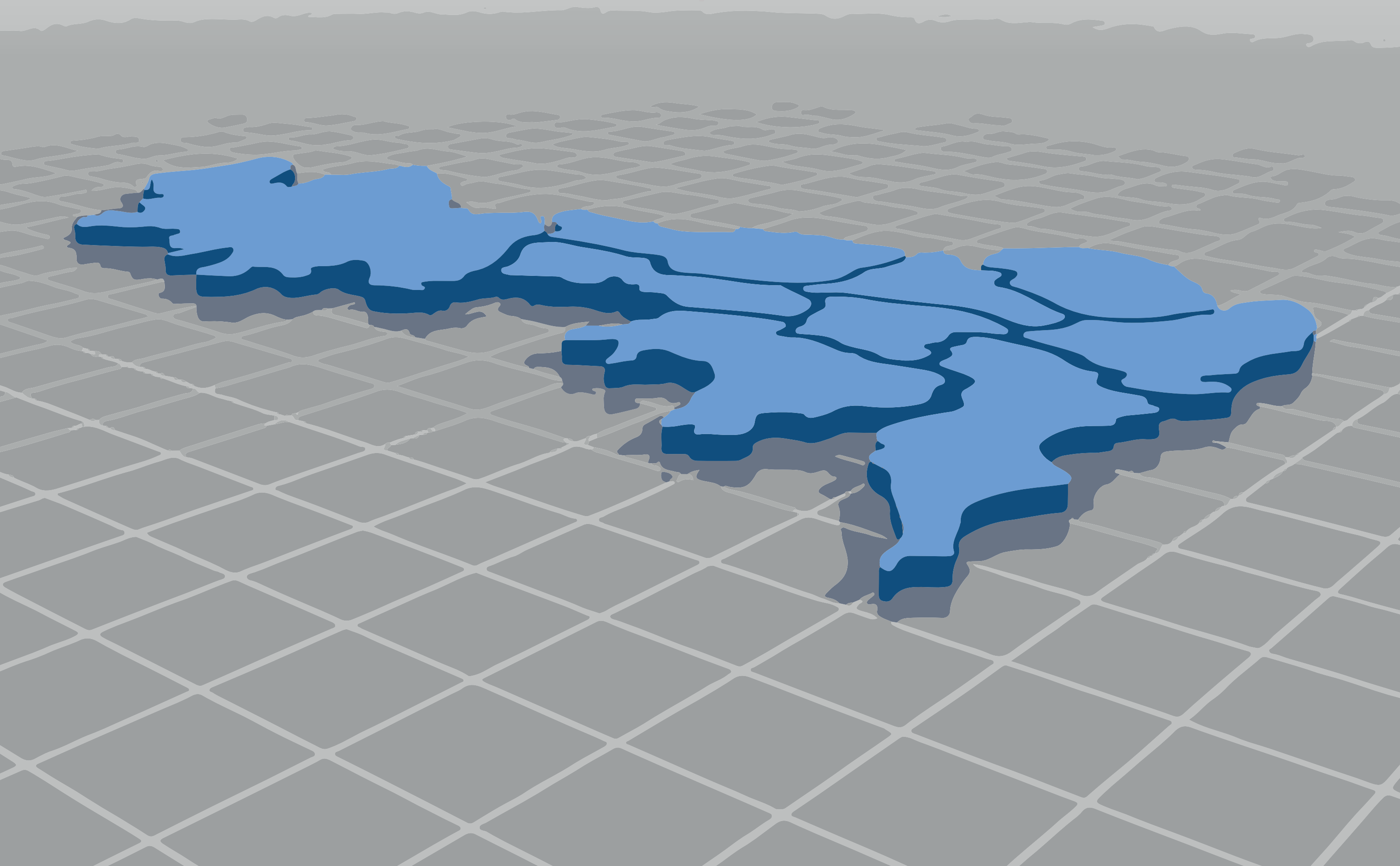
ARGENT Industrial Limited

2021

ANNUAL REPORT



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CORPORATE PROFILE

Argent Industrial Limited is largely a steel-based beneficiation group with a very diverse portfolio of businesses that include international brands.

The business portfolio consists of New Joules Manufacturing, Argent Industrial Engineering, Argent Industrial Investments, Castor and Ladder, Gammid, Hendor Mining, Jetmaster, Koch's Cut & Supply Steel Centre, Megamix, Phoenix Steel, Pro Crane Services, Toolroom Services, Tricks Wrought Iron Services, Xpanda Security, Cannock Gates & Burbage Iron Craft, OSA Door Parts, New Joules Engineering North America, Fuel Proof, Roll-Tec Safety, Partington Engineering and Argent Industrial UK.

These businesses cover a huge spectrum of products from manufacturing and steel-based trading to concrete building products, with regional outlets that trade in a number of these products. One of the newer additions being mobile and static bunded fuel storage and dispensing systems, and roll-over protection bars for construction machinery. The newest is bespoke trolleys to both the traditional and e-commerce retail industries in the United Kingdom.

The company has 22 operating units which operate throughout South Africa, the United Kingdom and North America.

Manufacturing is the biggest activity of the group and this, together with a strategy of vertical integration and being self-sufficient, has led the group to being totally diversified.

This protects the group from economic swings in any one segment of the market and is a catalyst for new growth opportunities.

The group's character is innovation, speed, delivery and service. Argent has a bold approach to business and is always seeking new investments and investors.

Our customers are the key to our success and so they enjoy our dedicated attention.

The Argent group's strategic intent is to grow profitability through streamlining the business by extracting maximum value from vertical integration and good management practice.

GROUP KEY VALUES

Argent endeavours to create a climate in which competent executives can flourish while co-ordinating their efforts towards a unified purpose that enhances the creation of wealth.

The group's key values are:

- seeking long-term, sustained, real growth for shareholders;
- maintaining a balance in the investment of its resources in focused markets;
- conducting business with professionalism and integrity;
- developing long-term relationships through co-operation and fair play;
- practicing financial prudence;
- meeting all legal and moral obligations;
- generating an eagerness to learn and improve;
- respecting the dignity and human rights of all employees; and
- maintaining a high standard in the areas of workplace safety and health.

OPERATION LOCATIONS

SOUTH AFRICA

Manufacturing	Argent Industrial Engineering	Western Cape
	Castor & Ladder	Gauteng and KwaZulu-Natal
	Hendor Mining Supplies	Gauteng
	Jetmaster	Gauteng
	Koch's Cut & Supply Steel Centre	KwaZulu-Natal
	Megamix	Western Cape
	New Joules Manufacturing	Gauteng
	Pro Crane Services	Gauteng and KwaZulu-Natal
	Toolroom Services	Gauteng
	Tricks Wrought Iron Services	KwaZulu-Natal
	Xpanda Security	KwaZulu-Natal, Gauteng and Western Cape
Steel trading	Gammid KZN	KwaZulu-Natal
	Phoenix Steel Gauteng	Gauteng
	Phoenix Steel Natal	KwaZulu-Natal
Properties	Argent Industrial Investments	KwaZulu-Natal, Gauteng, North West and Western Cape

UNITED STATES OF AMERICA

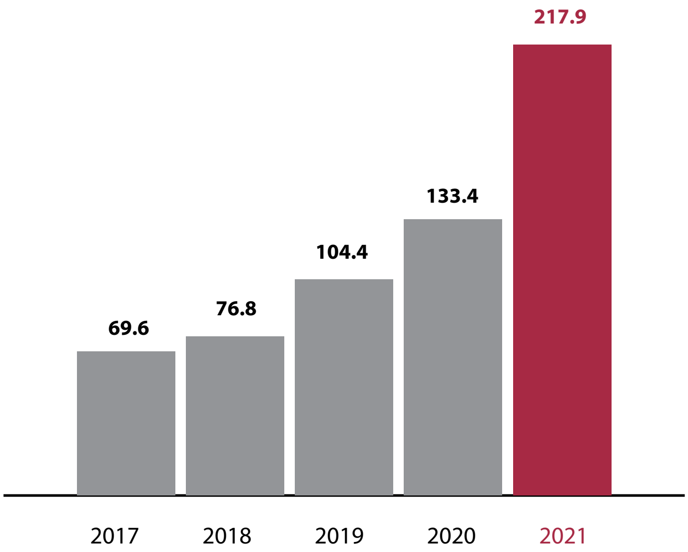
Manufacturing	New Joules Engineering North America	Kansas City

UNITED KINGDOM

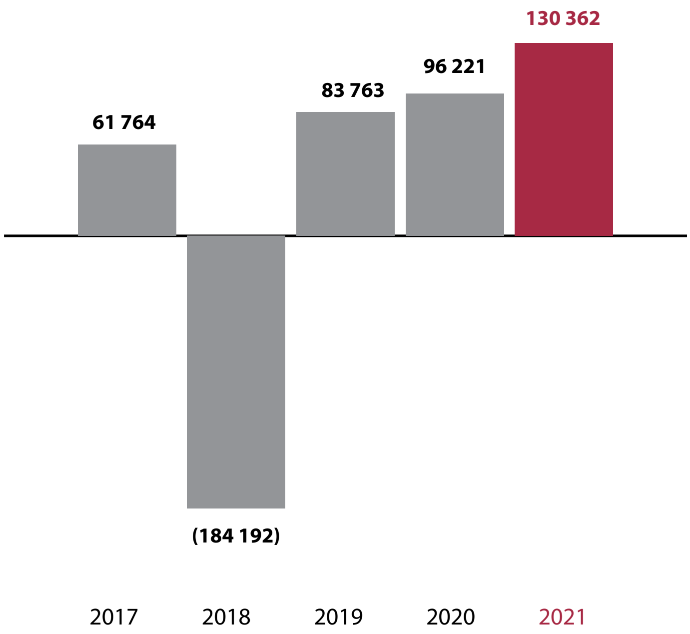
Manufacturing	Cannock Gates & Burbage Iron Craft	Cannock
	OSA Door Parts	Runcorn
	Fuel Proof	Heysham
	Roll-Tec Safety	Heysham
	Argent Industrial UK	Heysham
	Partington Engineering	Cinderford

