	**7 009 445**	–
Total interest income	**3 107 416**	2 748 580	**7 593 520**	2 277 675

		GROUP		COMPANY	
		2017	2016	**2017**	2016
		R	R	**R**	R
27. FINANCE COSTS					
Non-current borrowings		**11 310 950**	1 065 729	**6 493 926**	–
Bank and other		**388 679**	261 958	**330 880**	212 413
Interest rate swap		**483 288**	963 671	**–**	–
Total finance costs		**12 182 917**	2 291 358	**6 824 806**	212 413
28. TAXATION					
Major components of the tax expense					
Current					
Local income tax – current period		**30 386 188**	22 695 454	**461 385**	682 838
Local income tax – recognised in current tax for prior periods		**–**	(5 843)	**–**	(1 882)
		30 386 188	22 689 611	**461 385**	680 956
Deferred					
Originating and reversing temporary differences		**(3 152 627)**	(1 005 099)	**2 738**	40 601
		27 233 561	21 684 512	**464 123**	721 557
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	(%)	**–**	–	**(27.81)**	(28.08)
Tax incentives	(%)	**(0.05)**	(0.04)	**–**	–
Non-taxable fair value adjustments	(%)	**(0.13)**	(0.35)	**–**	–
Difference in tax rate of foreign subsidiary	(%)	**(0.08)**	(0.17)	**–**	–
Capital expenditure	(%)	**0.90**	0.15	**–**	3.04
Prior year overprovision	(%)	**(0.07)**	(0.01)	**–**	(0.01)
Capital gains	(%)	**0.02**	0.46	**–**	–
Reclassification of hedge	(%)	**0.20**	0.36	**–**	–
Expenses related to exempt income	(%)	**0.42**	0.18	**1.01**	0.69
		29.21	28.58	**1.20**	3.64

29. EARNINGS PER SHARE

		GROUP 2017 R	GROUP 2016 R
Headline earnings and diluted headline earnings per share			
Headline earnings			
Profit for the year attributable to ordinary shareholders		64 265 004	53 705 581
Adjusted for:			
Profit on disposal of property, plant and equipment		(86 418)	(541 609)
Gross amount		(119 787)	(666 495)
Tax effect thereon		33 369	124 886
		64 178 586	53 163 972
Core headline earnings			
Headline earnings		64 178 586	53 163 972
Adjusted for:			
Amortisation of customer base		4 891 200	–
Acquisition costs – Taylor		2 473 564	–
Listing costs		–	1 676 690
Fair value on contingent consideration		2 728 000	–
Tax effect thereon		(2 133 376)	–
Non-controlling interests		(596 954)	–
		71 541 020	54 840 662
Number of shares issued		108 340 118	108 340 118
Weighted average number of ordinary shares in issue during the year		108 340 118	105 630 646
Diluted weighted average number of shares		108 340 118	105 630 646
Earnings and diluted earnings per share	(cents)	59.3	50.8
Headline earnings and diluted headline earnings per share	(cents)	59.2	50.3
Core headline earnings and diluted core headline earnings per share	(cents)	66.0	51.9

	GROUP		COMPANY	
	2017 R	2016 R	2017 R	2016 R
30. CASH GENERATED FROM OPERATIONS				
Profit before taxation	93 224 059	75 875 551	38 634 267	19 841 057
Adjustments for:				
Depreciation	6 447 860	5 991 713	–	–
Amortisation	5 108 146	108 459	–	–
Interest income	(3 107 416)	(2 748 580)	(7 593 520)	(2 277 675)
Finance costs	12 182 917	2 291 358	6 824 806	212 413
Net profit on disposal of property, plant and equipment	(119 787)	(666 495)	–	–
Impairment losses	–	302 293	–	302 293
Share-based payment	1 390 937	–	–	–
Other non-cash items	–	135 136	–	–
Unwinding of cash flow hedge	661 664	992 496	–	–
Movements in provisions	(27 309)	(5 394 681)	–	–
Interest rate swap	(441 175)	(943 199)	–	–
Fair value of contingent consideration	2 728 000	–	–	–
Movement in inventory obsolescence	29 284	116 162	–	–
Changes in working capital:				
Inventories	(23 112 208)	(9 542 714)	–	–
Trade and other receivables	3 391 502	(3 715 562)	2 000 905	(2 159 868)
Trade and other payables	6 269 192	9 611 204	1 699	130 408
	104 625 666	72 413 141	39 868 157	16 048 628
31. TAX PAID				
Balance at beginning of the year	(3 563 324)	(2 008 094)	(117 573)	5 473
Current tax for the year recognised in profit or loss	(30 386 188)	(22 689 611)	(461 385)	(680 956)
Adjustment in respect of business combinations	(2 927 303)	–	–	–
Balance at end of the year	3 646 817	3 563 324	10 940	117 573
	(33 229 998)	(21 134 381)	(568 018)	(557 910)
32. DIVIDENDS PAID				
Dividends	(28 493 451)	(19 967 291)	(28 493 451)	(19 967 291)

Dividends per share of R0.26 (2016: R0.18) were distributed to the shareholders.