FINANCIAL HIGHLIGHTS

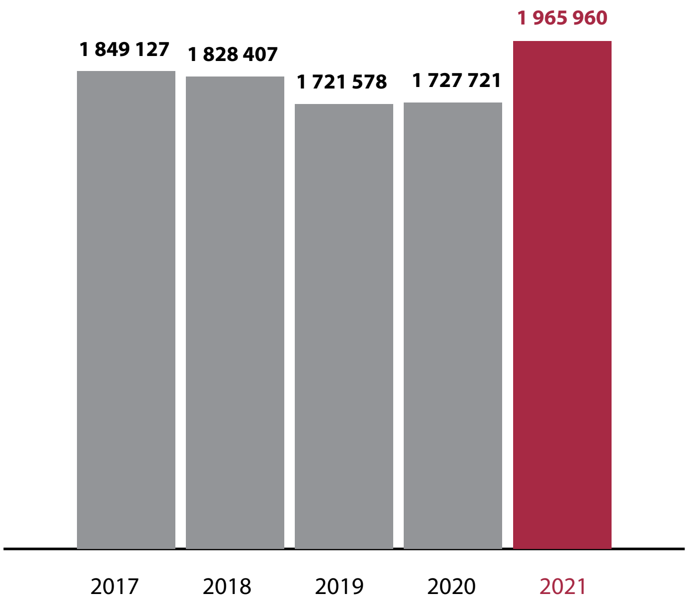
Headline earnings per share (cents)



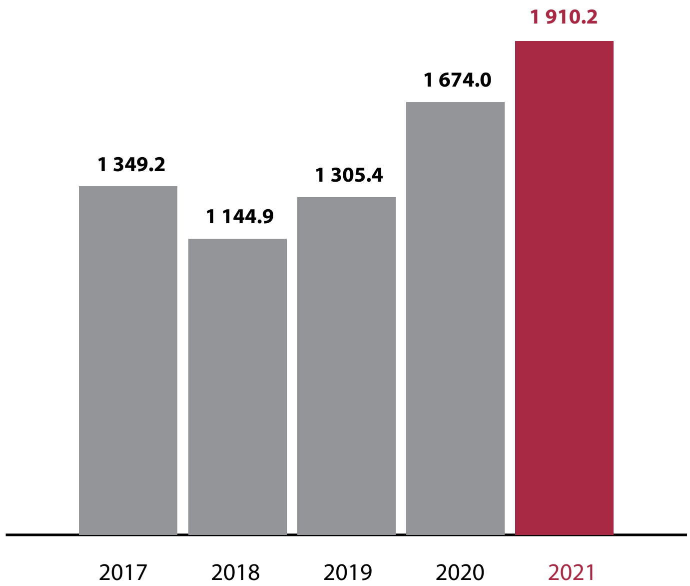
Attributable earnings/(loss) (R 000)



Revenue (R 000)



Net asset value per share (cents)



FIVE-YEAR REVIEW

	2021	2020	2019	2018	2017
Revenue (R 000)	1 965 960	1 727 721	1 721 578	1 828 407	1 849 127
Attributable earnings/(loss) for the year (R 000)	130 362	96 221	83 763	(184 192)	61 764
Basic earnings/(loss) per share (cents)	217.3	130.8	101.2	(205.2)	68.0
Diluted earnings/(loss) per share (cents)	216.0	130.1	101.2	(205.2)	68.0
Headline earnings per share (cents)	217.9	133.4	104.4	76.8	69.6
Tax rate (%)	24.9	17.4	25.8	10.2	27.6
Dividends per share (cents)	-	-	10.0	21.0	19.0
- Final prior	-	-	10.0	11.0	9.0
- Interim current	-	-	-	10.0	10.0
Dividend cover (times)	-	-	10.1	(9.8)	3.6
Net asset value per share (cents)	1 910.2	1 674.0	1 305.4	1 144.9	1 349.2
Net asset value per share (excluding intangibles) (cents)	1 565.2	1 422.3	1 107.3	1 046.3	1 113.5
Total assets employed (R 000) (excluding deferred taxation)	1 683 765	1 575 019	1 409 057	1 333 160	1 719 345
Return on shareholders' equity (%)	11.5	9.2	8.1	(18.8)	5.0
Gearing (%) (interest-bearing borrowings and lease liabilities/equity)	16.9	23.1	1.6	4.4	5.6
Liquidity					
- Current ratio	2.7	3.5	2.7	2.5	2.3
- Current ratio excluding current portion of interest-bearing borrowings and lease liabilities	3.2	4.1	2.8	2.8	2.6
- Acid test ratio	1.7	2.0	1.3	1.3	1.0

ADMINISTRATION

ARGENT INDUSTRIAL LIMITED
Reg. No. 1993/002054/06

Secretary and registered office

Jaco Dauth

First floor, Ridge 63,
8 Sinembe Crescent,
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Bankers

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Attorneys

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Sponsor

PSG Capital

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Tel: + 27 11 032 7400

DIRECTORATE

TEUNIS SCHARRIGHUISEN (76) (Netherlands)
Non-executive Chairman
Appointed 12 May 1993

Tony, an entrepreneur with many years of business experience, has been involved in businesses from property owning to opencast mining and earthmoving services. He served on a number of companies' boards as director and chairman and was the founding member and shareholder of the company now known as Argent.

PANAGIOTIS ANDREA CHRISTOFIDES BCompt (52)
Lead independent Non-executive Director
Appointed 24 August 2016
Member of the nomination, audit and risk and remuneration committees.

Pedro has a BCompt degree from the University of the Witwatersrand. He served as COO of Blue Label Distribution between 2007 and 2010. He is currently the CEO of Polsa Holdings Group of Companies Limited.

CLAYTON DEAN ANGUS CA(SA) (53)
Independent Non-executive Director
Appointed 18 May 2016
Chairs the audit and risk and remuneration committees and is a member of the nomination and social and ethics committees.

Clayton is a Chartered Accountant (SA) and was the group financial director of Nutritional Holdings Limited, a JSE Alt-X company from 1 June 2012 to 2 March 2015. He was previously the Chief Financial Officer of NOAH (Nurturing Orphans of Aids for Humanity) and also a non-executive director at Argent from March 2013 to August 2015. Clayton served his articles of traineeship with KPMG and has vast experience in business, both in South Africa and London, where he worked for two years.

KHATHUTSHELO MAPASA BSc Engineering (Chemical) (44)
Independent Non-executive Director
Appointed 10 April 2019
Member of the nomination, audit and risk and remuneration committees.

K2 has a BSc Engineering (Chemical) degree from the University of Cape Town and has completed the Harvard Business School Management Development Program. He previously served as a non-executive director at Argent from August 2016 to February 2018 and resigned in order to fully focus on his core responsibilities at Basil Read, where he is currently the CEO and MD. He started in 2014 as executive officer of the mining division and an executive committee member. Prior to joining Basil Read, K2 worked for one of the largest diamond mining multi-national companies in various technical and senior managerial roles. He also holds a number of non-executive directorship positions in privately held companies.

TREVE ROBERT HENDRY CA(SA) (54) (British)
Chief Executive Officer
Appointed 5 May 1997
Chairs the social and ethics committee.

Treve is a Chartered Accountant (SA) and served his articles of traineeship with Ernst & Young. After completing articles, Treve joined Ferreira's Hardware as Financial Manager. In August 1995, he moved to PMT Steel, a subsidiary of Argent. In 1997 Treve was made Financial Director and in 1998 became Managing Director.

DIRECTORATE
(Continued)

SUE JOAN COX CA(SA) (55)
Financial Director
Appointed 1 April 2002
Member of the social and ethics committee.

Sue is a Chartered Accountant (SA) and served her articles of traineeship with Ernst & Young. After completing articles, Sue backpacked around Europe, the United States of America, Far East and the United Kingdom for two years before returning to South Africa to start her career. She then spent the next eight years in various financial positions at Air Products, Anglo American, JCI and Goldfields before joining Argent in February 2001 as Group Accountant.

ALFRED FRANZ LITSCHKA BSc (Metallurgy) MBA (55)
Executive Director
Appointed 1 January 2004

Fred joined De Beers Consolidated Mines as a Plant Metallurgist on graduation in 1990. Following stints at Premier Mine, Venetia Mine and De Beers Marine in Cape Town, Fred was appointed to the position of Metallurgical Manager in 1999. During this period he was responsible for production and metallurgical technical development for marine mining vessels. On completion of his tenure at De Beers Marine, Fred was promoted to De Beers Head Office as Senior Divisional Metallurgist in 2001. Fred was the Lead Metallurgist for the Canadian Mines development. He completed an MBA with the Gordon Institute of Business Science at the end of 2004. Fred then joined Argent in June 2005 as an executive director, initially he was appointed as a non-executive director.

SUSTAINABILITY REPORT

The group conducts its business with the aim of making a profit whilst at the same time returning value to those who have invested therein. We aim to build value for our shareholders by addressing our social, environmental and economic responsibilities.

ASSURANCE

We acknowledge that Argent's annual report, though a positive move toward compliance, is far from perfect and there are areas that can be improved upon. The directors are committed to applying themselves to that which we see as an opportunity for learning rather than just a vessel for information or a means to compliance. We have dedicated ourselves to ensuring that the non-financial information provided in this report is accurate and reasonably reflects the environmental, social and governance issues that are discussed in direct relation to the key drivers of the business.

RISK MANAGEMENT

The board is responsible for the total process of risk management for the group and uses the risk assessment monitor as its main source of information to determine the effectiveness of the group's risk management process. The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed. These include credit granting, crime, shift in spending patterns, foreign currency risks as well as interest rate risks. Operational and financial risks are managed through detailed systems of operating and financial controls which are reviewed and monitored regularly.

Losses from defaulting debtors are limited by stringent credit application criteria and clearly defined credit and collection policies. These are reviewed regularly in light of the prevailing economic conditions and bad debt statistics.