	GROUP		COMPANY	
	2017 **R**	2016 R	**2017** **R**	2016 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 by related parties				
Subsidiary	**–**	–	**60 583 902**	–
Novaspectacular Investments Proprietary Limited	**4 912 208**	–	**–**	–
Amounts included in trade and other receivables regarding related parties				
Subsidiary	**–**	–	**1 390 937**	809 400
Related party transactions				
Management fees received from related parties				
Subsidiary	**–**	–	**1 974 316**	1 217 500
Dividends received from related parties				
Subsidiary	**–**	–	**38 375 712**	19 900 000
Interest received from (paid to) related parties				
Subsidiary	**–**	–	**7 009 445**	–
Novaspectacular Investments Proprietary Limited	**(568 335)**	–	**–**	–
Advertising expenses (paid to) related parties				
Other related party	**(1 221 362)**	–	**–**	–

Refer to notes 15 and 34 for compensation paid to directors and other key management.

34. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Executive

Group – 2017

	Emoluments for services to subsidiaries	Pension fund contributions	Total
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 – 2016

	Emoluments for services to subsidiaries	Long-term employee benefits	Pension fund contributions	Total
TM Dennison	4 343 572	1 708 005	145 485	6 197 062
PWE Rawson	2 470 621	1 424 518	112 607	4 007 746
CG Cunningham	1 156 435	–	56 365	1 212 800
	7 970 628	3 132 523	314 457	11 417 608

34. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS (continued)

Non-executive

Group – 2017

	Directors' fees	Total
MC Olivier	**235 500**	**235 500**
JB Winship	**235 500**	**235 500**
RB Patmore	**235 500**	**235 500**
	706 500	**706 500**

Group – 2016

	Directors' fees	Directors' fees for services to subsidiaries	Total
MC Olivier	168 750	21 000	189 750
JB Winship	168 750	21 000	189 750
RB Patmore	155 250	–	155 250
	492 750	42 000	534 750

Executive directors' and prescribed officers' contracts

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

Share options were granted and accepted in terms of the Trellidor share incentive scheme, refer note 15 for further information.

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 counter claim 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 it can be expected to be prejudicial to the outcome of the case.

Guarantees

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

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Emira Property Fund Limited	**963 190**	–	**–**	–
eThekwini Municipality	**202 580**	202 580	**–**	–
The South African Post Office	**40 000**	40 000	**–**	–
	1 205 770	242 580	**–**	–

36. COMMITMENTS

	GROUP		COMPANY	
	2017 R	2016 R	**2017 R**	2016 R
Authorised capital expenditure				
Already contracted for but not provided for				
– Property, plant and equipment	**1 865 918**	5 633 679	**–**	–
This committed expenditure relates to 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	**6 374 754**	–	**–**	–
– in second to fifth year inclusive	**1 996 909**	–	**–**	–
	8 371 663	–	**–**	–

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

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R	R	**R**	R
37. SECURITIES AND FACILITIES – FIRST NATIONAL BANK				
Facilities				
Overdraft facility (working capital)	**15 000 000**	13 750 000	**–**	–
Credit card facility (First card)	**–**	100 000	**–**	–
Guarantees	**1 000 000**	1 000 000	**–**	–
Asset finance (Wesbank facility)	**13 000 000**	8 000 000	**–**	–
Forward exchange contracts	**250 000**	250 000	**–**	–
Global banking	**200 000**	–	**–**	–

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 Trellicor Proprietary 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 2017, 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 2017 and 2016 respectively were as follows:

		GROUP		COMPANY	
	Note	2017 R	2016 R	2017 R	2016 R
Total borrowings					
Other financial liabilities	19	135 976 619	25 903 494	60 131 116	–
Less: Deferred consideration		30 000 000	–	–	–
Debt		105 976 619	25 903 494	60 131 116	–
Total equity		191 889 930	148 995 923	57 369 382	46 301 752
Debt : equity (%)		55	17	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.

During the year the group acquired the Taylor Blinds and Shutters and NMC businesses. This was part financed by loans obtained from First National Bank. Further information is disclosed in note 19, 37 and 41.

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.

40. RISK MANAGEMENT (continued)

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.

	GROUP			
	Less than one year R	Between one and two years R	Between two and five years R	Over five years R
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)**	**–**	**–**	**–**
At 30 June 2016				
Other financial liabilities	4 933 272	4 816 713	12 114 046	16 677 000
Trade and other payables	21 569 118	–	–	–
Trade and other receivables	(41 648 808)	–	–	–

	COMPANY			
	Less than one year R	Between one and two years R	Between two and five years R	Over five years R
At 30 June 2017				
Other financial liabilities	**17 850 338**	**17 850 338**	**37 188 204**	
Loans to group company	**(18 309 963)**	**(18 309 963)**	**(38 145 755)**	
Trade and other payables	**100 620**	**–**	**–**	
Trade and other receivables	**(4 181)**	**–**	**–**	
At 30 June 2016				
Trade and other payables	85 682			
Trade and other receivables	(810 683)			

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 2017, if interest rates on bank balances had been 0.5% higher/lower with all other variables held constant, pre-tax profit for the year would have been R264 563 (2016: R446 744) lower/higher, mainly as a result of higher interest expense/income on bank balances and borrowings.

Company

At 30 June 2017, if interest rates on bank balances had been 0.5% higher/lower with all other variables held constant, pre-tax profit for the year would have been R24 812 (2016: R216 934) higher/lower, mainly as a result of higher interest income on bank balances.

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 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	
	2017 **R**	2016 R	**2017** **R**	2016 R
Financial instrument				
Cash and cash equivalents	**55 027 672**	89 348 714	**4 509 564**	43 386 848
Trade receivables	**58 763 412**	41 648 808	**1 395 118**	810 683
Financial assets	**1 080 251**	1 996 327	**–**	–
Loan to group company	**–**	–	**60 583 902**	–

The group is exposed to a number of guarantees for the overdraft facilities of group companies and for guarantees issued in favour of First National Bank. Refer to note 37 for additional details.

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, British Pound, Euro and the Ghanaian Cedi.

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.

The group has an investment in Ghana, whose assets are exposed to foreign currency translation risk.

At 30 June 2017, if the currency had weakened/strengthened by 1% against the US Dollar with all other variables held constant, pre-tax profit for the year would have been R115 888 (2016: R1 298) lower/higher, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables, trade payables and cash balances.

At 30 June 2017, if the currency had weakened/strengthened by 1% against the Euro with all other variables held constant, pre-tax profit for the year would have been R23 597 (2016: R2 674) lower/higher, mainly as a result of foreign exchange gains or losses on translation of Euro denominated trade receivables, trade payables and cash balances.

At 30 June 2017, if the currency had weakened/strengthened by 1% against the Ghanaian Cedi with all other variables held constant, pre-tax profit for the year would have been R32 811 (2016: R37 451) higher/lower, mainly as a result of foreign exchange gains or losses on translation of Ghana Cedi denominated trade receivables, trade payables and cash balances.

Foreign currency exposure at the end of the reporting period:

	GROUP		COMPANY	
	2017 **R**	2016 R	**2017** **R**	2016 R
Current assets				
Trade and other receivables, USD 24 147 (2016: 106 557)	**313 253**	1 602 220	**–**	–
Trade and other receivables, GBP 8 078 (2016: 9 609)	**135 925**	193 587	**–**	–
Trade and other receivables, EUR 631 (2016: 165)	**9 341**	2 750	**–**	–
Trade and other receivables, GHS 992 197 (2016: 845 057)	**2 940 190**	3 152 569	**–**	–
Cash and cash equivalents, USD 85 837 (2016: 165 227)	**1 113 548**	2 484 399	**–**	–
Cash and cash equivalents, EUR 57 346 (2016: nil)	**848 886**	–	**–**	–
Cash and cash equivalents, GBP 7 451 (2016: 3 665)	**125 381**	73 838	**–**	–
Cash and cash equivalents, GHS 309 305 (2016: 330 028)	**916 568**	1 231 202	**–**	–
Current liabilities				
Trade and other payables, USD 1 003 300 (2016: 280 415)	**13 015 610**	4 216 410	**–**	–
Trade and other payables, EUR 217 385 (2016: nil)	**3 217 909**	–	**–**	–
Trade and other payables, GHS 194 273 (2016: 171 211)	**575 693**	638 720	**–**	–

40. RISK MANAGEMENT (continued)

Exchange rates used for conversion of foreign items were:

	COMPANY	
	2017 R	2016 R
USD	**12.97**	15.04
GBP	**16.83**	20.15
EUR	**14.80**	16.67
GHS	**2.96**	3.73

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

41. BUSINESS COMBINATIONS

On 7 July 2016, Trellidor Holdings Limited, through its subsidiary, Trellidor Innovations Proprietary Limited, acquired the Taylor Blinds and Shutters and NMC businesses from Odyssey House Proprietary Limited. Integral to the deal was the purchase of a minority stake of 7.5% by the Managing Director of the Taylor Blinds and Shutters and NMC businesses. This investment through Novaspectacular Investments Proprietary Limited, was proportional to the investment by Trellidor Holdings Limited. Taylor Blinds and Shutters specialises in designing, manufacturing, marketing, distributing and servicing blinds and shutters in the South African market while NMC Decorative Mouldings distributes imported decorative mouldings. 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 Trellidor business. The accounting for the business combination has been finalised and is reported below. The goodwill has increased due to the recognition of a deferred tax liability.

Fair value of assets acquired and liabilities assumed

	GROUP
	2017
Property, plant and equipment	**6 002 225**
Intangible assets	**50 175 000**
Inventories	**40 844 562**
Trade and other receivables	**20 736 123**
Cash and cash equivalents	**7 466 238**
Other financial liabilities	**(19 773 394)**
Deferred tax	**(7 611 519)**
Trade and other payables	**(8 181 887)**
Current tax payable	**(2 927 303)**
Total identifiable net assets	**86 730 045**
Goodwill	**71 147 772**
	157 877 817
Acquisition date fair value of consideration paid	
Cash	**(130 605 817)**
Deferred consideration	**(27 272 000)**
	(157 877 817)
Net cash outflow on acquisition	
Cash consideration paid	**(130 605 817)**
Cash acquired	**7 466 238**
Other non-material acquisitions	**(865 000)**
	(124 004 579)

41. BUSINESS COMBINATIONS (continued)

Contingent consideration arrangements

As part of the purchase agreement with Odyssey House Proprietary Limited, a contingent consideration was agreed.

This Second Tranche was subject to the business achieving a sustainable profit after tax before interest of R33 000 000 in a 12 month period ending 30 April 2017.

The fair value of the contingent consideration arrangement was determined at acquisition by using the discounted cash flow method, and was estimated to be R27 272 000. The significant unobservable valuation inputs are provided below:

- Discount rate – 10.5%
- Assumed probability – adjusted profit before tax of the businesses acquired – 100%

As at 30 June 2017, a cash payment of R30 000 000 had been agreed with the vendors and was paid during July 2017.

Trade receivables acquired

The fair value and gross amount of receivables acquired amounts to R19 743 991, none of which have been impaired, and it is expected that the full contractual amounts will be collected.

Acquisition related costs of R2 473 564 are included in operating expenses.

Revenue and profit or loss of Taylor Blinds and Shutters and NMC businesses

The revenue and profit or loss of the acquiree for the year is reflected in the Taylor operating segment of note 2 to the financial statements.

SHAREHOLDER ANALYSIS
AS AT 30 JUNE 2017

Shareholder type	Number	Shareholding	%
Non-public shareholders			
Directors and associates of the company (direct holding)	5	13 851 163	12.78
Directors and associates of the company (indirect holding)	2	2 901 512	2.68
Shareholders (excluding Fund Managers) holding more than 10%			
The LMO Trust	1	10 840 166	10.00
Public shareholders	686	80 747 277	74.54
	694	108 340 118	100.00
Fund managers with a shareholding greater than 5% of issued shares			
Mazi Capital Proprietary Limited	29	17 638 061	16.28
Peregrine Capital Proprietary Limited	4	7 992 174	7.38
Sanlam	3	7 361 852	6.79
	36	32 992 087	30.45
Beneficial shareholders with a holding greater than 5% of the issued shares			
Government Employees Pension Fund	1	8 632 127	7.97
Peregrine High Growth	1	5 657 169	5.22
	2	14 289 296	13.19

CORPORATE INFORMATION AND ADVISORS

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

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
(PO Box 20173, Durban North, 4016)

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, 11 Alice Lane (Bowmans Building)
Sandton, 2196
(PO Box 650957, Benmore, 2010)

Independent Reporting Accountants and Auditors
Mazars
Mazars House
197 Peter Mokaba Road
Morningside, Durban, 4001
(PO Box 70584, Overport, 4067)

Bankers
First National Bank
(Registration number 1929/001225/06)
Cranbrook Park
14 Cranbrook Crescent
La Lucia Ridge, Umhlanga, 4051
(PO Box 1246, Umhlanga, 4320)

Company Secretary
Paula Nel
BCom FCIS
20 Aberdare Drive
Phoenix Industrial Park
Durban, 4001
(PO Box 20173, Durban North, 4016)

Enquiries relating to the integrated annual report
Investor.relations@trellidor.co.za