With the assistance of expert insurance consultants, risks are assessed and insurance cover purchased for all risks above predetermined self-insured limits. Levels of cover are reassessed annually considering claims experienced and changes within and outside of the group.
The following key risk areas have been identified for monitoring:

- De-industrialisation of South Africa – the decline in manufacturing and capital spend are indicators that will result in declining revenue and profitability for the group and only diversification away from the South African market will mitigate this risk.
- Political and labour instability – the growing risk of labour and political instability is forcing diversification to more stable regions.
- Energy price and availability risk – the lack of stable electrical supply is disruptive to economic and business recovery and the need to invest in a power supply, independent of the national grid, over and above basic generators is critical.

SOCIAL RESPONSIBILITIES

The group acknowledges its social responsibilities towards the communities in which it operates and deserving institutions at large. Each year the board sets aside a specific amount for corporate social investment. Currently a child and youth care centre in KwaZulu-Natal receives the benefit of financial support from Argent as part of our ongoing commitment to the community.

EQUALITY

The group is an equal opportunity employer and there is no discrimination on the basis of ethnic origin or gender in any manner. A number of programmes are in place to ensure that the group's employee profile will become increasingly representative of the demographics of the regions in which it operates whilst maintaining the group's high standards.

EMPLOYEE PARTICIPATION

The group will continue to have its operating decisions made at the appropriate levels. Participative management lies at the heart of this strategy, which relies on the building of employee partnerships at every level to foster mutual trust and respect and to create an environment where people are continually mentored to strive for self-improvement. The group strives to liberate the initiative and energies of its people, because it is they who make the difference in the group's performance.

ETHICS AND VALUES

The group endeavours to act with honesty, responsibility and professional integrity in its dealings with employees, shareholders, customers, suppliers and society at large. Employees are required to maintain the highest ethical standards in ensuring that business practices are conducted in a manner, which in all reasonable circumstances, is above reproach. In any instance where ethical standards are called into question, the circumstances are thoroughly investigated and resolved in an appropriate and fair manner. The group endeavours at all levels within the organisation to work against all forms of corruption and dishonesty.

Argent is committed to the following:

- employee development;
- participation and empowerment;
- respect, dignity and equal opportunity;
- a safe and healthy work environment;
- community and environmental commitment;
- open communication;
- continuous improvement; and
- product quality and customer service.

ENVIRONMENTAL SUSTAINABILITY

The group is conscious of the fact that in carrying out its activities there is a potential risk of environmental damage. An effort has therefore been made to educate all employees in best practice so as to avoid long-term damage to the environment and atmosphere through the inappropriate use of plant and equipment.

Our underlying environmental philosophy is the adoption of protective strategies to manage and control the impact of our manufacturing operations upon the environment whilst at the same time safeguarding our assets and human resources.

HEALTH AND SAFETY

We comply with the Occupational Health and Safety Act and Department of Labour rules and regulations.

STAKEHOLDER ENGAGEMENT

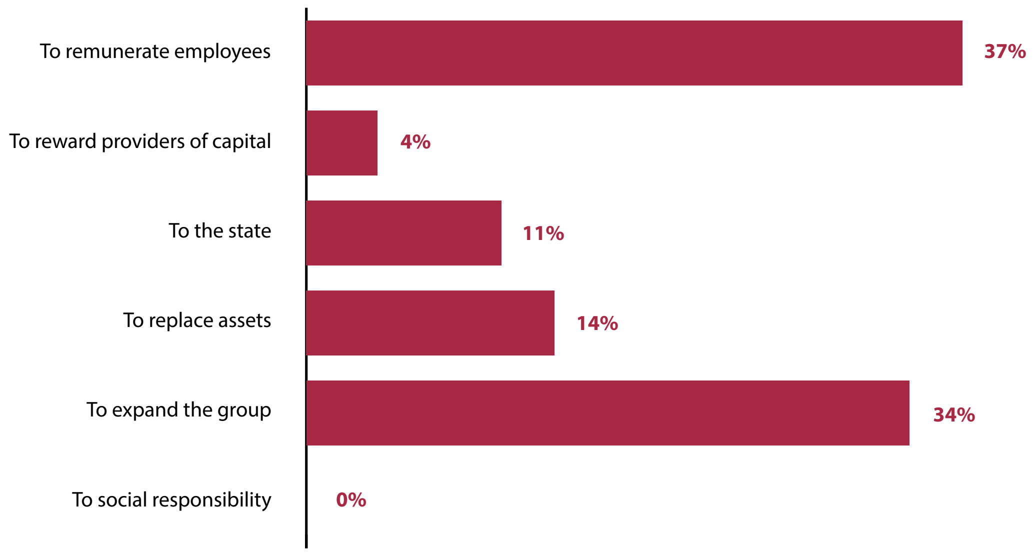
As a listed entity, Argent Industrial Limited complies with legal communication requirements. We believe in regular dialogue with various stakeholders and the investor community as a whole. Regular SENS announcements are published to keep the stakeholders informed whilst our website provides up-to-date information regarding the group.

VALUE-ADDED STATEMENT

Value-added is the wealth created by the group and its employees by supplying its services and expertise.

This statement shows how the value was shared by those responsible for its achievements.

	2021 R 000	2020 R 000
Revenue	1 965 960	1 727 721
Purchased materials and services	1 583 803	1 377 015
	382 157	350 706
Non-operating income	1 110	1 857
Value-added	383 267	352 563
Applied as follows:		
To remunerate employees:		
Salaries, wages, pensions, bonuses and other benefits	140 113	163 402
To reward providers of capital:	16 918	16 578
Interest on loans	16 918	16 578
Dividends to shareholders	-	-
To the state:		
Company tax	43 779	20 748
To replace assets:		
Depreciation and amortisation	51 886	55 494
To expand the group:	130 362	96 221
Retained earnings	130 362	96 221
To social responsibility:		
Donations	209	120
	383 267	**352 563**



CORPORATE GOVERNANCE REPORT

The directors of Argent Industrial Limited (Argent or the company or the group) regard corporate governance as vitally important to the success of the group's business and are unreservedly committed to applying the principles necessary to ensure that good governance is practised. For this they accept full responsibility. These principles include discipline, independence, responsibility, fairness, social responsibility, transparency, and accountability of the directors to all stakeholders. Corporate governance within the group is managed by a unitary board of directors and several sub-committees of the board.

The board is of the opinion that the group has been established and incorporated with the provisions of the South African Companies Act, No. 71 of 2008, as amended (the Companies Act), and operates in conformity with its Memorandum of Incorporation.

It has complied throughout the accounting period with all the objectives incorporated in King IV and the Listings Requirements of the JSE Limited (JSE Listings Requirements) as set out in the King IV compliance summary below:

Principle	Application/Explanation
1. The governing body should lead ethically and effectively.	The board of directors of Argent hold each other accountable for decision-making and ethical behaviour. The chairman of the board oversees this on an ongoing basis. This responsibility is contained in the board's terms of reference.
2. The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The board, through the social and ethics committee, is responsible for the monitoring and governance of the ethics of the group. This is contained in the social and ethics committee terms of reference. Argent's code of ethics guides the interaction between employees, clients, stakeholders, suppliers, and the communities within which it operates.
3. The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The board together with the social and ethics committee is responsible for monitoring the overall responsible corporate citizenship performance of the group. Argent supports a child and youth care centre in KwaZulu-Natal.
4. The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	The company's ability to create value in a sustainable manner is illustrated throughout its business model. The audit and risk committee assists the board with the governance of risk and continuously monitors risks and ensures the implementation of various mitigating controls. This responsibility is contained in the board's terms of reference and the audit and risk committee's terms of reference.
5. The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium-, and long-term prospects.	The group's annual report provides an assessment of its performance, measured against its objectives.
6. The governing body should serve as the focal point and custodian of the corporate governance in the organisation.	The board is the focal point and custodian of corporate governance within the group. Its role and responsibilities and the way that it executes its duties and decision making are documented and are set out in the board's terms of reference. Further aspects of governance are addressed with greater impetus through the establishment of board sub-committees i.e. audit and risk, nomination and remuneration and social and ethics committees.
7. The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively.	The board and its sub-committees consider, on an annual basis, its composition in terms of balance of skills, experience, diversity, independence, knowledge, and whether this enables it to effectively discharge its role and responsibilities. The board is satisfied that there is a balance of skills, experience, diversity, independence, and knowledge needed to discharge its role and responsibilities. Through the annual self-assessment of the board and its sub-committees, the knowledge and skills set are evaluated and improved where required. Furthermore, where necessary subject matter experts are available for matters requiring specialised guidance.

Principle	Application/Explanation
8. The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	The board and its sub-committees comply with the requirements in terms of King IV. There is a clear balance of power to ensure that no individual/s have undue decision-making powers. A lead independent non-executive director has been appointed. The audit and risk committee are satisfied that the auditor is independent and non-audit services are not performed. The audit firm has been appointed with the designated audit partner having oversight of the audit. The financial director oversees the finance function and is assisted by suitably qualified staff. An effective internal audit function is in place. An assessment of the effectiveness of the financial director's performance is conducted annually by the audit and risk committee and confirmed in the annual report.
9. The governing body should ensure that the evaluation of its own performance and that of its committees, its chair, and its individual members, support continued improvement in its performance and effectiveness.	The board and all sub-committee's terms of reference includes the onus of annual assessments. Assessments of the performance of the board, its sub-committees and the company secretary are conducted annually by way of internal evaluation processes.
10. The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.	A detailed delegation of authority policy and framework indicate matters reserved for the board and senior management. The board is satisfied that the group is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised.
11. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The audit and risk committee assists the board with the governance of risk. The board is aware of the importance of risk management as it is linked to the strategy, performance, and sustainability of the group. The audit and risk committee implement processes by which the risks to the sustainability of the business are identified and managed within acceptable parameters. The audit and risk committee delegates to management the task of continuously identifing, assessing, mitigating, and managing risks within the existing operating environment. Mitigating controls are in place to address these risks which are monitored on a continuous basis.
12. The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The board, together with the audit and risk committee, oversees the governance of information technology. The board is aware of the importance of technology and information in relation to the group's strategy.
13. The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes, and standards in a way that it supports the organisation being ethical and a good corporate citizen.	The board, through the social and ethics committee, assisted by the company secretary and outsourced resources monitors compliance with the various regulations the group is subject to. There are no material penalties, sanctions, or fines for the contraventions of, or non-compliance with, regulatory obligations.
14. The governing body should ensure that the organisation remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short-, medium-, and long-term.	The board assisted by the nominations and remuneration committee ensures that staff are remunerated fairly, responsibly, transparently and in line with industry standards to promote the creation of value in a sustainable manner. This responsibility is contained in the terms of reference of the nominations and remuneration committee.
15. The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The board is satisfied that the assurance results indicate an adequate and effective control environment and integrity of reports for better decision-making. This responsibility is contained in the terms of reference of the board and the audit and risk committee.
16. In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interest of the organisation over time.	Various stakeholder groups have been identified and the board balances their legitimate and reasonable needs, interests, and expectations.
17. The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote the good governance and the creation of value by the companies in which it invests.	N/A – Argent Industrial Limited is not an institutional investor.

BOARD OF DIRECTORS

The board's primary responsibilities, based on a predetermined assessment of materiality, include giving strategic direction to the Argent group, identifying key risk areas and key performance indicators of the group's business, monitoring investment decisions, considering significant financial matters, and reviewing the performance of executive management against business plans, budgets and industry standards as well as identifying and monitoring the non-financial aspects relevant to the business. In addition, specific attention is given to ensuring that a comprehensive system of policies and procedures is operational and that compliance with corporate governance principles are reviewed regularly.

There is a set policy for appointments to the board. Nominations for appointment to the board are formal and transparent and submitted by the nomination committee, which mainly comprises non-executive directors, to the full board for consideration. Any appointments to the board are made taking into account the need for ensuring that the board provides a diverse range of skills, knowledge and expertise, the requisite independence, the necessity of achieving a balance between skills and expertise and the professional and industry knowledge necessary to meet the group's strategic objectives, as well as the need for ensuring demographic representation. There is a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

Executive directors have employment contracts for five (5) years effective from 1 September 2018 to 31 August 2023, renewable at the executive director's discretion for another five (5) years. Six months written notice of intention to renew is required. In terms of the memorandum of incorporation, one third of the directors shall retire from office, except for the executive directors who shall not be subject to retirement by rotation. The retiring directors, being eligible, can be re-elected at the annual general meeting (AGM) of the company.

Specific responsibilities have been delegated to the board committees, and they operate under written terms of reference approved by the board. Each committee's terms of reference is reviewed annually by the board. Board committees are free to take independent (outside) professional advice as and when deemed necessary.

The board is constituted as follows:

NON-EXECUTIVE DIRECTORS:

Independent

CD Angus – appointed 18 May 2016
PA Christofides * – appointed 24 August 2016
K Mapasa – appointed 10 April 2019
**Lead independent non-executive director*

NON-EXECUTIVE DIRECTORS:

T Scharrighuisen – appointed 12 May 1993 (Chairman)

EXECUTIVE DIRECTORS:

TR Hendry (CEO) – appointed 5 May 1997
Ms SJ Cox (FD) – appointed 1 April 2002
AF Litschka – appointed 1 January 2004

CHAIRMAN / CEO

The roles of the chairman and chief executive officer (CEO) are separate. The CEO of the group reports to the chairman.

Attendance at meetings of the board (three held)

	MEETINGS ATTENDED
CD Angus	2
PA Christofides	2
Ms SJ Cox	3
TR Hendry	3
AF Litschka	3
K Mapasa	2
T Scharrighuisen	2

AUDIT AND RISK COMMITTEE

The audit and risk committee identifies and continuously evaluates exposure to significant risks; reviews the appropriateness and adequacy of the systems of internal financial and operational control; reviews accounting policies and financial information issued to the public; provides effective communication between directors, management and internal and external auditors; and considers and monitors the independence of the external auditors and the appropriate rotation of the lead audit partner and recommends to the board the appointment and dismissal of the external auditors. In addition, the scope of the duties of the audit and risk committee include the statutory duties as set out in section 94 of the Companies Act.

The audit and risk committee ensure that appropriate financial reporting procedures exist and are working, which include consideration of all entities included in the group International Financial Reporting Standards (IFRS) financial statements; to ensure that it has access to all the financial information of the issuer to allow the issuer to effectively prepare and report on the financial statements of the issuer. The audit and risk committee consider, on an annual basis, and has satisfied itself that the experience and expertise of the financial director and that of the external auditors are independent in the discharge of their duties. The use of the external auditors for non-audit services requires prior approval by the committee.

In assessing the suitability of the re-appointment of BDO South Africa Inc. and the audit partner, Mrs G Bass, the committee assessed the information provided by BDO South Africa Inc. as required per paragraph 22.15(h) of the JSE Listing Requirements. The audit and risk committee recommended that BDO South Africa Inc. (BDO) be re-appointed as the independent auditors with Mrs G Bass as the designated auditor. The annual audit fee was approved.

Committee members have unlimited access to all information, documents and explanations required for them to discharge their duties effectively. This authority has been extended to the internal and external auditors. The activities of the committee are reviewed by the members via an annual self-assessment control exercise. Furthermore, the board is provided with regular reports on the activities of the committee.

The committee members are all independent non-executive directors. In addition to the committee members, the chairman of the board, the financial director and certain other group executives are routinely invited to attend meetings of the committee as observers. The external auditors attend the meetings and have direct and unrestricted access to the audit and risk committee at all times.

The internal audit department currently reports directly to the audit and risk committee and is also responsible to the financial director on day-to-day matters. Significant reports are copied to the CEO and there is regular communication between the CEO and internal audit.

Key audit matters relating to the 2021 audit:
The report of the independent auditors, containing the following key audit matters, and the response to these matters by management in relation to the 2021 annual financial statements, were considered by the committee:

- impairment of goodwill;
- valuation of land and buildings;
- impairment of investment in subsidiaries; and
- new business combination.

Within the context of the audit of the financial statements of the group and company, the committee is satisfied that these items were suitably addressed.

The JSE Proactive Monitoring Panel correspondence dated 19 February 2021, specifically referring to Annexure 3 documents listed below, were considered by the committee and confirmed that appropriate action was taken to apply these findings:

- JSE Report on Proactive Monitoring issued on 19 February 2021, including Annexure 3;
- Investment Property: Common Findings Report issued on 4 November 2020;
- The following sections from the Combined Findings Report:
  - Going concern;
  - Statements of cash flows;
  - Income taxes;
  - Related party disclosures;
  - Impairment of assets; and
  - Fair value measurement;
- The following JSE COVID-19 letters:
  - Financial reporting issued April 2020;
  - Reflecting on the impact of COVID-19 in financial results issued May 2020;
  - Effective communications with investors issued September 2020;
- The International Accounting Standards Board (IASB) COVID-19 documents:
  - Going concern – a focus on disclosure; and
  - Applying IFRS in 2020 – impact of COVID-19.

The audit and risk committee has reviewed the group and company financial statements for the year ended 31 March 2021 and recommended to the board that the financial statements be approved.

As at 31 March 2021, the audit and risk committee were constituted as follows:
CD Angus – appointed 18 May 2016 (Chairman)
PA Christofides – appointed 24 August 2016
K Mapasa – appointed 10 April 2019

Attendance at meetings of the audit and risk committee (three held)

	MEETINGS ATTENDED
CD Angus	3
Ms SJ Cox*	3
PA Christofides	3
TR Hendry*	3
K Mapasa	3

** Attended as observer*

CAngus

CD Angus CA(SA)
Audit and risk committee Chairman

Umhlanga, Durban
28 June 2021

REMUNERATION COMMITTEE

The committee reviews and approves the remuneration and terms of employment of executive directors and senior employees of the group. The committee reviews salary trends in the marketplace and recommends emolument structures and levels to the chairman for his consideration and approval.

Non-executive directors are paid on an annual retainer basis to account for responsibilities borne by them throughout the year. They are not paid an attendance fee per meeting. They also do not qualify for share options, nor do they participate in any pay incentive schemes, to preserve their independence.

The remuneration policy has been included in the annual general meeting (AGM) notice for consideration by the shareholders as a non-binding advisory resolution.

The committee has monitored the implementation of the remuneration policy and believes that compliance with the policy is satisfactory regarding guaranteed cost-to-company pay and short-term incentives. No medium-term incentives were issued to executive directors, only the long-term incentive. Annual inflationary salary increases were put on hold due to COVID-19 and the uncertainty that this placed on each business surviving the global disaster. Details of the executive and non-executive director remuneration is disclosed in note 19 on page 61 of this annual report.

Both Argent's remuneration policy and its implementation report will be presented to shareholders for separate non-binding advisory votes thereon at the upcoming AGM to be held on 20 August 2021. In the event that 25% or more of shareholders vote against either the remuneration policy or the implementation report at the meeting, Argent will engage with shareholders through dialogue, requesting written submissions or otherwise, in order to address shareholder concerns, with due regard to meeting Argent's stated business objectives, while being fair and responsible to both the employee and shareholders.

The remuneration committee is constituted as follows:
CD Angus – appointed 18 May 2016 (Chairman)
PA Christofides – appointed 24 August 2016
K Mapasa – appointed 10 April 2019

Attendance at meetings of the remuneration committee (one held)

	MEETINGS ATTENDED
CD Angus	1
Ms SJ Cox*	1
PA Christofides	1
TR Hendry*	1
K Mapasa	1

** Attended as observer*

All committee members are independent non – executive directors.

NOMINATION COMMITTEE

The committee reviews and approves the appointment of directors and terms of employment of executive directors and senior employees of the group.

The nomination committee is constituted as follows:
CD Angus – appointed 18 May 2016 and appointed as Chairman on 24 August 2016
PA Christofides – appointed 24 August 2016
K Mapasa – appointed 10 April 2019

Attendance at meetings of the nomination committee (one held)

	MEETINGS ATTENDED
CD Angus	1
Ms SJ Cox*	1
PA Christofides	1
TR Hendry*	1
K Mapasa	1

** Attended as observer*

Race and Gender Diversity

In terms of item 3.84(i) of the JSE Listings Requirements, "The board of directors or the nomination committee, as the case may be, must have a policy on the promotion of race and gender diversity at board level. The issuer must confirm this by reporting to shareholders in its annual report on how the board of directors or the nomination committee, as the case may be, have considered and applied the policy of race and gender diversity in the nomination and appointment of directors. If applicable, the board of directors or the nomination committee must further report progress in respect thereof on agreed voluntary targets."

The board supports the principles and aims of the race and gender diversity policy at board level and has set a voluntary target of one director. The board currently has one female board member. The race target will be considered within a period of three years. Furthermore, all future nominations will be based on merit and in line with the race and gender policy.

SOCIAL AND ETHICS COMMITTEE

The functions and responsibilities of the committee is to monitor the company's activities with regards to matters relating to:

- social and economic development;
- issues of good corporate citizenship, including promotion of equality, prevention of unfair discrimination, reduction of corruption and contribution to development of communities;
- the company's record in charitable donations and sponsorships;
- the environment, health, and safety issues;
- consumer relationships and the company's compliance with consumer protection laws;
- labour and employment, including the company's observance of the International Labour Organization Protocols and contributions towards educational development of its employees; and
- drawing matters within its mandate to the attention of the board as the occasion requires.

The group continues to support a child and youth care centre in KwaZulu-Natal.

No environment, health and public safety issues were reported to the board.

The COVID-19 pandemic has shaken everyone to the core and the focus was on downsizing businesses to survive the pandemic. The exercise to implement solar panels at various companies was put on hold due to COVID-19. This will be revisited in the future.

The social and ethics committee is constituted as follows:
TR Hendry – appointed 1 May 2012 (Chairman)
Ms SJ Cox – appointed 1 May 2012
CD Angus – appointed 16 May 2016

Best practice dictates that the majority of its members be independent non-executives but as the size of the company is small, it is not practical to employ non-executive directors just to meet the minimum requirements.

Attendance at meeting of the social and ethics committee (one held)

	MEETINGS ATTENDED
CD Angus	1
Ms SJ Cox	1
TR Hendry	1

INTERNAL AUDIT

The internal audit function is an independent appraisal function which examines and evaluates the group's activities and the appropriateness, adequacy, and efficiency of the systems of internal control and resultant business risks. In terms of the audit and risk committee charter, the head of internal audit has the responsibility of reporting to the audit and risk committee and has unrestricted access to its chairman.

The objective of the internal audit function is to assist executive management in the effective discharge of their responsibilities. Its scope includes reviews of the reliability and integrity of financial and operating information, the systems of internal control, the means of safeguarding assets, the efficient management of the group's resources, and the effective conduct of its operations. Audit plans are based on an assessment of risk areas and every assignment is followed by a detailed report to management including recommendations on aspects requiring improvement. Significant findings are reported to the audit and risk committee. The internal audit work plan is presented in advance to the audit and risk committee.

In addition, internal audit provides pivotal input to the semi-annual risk assessment monitor in terms of which key group risks are identified and assessed and management plans are formulated to reduce exposure to these risks. This risk assessment monitor is tabled for consideration semi-annually before the audit and risk committee and the board.

RISK MANAGEMENT

The board is responsible for the total process of risk management for the group and uses the risk assessment monitor as its main source of information to determine the effectiveness of the group's risk management process. The objective of risk management is to identify, assess, manage, and monitor the risks to which the business is exposed. These include credit granting risks, crime, the shift in spending patterns, foreign currency and interest rate risks. Operational and financial risks are managed through detailed systems of operating and financial controls which are reviewed and monitored continuously.

Losses from defaulting debtors are limited by stringent credit application criteria and clearly defined credit and collection policies. These are reviewed regularly in light of the prevailing economic conditions and bad debt statistics.

With assistance from expert insurance consultants, risks are assessed, and insurance cover purchased for all risks above predetermined self-insured limits. Levels of cover are reassessed annually in light of claims experienced and changes within and outside the group.

The following key risk areas have been identified for monitoring:

- De-industrialisation of South Africa – the recent decline in manufacturing and capital spend are indicators that will result in declining revenue and profitability for the group and only diversification away from the South African market will mitigate this risk.
- Political and labour instability – the growing risk of labour and political instability is forcing diversification to more stable regions.
- Energy price and availability risk – the lack of stable electrical supply is disruptive to economic and business recovery and the need to invest in a power supply, independent of the national grid, over and above basic generators is critical.

INFORMATION TECHNOLOGY GOVERNANCE

The board, together with the audit and risk committee, has oversight responsibility for information technology (IT) governance and risk management. It is satisfied that the policies and procedures in place address systems and network architecture, applications, disaster recovery and security management.

The strategy to move all accounting systems to cloud-based applications and hosting sites was not completed. We will reassess this possibility again in the foreseeable future.

INTERNAL CONTROL

The board of directors of Argent are responsible for the group's systems of internal control. To fulfil its responsibilities, management maintains accounting records and continues to maintain appropriate systems of internal control.

The board reports that the group's internal controls and systems are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets and to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

The board has satisfied itself that these systems and procedures are implemented, maintained, and monitored by appropriately trained personnel with suitable segregation of authority, duties, and reporting lines and by comprehensive use of advanced computer hardware and software technologies. The effectiveness of the systems of internal control in operation is monitored continually through reviews and reports.

Assurance was obtained from the external auditors that adequate accounting records are being maintained. The board noted the summarised deficiencies identified by external audit, external audits recommendation in this regard, managements responses thereto and the progress made. None of the internal control deficiencies identified were considered material. At one of the companies in the group, gaps in the sequence of manual journal entry testing were observed and management has committed to maintaining a sequential number register to correct the deficiency.

GOING CONCERN

The board has given due consideration to the potential impact of the COVID-19 pandemic on the company and group's ability to continue as going concerns. The board believe that the COVID-19 pandemic will not have a material impact on the business activities of the company and group, due to the company and group achieving results which are aligned to those achieved in pre-lockdown periods. Subsequent to year-end and up to the date of the assessment, there were no significant changes in circumstances which suggest that the above reviews are no longer valid. Based on the above, no material uncertainties were identified in relation to the ability of the company and group to remain going concerns for at least the next 12 months. The board believes that the company and group are in a sound financial position and that they will continue to operate as going concerns for the foreseeable future.

As such, the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This presumes the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

CLOSED PERIODS

The group operates a closed period between its interim and year-end reporting dates and at times cautionary notices are extant.

During these periods, directors, officers, and other designated members of the group's management who may have access to price-sensitive information, are precluded from dealing in the company's shares.

All directors' and designated managers' share dealings require the prior approval of the designated director or CEO.

COMPANY SECRETARY AND PROFESSIONAL ADVICE

All directors have access to the advice and services of the company secretary, who is responsible to the board for ensuring that board procedures are followed. All directors are entitled to seek independent professional advice about the affairs of the group at the group's expense.

In keeping with the JSE Listings Requirements, the board of directors has conducted an annual review of the company secretary and is satisfied with the competence, qualification and experience of the company secretary.

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the South African Companies Act, No. 71 of 2008, as amended (the Companies Act), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this annual 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 (IFRS). The external auditors are engaged to express an independent opinion on the financial statements.

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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement and loss.

The directors have reviewed the group's cash flow forecast for the year to 31 March 2022 and in light of this review and the current financial position, they are satisfied that the group has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on page 27.

The financial statements set out on pages 31 to 83 and the director's report set out on pages 25 to 26, which have been prepared on the going concern basis, were approved by the board of directors on 28 June 2021 and were signed on its behalf by:

T Scharrighuisen
Non-executive Chairman

Umhlanga, Durban
28 June 2021

TR Hendry CA(SA)
Chief Executive Officer

Umhlanga, Durban
28 June 2021

CERTIFICATE BY THE COMPANY SECRETARY

In my capacity as company secretary, I hereby certify, in terms of the Companies Act, that for the year ended 31 March 2021, the company has lodged with the Companies and Intellectual Property Commission all such returns and notices as is required of a public company in terms of the said Act. All such returns and notices, to the best of my knowledge and belief, appear to be true, correct and up to date.

J Dauth
Company Secretary

Umhlanga, Durban
28 June 2021

PREPARATION OF THE FINANCIAL STATEMENTS

The preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 March 2021, which appear on pages 31 to 83, have been supervised by the financial director of Argent Industrial Limited, Ms SJ Cox.

Ms SJ Cox CA(SA)
Financial Director

Umhlanga, Durban
28 June 2021

CHIEF EXECUTIVE OFFICER'S REVIEW

RESULTS

The group had great results, successfully steering around the many COVID-19 issues, and consolidating its market share opportunities.

The consolidated results after taxation attributable to owners amounted to R130.4 million which is after accounting for a R3.3 million IFRS 16 expense, a loss of R0.5 million on sale of assets, retrenchment costs of R6.5 million and R9 million stock impairments at Toolroom Services. In addition, the group sold its Klerksdorp property for R4 million and acquired Partington Engineering Limited on 1 June 2020, which is based in the United Kingdom, for an amount of GBP3.1 million.

Partington is a major supplier of bespoke trolleys to both traditional and e-commerce retail industries in the United Kingdom. The acquisition brings our number of offshore entities to six.

Headline earnings per share amounted to 217.9 cents based on weighted average shares in issue over the financial year of 59.999 million. The actual shares in issue as at 31 March 2021 were 58.425 million (excluding treasury shares) which yielded a headline earnings of 223.76 cents.

In line with the Argent share repurchase strategy, 4 364 890 shares were cancelled in the 2021 financial year at a cost of R25 990 120, equating to an average price of R5.95 per share.

CAPITAL ALLOCATION

We have successfully allocated excess capital within the group to share buybacks. Since the start of our buyback programme, we have reduced the number of shares in issue from 96 490 604 to 60 550 705 at an average price of R5.16, far below our assessment of intrinsic value. We continue to believe share buybacks are the best use of excess capital while the share price is below our assessment of fair value.

PROSPECTS

On the back of decent order books, high steel prices and improved market share, the group has had a good start to the new year. We will focus on growing our group brands and look for acquisition opportunities in the United Kingdom as well as continuing with the current share buyback programme, using the opportunity to add value to our long-term shareholders.

TR Hendry CA(SA)
Chief Executive Officer

Umhlanga, Durban
28 June 2021

STATEMENT BY THE CHIEF EXECUTIVE OFFICER AND FINANCIAL DIRECTOR

In compliance with paragraph 3.84(k) of the JSE Listing Requirements

The directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 31 to 83, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the deficiencies in the design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

TR Hendry CA(SA)
Chief Executive Officer

Umhlanga, Durban
28 June 2021

Ms SJ Cox CA(SA)
Financial Director

Umhlanga, Durban
28 June 2021

DIRECTORS' REPORT

The directors of Argent Industrial Limited (Argent or the company or the group) have the pleasure of submitting the financial statements of the company and group for the year ended 31 March 2021.

Nature of business
Argent carries on the business of a holding company. The group derives its income from the sale of manufactured products and trading of steel and steel-related products.

Results of operations
Earnings attributable to ordinary shareholders in respect of the year ended 31 March 2021 was R130.4 million (2020 – R96.2 million) and represents earnings of 217.3 cents per share (2020 – 130.8 cents per share).

The earnings attributable to the various classes of business of the group are disclosed in note 26 to the financial statements.

Dividends
No interim or final dividend has been approved and declared.

Share-based remuneration scheme
Full details of the company's share-based remuneration scheme are set out in note 25 to the financial statements.

Directors' emoluments
The emoluments of executive and non-executive directors are determined by the company's remuneration committee. Further information relating to the earnings of the directors is set out in note 19 to the financial statements.

Directors
There were no changes to the board of directors. The names of the directors in office at the date of the report appear on page 7 of the annual report.

The following directors who retire by rotation in terms of the memorandum of incorporation, and being eligible for re-election, will be standing for re-election at the annual general meeting (AGM) of the shareholders of Argent: Mr CD Angus, Mr PA Christofides and Mr K Mapasa.

Secretary and registered office
The address of the secretary and the registered office of the company is recorded on page 6.

Directors' shareholdings
The directors have a direct or indirect interest in 12 350 876 (2020 – 12 117 542) of the issued ordinary shares of the company. Further information relating to the directors' shareholding is set out on page 84 of this report. No material changes have arisen since year-end.

Authorised and issued stated capital
Details of the authorised, issued, and unissued shares are set out in note 11 to the financial statements.

Subsidiaries
Details of major subsidiaries appear on page 83 of this report. The aggregate net profit of the subsidiaries attributable to shareholders of the company is as follows:

	2021	2020
Net profit (R 000)	130 362	96 221

Acquisitions
The group purchased the entire issued share capital of Partington Engineering Limited (Partington), through Argent Industrial UK Limited, a 100% held subsidiary of Argent, for a maximum amount of GBP3.1 million. Effective date of the transaction was the commencement of business on 1 June 2020. The initial purchase consideration of GBP2.5 million was settled in cash in the buyer's solicitor's account on 16 June 2020. The timing of the additional two purchase considerations of GBP300 000 each are in the process of being extended and renegotiated due to COVID-19 related delays in deliveries.

Risk management and insurance
It is the group's belief that its risk should be managed to protect its assets and earnings against unacceptable financial loss and to safeguard against legal liabilities. Possible catastrophic risks are insured at minimum cost with satisfactory cover. Non-catastrophic risks are self-insured. Property, plant, and equipment are insured at current replacement values.

Impact of COVID-19

On 15 March 2020, a national state of disaster was declared in South Africa due to the COVID-19 pandemic and subsequently on 23 March 2020, all South African citizens and businesses were to adhere to a nationwide lockdown for 21 days, effective from midnight on 26 March 2020 to midnight on 16 April 2020. This was then extended for a further 14 days to 30 April 2020. On 1 May 2020, certain restrictions on economic activities were lifted, with adjustments made throughout the year as the experts and government saw fit.

Together with a new strain of the virus and increased surge of infections, on 28 June 2021, South Africa was placed on adjusted alert level 4. The impact of COVID-19 on accounting standards that require use of forward-looking information was assessed based on information available as at 31 March 2021 and has not resulted in any other adjustments and/or disclosures as the impact was assessed to be not material. All operations worldwide are fully operational.

The impact of the national state of disaster and the COVID-19 pandemic was taken into account in the preparation of budgets and cashflow forecasts as per note 31 – Going Concern to the financial statements.

Events after the reporting period

No material facts or circumstances have occurred between the accounting date and the date of this report. The timing of the additional two purchase considerations of Partington of GBP300 000 each are in the process of being extended and renegotiated due to COVID-19 related delays in deliveries.

Resolutions

No special resolutions, the nature of which might be significant to shareholders in their appreciation of the state of affairs of the group, were passed by the company's subsidiaries during the period covered by this annual report.

Share buyback programme

Annually, the directors seek, and obtain, the approval of the shareholders in the AGM to repurchase Argent shares. This authority, valid until the following year's AGM and subject to the Listings Requirements of the JSE Limited, allows the Argent group to repurchase its own shares up to a maximum of 20% of the issued shares, at a price not greater than 10% above the preceding five-day weighted average. Shareholders will be asked to renew this authority at the company's AGM in August 2021.

During the year, Argent repurchased 4 364 890 shares at an average share price of R5.95 per share, costing a total of R25 990 120.

T Scharrighuisen
Non-executive Chairman

Umhlanga
Durban
28 June 2021

TR Hendry CA(SA)
Chief Executive Officer

Umhlanga
Durban
28 June 2021

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARGENT INDUSTRIAL LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion
We have audited the consolidated and company financial statements of Argent Industrial Limited (the group and company) set out on pages 31 to 83, which comprise the consolidated and company statements of financial position as at 31 March 2021, and the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and company 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 Argent Industrial Limited as at 31 March 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

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 Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board of 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 corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. 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.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment assessment relating to goodwill (Consolidated financial statements)	
Goodwill arose from business combinations made by the Group. Refer to note 4 in the consolidated financial statements. As required by International Accounting Standards (IAS 36) - Impairment of Assets, management performs an annual impairment test on the recoverability of goodwill which is subjective in nature due to judgements and estimation uncertainty having to be made of future performance. Management uses a discounted cash flow model to determine the value- in-use for each appropriate cash generating unit. There are judgements and estimates made in determining the inputs into these models, including: • Revenue growth rate (including market share and volume growth); • Expected changes to selling prices and direct costs during the period; • Discount rate applied to the projected cash flows; and • Budgeted results. The outbreak of the Coronavirus (COVID-19) including the resultant lockdown in South Africa required a detailed reassessment of key assumptions made in the above projected cash flow forecasts. The revenue growth rate used involved judgement and the current economic climate increased the complexity of forecasting. Scrutiny is thus placed on forecast assumptions and discount rates. Accordingly, as a result of the significance of the balance and the above-mentioned management estimates and judgements, the impairment assessment relating to goodwill is considered to be a matter of most significance to the audit of the consolidated financial statements.	In evaluating the impairment assessment relating to goodwill, we assessed the calculations prepared by management, with particular focus on the growth rate and discount rate. We performed various procedures, including the following: • We assessed management's value-in-use calculation against the requirements of IAS 36; • We assessed the design and implementation of key controls over the impairment process and calculation, including assessment of the objectivity, competence and capabilities of management's in-house valuation expert with reference to their qualifications and professional experience in the industry; • We evaluated the determination of the cash generating units with reference to the requirements of the accounting standard; • We tested the mathematical accuracy of the value-in-use calculations for each cash generating unit and the key assumptions applied in the model; • We evaluated the reasonableness of the revenue and costs forecasts against current year actuals and approved budgets, taking into account our understanding of the business and the current market conditions, including the impact of COVID-19; • We made use of our internal valuations expertise to assess the appropriateness of management's calculations, the variable inputs used, and the reasonability of assumptions and valuation techniques. We made reference to board approved budgets, historical performance and external market data; and • We evaluated the adequacy and completeness of the disclosure about these assumptions to which the outcome of the annual impairment test is most sensitive, that is, those that have the most significant determinations of the recoverable amount of goodwill to assess compliance with the requirements of IAS 36.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of land and buildings (Consolidated financial statements)	
Management performs an annual revaluation of the property portfolio per the revaluation model of International Accounting Standards (IAS 16) – Property, Plant and Equipment. Refer to note 3 to the consolidated financial statements. Management uses a net income capitalisation method of valuation to value the land and buildings. This method determines the net normalised annual income of the property, assuming the property is let at market related rentals and market related escalations. The following key assumptions are used: • Rentals and property expenses are adjusted to agree with those achieved by similar properties in similar areas; and • The capitalisation rate is determined with reference to the market. The outbreak of the Coronavirus (COVID-19) including the resultant lockdown in South Africa required a detailed reassessment of key assumptions made in the above projected cash flow forecasts. Accordingly, as a result of the significance of the balance and the above mentioned management estimates and judgements, the valuation of land and buildings is considered to be a matter of most significance to the audit of the consolidated financial statements.	We focused our testing on the key assumptions made by management and our procedures included amongst others: • We assessed the design and implementation of the key controls in the valuation process and calculation including the assessment of the objectivity, competence and capabilities of management's in-house valuation expert with reference to their qualifications and professional experience; • We identified the key assumptions in the method used with reference to property valuation methodologies; • We tested the mathematical accuracy of managements calculations; • We performed an estimated calculation in order to test managements assessment using the latest independent published sources; • We agreed square meters of lettable area and extents to underlying external information; and • We assessed the completeness and adequacy of the disclosure in the financial statements, including disclosure of significant inputs against the requirements of IFRS.
Business Combination (Consolidated financial statements)	
During the current year the group acquired 100% of the share capital of Partington Engineering Limited for an amount of GBP 2.5 million and two contingent purchase considerations of GBP 300 000. Each will be settled in cash if sales to its major customer have grown cumulatively by 15% for each earn-out period. The group's accounting for business combinations is governed by IFRS 3 – Business Combinations. The accounting for the acquisition required management and the directors to exercise judgement in determining certain estimates. The most significant is the determination of the Purchase Price Allocation Valuation (PPAV) which involved: • Identifying the assets and liabilities acquired and determining their fair values; • Identifying the acquisition date implicit in the purchase agreement; • Determining the value of the consideration transferred and acquisition date; and • Determination and recognition of goodwill on acquisition. Due to the significant level of judgement and estimates involved in determining the PPAV, this matter is regarded as a matter of most significance to the audit of the consolidated financial statements. The disclosure relating to business combinations is contained in note 24 to the consolidated financial statements.	Our audit procedures on the business combination, included the following, amongst others: • We obtained an understanding of the overall control environment as well as the processes implemented by management and overseen by the directors, including the assessment of the objectivity, competence and capabilities of management's expert with reference to their qualifications and professional experience in the industry; • We identified the acquisition date and assessed it against the requirements of IFRS 3; • We inspected the fair value assessment of identifiable assets and liabilities, including previously unrecognised assets and liabilities against the requirements IFRS 3. • We obtained and inspected the acquisition agreement for the purchase price and terms of acquisition; • We recalculated the value of the considerations transferred with reference to the purchase agreement and the appropriate forecasts. We assessed the discount rate and other relevant assumptions and inputs used to determine the probability of contingent considerations; • We recalculated the goodwill to be recognised on acquisition; and • We assessed the related disclosures in the financial statements for accuracy and assessed it against the requirements of IFRS.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment assessment relating to investments in subsidiaries (Separate annual financial statements)	
We consider the impairment assessment relating to investments in subsidiaries to be a matter of most significance to the audit of the separate financial statements for the following two reasons: Investments in subsidiaries represent the largest asset category on the separate statement of financial position. An impairment of these investments resulting from impairment indicators identified would have a significant impact on the equity reserve of the company. Management uses either a net asset value or discounted cash flow model to determine the value-in-use for each subsidiary. There are judgements made in determining the inputs into the recoverable amount, including: • Revenue growth rate (including market share and volume growth); • Expected changes to selling prices and direct costs during the period; • Discount rate applied to the projected cash flows; and • Budgeted results. The outbreak of the Coronavirus (COVID-19) including the resultant lockdown in South Africa required a detailed reassessment of key assumptions made in the above projected cash flow forecasts. Refer to the notes to the separate financial statements and, specifically, to the information regarding recognition, the impairment assessment and the disclosure in note 8.	Investments in subsidiaries were evaluated for indicators of impairments. In respect of subsidiaries with indicators of impairments, we inspected the impairment assessment calculations prepared by management. We performed various procedures, including the following: • We assessed the presence of indicators of impairment through inquiry and inspection of external and internal sources of information; • We assessed management's value-in-use against the requirements of IAS 36; • We assessed the design and implementation of key controls over the impairment process and calculation including the assessment of the objectivity, competence and capabilities of management's in-house valuation expert with reference to their qualifications and professional experience in the industry; • We tested the mathematical accuracy of the value-in-use calculation of the relevant subsidiaries and the key assumptions in the model; • We evaluated the reasonableness of the revenue and costs forecasts against current year actuals and approved budgets, taking into account our understanding of the business and the current market conditions, including the impact of COVID-19; • We made use of our internal valuations expertise to assess the appropriateness of management's calculations, the variable inputs used, and the reasonability of assumptions and valuation techniques. We made reference to board approved budgets, historical performance and external market data; and • We evaluated the adequacy and completeness of the disclosure about these assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant determinations of the recoverable amount to assess compliance with the requirements of IAS 36.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Argent Industrial Limited Annual Report for the year ended 31 March 2021", which includes the Directors' Report, the Audit and Risk Committee's Report and the Certificate by the Company Secretary as required by the Companies Act of South Africa. The 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, 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 and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

We communicate with the directors regarding, among 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, actions taken to eliminate threats or safeguards applied.

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 BDO South Africa Incorporated has been the auditor of Argent Industrial Limited for two years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

G Bass
Director
Registered Auditor
28 June 2021

5A Rydall Vale Office Park
38 Douglas Saunders Drive
La Lucia, 4051

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2021

		GROUP		COMPANY	
	Note	2021 R 000	2020 R 000	2021 R 000	2020 R 000
ASSETS					
Property, plant and equipment	3	452 494	466 120	-	-
Intangible assets	4	3 259	4 314	-	-
Goodwill	4	198 330	150 144	-	-
Right-of-use assets	5	76 535	100 945	-	-
Long-term receivables	6	9 610	15 928	-	-
Employee share incentive scheme loan	7	-	-	14 716	12 922
Deferred taxation	16	2 235	2 537	-	-
Interest in subsidiaries	8	-	-	354 976	354 976
Non-current assets		**742 463**	**739 988**	**369 692**	**367 898**
Inventories	9	344 261	366 565	-	-
Trade and other receivables	10	350 543	309 129	7 484	27 399
Current portion of long-term receivables	6	2 499	3 304	-	-
Loans to subsidiaries	8	-	-	192 924	243 553
Bank balance and cash	24.3	246 234	158 570	51 306	12 455
Current assets		**943 537**	**837 568**	**251 714**	**283 407**
TOTAL ASSETS		**1 686 000**	**1 577 556**	**621 406**	**651 305**
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital and treasury shares	11	277 997	297 830	360 031	386 021
Reserves	12	5 846	27 641	-	-
Retained earnings		832 196	701 834	257 500	223 764
Attributable to owners of the parent		1 116 039	1 027 305	617 531	609 785
Non-controlling interest		17 369	20 176	-	-
Total shareholders' funds		**1 133 408**	**1 047 481**	**617 531**	**609 785**
Interest-bearing borrowings	13	72 494	115 782	-	-
Long-term loans	14	15	15	-	-
Lease liabilities	5	62 345	94 661	-	-
Other liabilities	15	13 893	35 383	-	35 383
Deferred taxation	16	48 481	46 840	-	-
Non-current liabilities		**197 228**	**292 681**	**-**	**35 383**
Trade and other payables	17	279 418	193 706	3 875	6 137
Taxation		19 773	12 389	-	-
Current portion of lease liabilities	5	28 098	18 744	-	-
Current portion of interest-bearing borrowings	13	28 075	12 555	-	-
Current liabilities		**355 364**	**237 394**	**3 875**	**6 137**
TOTAL EQUITY AND LIABILITIES		**1 686 000**	**1 577 556**	**621 406**	**651 305**

GROUP AND COMPANY STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2021

		GROUP		COMPANY	
	Note	2021 R 000	2020 R 000	2021 R 000	2020 R 000
Revenue	18	1 965 960	1 727 721	23 908	303 051
Cost of sales		(1 470 213)	(1 274 361)	-	-
Gross profit		495 747	453 360	23 908	303 051
Net operating income		878	17 947	11 256	-
Net operating expense		(307 091)	(337 924)	(1 483)	(25 693)
Operating profit before finance costs	19	189 534	133 383	33 681	277 358
Finance income	20	3 218	1 857	55	292
Finance expense	20	(16 918)	(16 578)	-	-
Profit before taxation		175 834	118 662	33 736	277 650
Taxation	21	(43 779)	(20 748)	-	416
Profit for the year		**132 055**	**97 914**	**33 736**	**278 066**
Attributable to owners of the:					
- Parent		130 362	96 221	33 736	278 066
- Non-controlling interest		1 693	1 693	-	-
		132 055	**97 914**	**33 736**	**278 066**
Basic earnings per share (cents)	22.1	217.3	130.8		
Diluted earnings per share (cents)	22.2	216.0	130.1		

GROUP AND COMPANY STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	GROUP		COMPANY	
	2021 R 000	2020 R 000	2021 R 000	2020 R 000
Profit for the year	132 055	97 914	33 736	278 066
OTHER COMPREHENSIVE INCOME FOR THE YEAR				
Items that may be reclassified subsequently to profit and loss				
Exchange differences on translating foreign operations	(22 315)	19 454	-	-
Total other comprehensive income for the year	**109 740**	**117 368**	**33 736**	**278 066**
Attributable to owners of the				
- Parent	108 047	115 675	33 736	278 066
- Non-controlling interest	1 693	1 693	-	-
	109 740	**117 368**	**33 736**	**278 066**

GROUP AND COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	GROUP								
	Stated capital R 000	Treasury shares R 000	Employee share incentive reserve R 000	Revaluation reserve R 000	Foreign currency translation reserve R 000	Retained earnings R 000	Total attributable to owners of the parent R 000	Non-controlling interest R 000	Total shareholders' funds R 000
Balance at 31 March 2019	485 855	(93 046)	452	8 068	(854)	605 613	1 006 088	18 483	1 024 571
Share-based payments	-	-	521	-	-	-	521	-	521
Share buyback	(99 834)	4 855	-	-	-	-	(94 979)	-	(94 979)
Total comprehensive income	-	-	-	-	19 454	96 221	115 675	1 693	117 368
Balance at 31 March 2020	386 021	(88 191)	973	8 068	18 600	701 834	1 027 305	20 176	1 047 481
Share-based payments	-	-	520	-	-	-	520	-	520
Share buyback	(25 990)	6 157	-	-	-	-	(19 833)	-	(19 833)
Total comprehensive income	-	-	-	-	(22 315)	130 362	108 047	1 693	109 740
Non-controlling interest – dividend	-	-	-	-	-	-	-	(4 500)	(4 500)
Balance at 31 March 2021	**360 031**	**(82 034)**	**1 493**	**8 068**	**(3 715)**	**832 196**	**1 116 039**	**17 369**	**1 133 408**
Note	11	11	12	12	12				

		COMPANY		
	Note	Stated capital R 000	Retained earnings R 000	Total R 000
Balance at 31 March 2019		485 855	(54 302)	431 553
Share buyback		(99 834)	-	(99 834)
Total comprehensive income		-	278 066	278 066
Balance at 31 March 2020	11	386 021	223 764	609 785
Share buyback		(25 990)	-	(25 990)
Total comprehensive income		-	33 736	33 736
Balance at 31 March 2021	11	**360 031**	**257 500**	**617 531**

GROUP AND COMPANY STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

		GROUP		COMPANY	
	Note	2021 R 000	2020 R 000	2021 R 000	2020 R 000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	24.1	307 047	173 071	58 628	154 633
Finance income	20	3 218	1 857	55	292
Finance expense	20	(8 588)	(16 578)	-	-
Normal taxation paid	24.2	(35 738)	(19 396)	-	(298)
Net cash inflow from operating activities		**265 939**	**138 954**	**58 683**	**154 627**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	3	(31 777)	(41 048)	-	(6)
Additions to intangible assets	4	-	(8)	-	-
Proceeds on disposal of property, plant and equipment		13 372	19 918	-	134
Acquisition of subsidiaries net of cash acquired	24.8	(40 265)	-	-	-
Long-term receivables repaid		2 623	4 681	6 158	4 853
Net cash (outflow)/inflow from investing activities		**(56 047)**	**(16 457)**	**6 158**	**4 981**
CASH FLOWS FROM FINANCING ACTIVITIES					
Share buyback		(19 833)	(94 979)	(25 990)	(99 834)
Repayment of lease liabilities	24.5	(27 701)	(12 877)	-	-
Repayment other liabilities	24.6	(33 745)	-	-	-
Repayment of long-term loans	24.7	-	(2 606)	-	-
Proceeds from interest-bearing borrowings	24.4	24 746	129 713	-	-
Repayment of interest-bearing borrowings	24.4	(51 440)	(16 461)	-	-
Net cash (outflow) / inflow from financing activities		**(107 973)**	**2 790**	**(25 990)**	**(99 834)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		101 919	125 287	38 851	59 774
Cash and cash equivalents at beginning of year		158 570	19 877	12 455	(47 319)
Exchange differences on cash and cash equivalents		(14 255)	13 406	-	-
Cash and cash equivalents at end of year	24.3	**246 234**	**158 570**	**51 306**	**12 455**

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the South African Companies Act, No. 71 of 2008, the South African Institute of Chartered Accountants (SAICA), Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the JSE Limited.

The group financial statements are prepared on the historical cost basis except for the revaluation of land and buildings and certain financial instruments, which are carried at either fair value or amortised cost as appropriate and incorporate the following principal accounting policies, which have been consistently applied in all material respects.

The financial statements have been prepared on the going concern basis, which assumes that the group will continue in operation for the foreseeable future.

The following standards and interpretations were adopted:

Those not having an effect on the financial statements are as follows:

- IAS 1 – Presentation of Financial Statement (effective 1 January 2020) – Disclosure initiative: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS;
- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2020) – Disclosure initiative: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS;
- IFRS 3 – Business Combinations (effective 1 January 2020) - Annual Improvements 2015 - 2017 Cycle: Clarification that when an entity obtains control of a business that is a joint operation, it is required to re-measure previously held interests in that business.
  Definition of a Business:
  The amendments confirmed that a business must include inputs and a process, and clarified that:
  – the process must be substantive; and
  – the inputs and process must together significantly contribute to creating outputs.
  Narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
  Added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.
- IFRS 7 – Financial Instruments: Disclosures (effective 1 January 2020) – Interest Rate Benchmark Reform: The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.
  –The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.
  In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties;
- IFRS 9 – Financial Instruments (effective 1 January 2020) – Interest Rate Benchmark Reform: The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.
  –The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.
- In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

All amounts in the financial statements, reports and supporting schedules are stated to the nearest R 000, except where otherwise indicated.

1.2 Significant estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates made by management from time to time.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates are made in the following areas:

- Property, plant and equipment - Residual values and useful lives – note 1.4.
- Property, plant and equipment - Revaluation of land and buildings – note 3.
- Discount rate in the impairment of goodwill – note 4.
- Business combinations – note 24.8.
- Inventory - Allowance for slow moving, damaged and obsolete inventory – note 9.
- Trade receivables – Allowance for credit losses – note 10.
- Fair value of share-based payments – note 25.

Significant judgements are made in the following areas:

- Deferred taxation asset recognition (future taxable income judgements) – note 16.
- Investment in subsidiaries / control assessment – note 8.

1.3 Basis of consolidation

The group financial statements consolidate those of the parent company and all subsidiaries under its control. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

1.4 Property, plant and equipment

Property, plant and equipment are originally recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the group's management. Property, plant and equipment, except for land and buildings, are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group and company, and the cost of the item can be measured reliably.

If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replacement part is derecognised.

Depreciation is calculated on the straight line basis at rates considered appropriate to reduce carrying amounts over the useful life of the assets to estimated residual values. The depreciation method, useful life and residual value, if significant, are reassessed annually.

The useful lives of the classes of plant, machinery and equipment reflect current estimated life over which the group has the ability and intention to use such assets.

The current estimated useful life is as follows:

Item	Average useful life
Buildings	50 years
Land	Indefinite
Plant and equipment	15 years
Motor vehicles	10 years
Furniture, fittings and equipment	3 to 10 years

Land and buildings are carried at revalued amounts, being the fair values at the date of revaluation less any subsequent accumulated depreciation (on buildings) and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date. Any increase in an asset's carrying amount, as a result of revaluation, is credited to other comprehensive income. The increase is recognised in profit and loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. As no finite useful life for land can be determined, related carrying amounts are not depreciated. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of an item.

1.5 Intangible assets

Intangible assets, other than goodwill, are stated at cost less accumulated amortisation and impairment. Intangible assets with finite useful lives are amortised on a straight line basis over their estimated useful lives. The amortisation methods and estimated remaining useful lives are reviewed at least annually.

Expenditure on purchased patents is capitalised. Expenditure to extend the term of the patent is capitalised. All other expenditure is charged to the statement of profit or loss when incurred.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

1.6 Goodwill

Goodwill is initially measured at a cost, being the excess of the cost of a business combination over the company's interest of the net fair value of the identifiable assets, liabilities and contingent liabilities.

Subsequently, goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

1.7 Investments in subsidiaries

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group;
- any costs directly attributable to the purchase of the subsidiary; plus
- long term loans to subsidiaries capitalised to the cost of the investment when certain criteria are met.

Long term loans to subsidiaries are capitalised to the cost of the investment when there is no intention to call on such loans.

All transactions and balances between group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

1.8 Inventories

Inventories are stated at the lower cost and net realisable value. Cost is determined using the weighted average cost method.

Raw materials are valued inclusive of freight, shipping and handling costs. Work in progress and finished goods are valued at raw material cost plus direct labour and a proportion of manufacturing overhead expenses based on normal capacity.

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.

1.9 Provisions

Provisions are recognised when the group has a present obligation, as a result of a past event, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the best estimate of the consideration required to settle the present obligation, taking into account the risks and uncertainties surrounding the obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

When some, or all, of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.10 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

All financial assets are classified at amortised cost except for derivatives and the BEE loan which are classified at fair value through profit and loss (FVTPL).

All income and expenses relating to financial assets that are recognised in profit and loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented in operating expenses.

All financial liabilites are classified at amortised cost.

Loans to/(from) group companies

These include loans to subsidiaries and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

The group identifies a significant increase in credit risk when a default event such as a liquidation or deregistration has occurred.

BEE minority shareholder loan

The BEE minority shareholder loan is initially recognised at fair value.

Subsequently it is classified as a loan at fair value through profit or loss.

Employee share incentive scheme loan

The employee share incentive scheme loan is initially recognised at fair value.

Subsequently it is classified as a loan at fair value through profit or loss.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus direct transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is specifically impaired trade receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss within operating expenses. When a trade receivable is uncollectible, having been handed over for debt collection, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of profit or loss.

Trade and other payables
Trade payables are initially measured at fair value less direct transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents
Cash and cash equivalents are initially measured at fair value plus direct transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Bank overdraft and borrowings
Bank overdrafts and borrowings are initially measured at fair value less direct transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

Other financial liabilities are measured initially at fair value less direct transaction costs, and subsequently at amortised cost, using the effective interest rate method.

Other loans and receivables
Other financial assets are initially recognised at fair value plus transaction costs, and are subsequently carried at amortised cost less any accumulated impairment.

The loss allowance for a financial instrument is measured at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk of a financial instrument has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses.

Impairment of financial assets
IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss' (ECL) model. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, loan commitments and some financial guarantee contracts that are not measured at fair value through profit and loss.

The group considers a broader range of information when assessing credit risk and measuring expected credit loss, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is now high (Stage 2).

Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade receivables. The provision matrix is based on historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and the forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

Derivatives
Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Offsetting
Financial assets and liabilities are off-set and the net amount presented in the statement of financial position when the group has a legal right to set off the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Derecognition of financial instruments
Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

1.11 Revenue
Revenue arises primarily from the sale of manufactured products and trading of steel and steel-related products.

To determine whether to recognise revenue, the group follows a five step process:
1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligations are satisfied.

Revenue is recognised either at a point in time or over time, when the group satisfies performance obligations by transferring the promised goods or services to its customers.

The majority of the group's revenue is derived from the sale of goods with revenue recognised at a point in time when control over goods has transferred to the customer. This is generally when the steel and steel related products are delivered to the customer. However, for export sales, control might also be transferred when delivered to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying when the point of control passes. Once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession and usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

The group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the group is able to detemine the split of the total contract price between each product line by reference to each product's standalone selling price (all products are capable of being, and are, sold separately).

Practical exemptions
The group has taken advantage of the practical exemptions:
- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

The group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts included in contract liabilities under trade and other payables.

Similarly, if the group satisfies a performance obligation before it receives the consideration, the group recognises either a contract asset or a receivable included in its trade and other receivables in its Statement of Financial Position, depending on whether something other than the passage of time is required before the consideration is due.

For contracts that permit the customer to return an item, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables and the right to recover returned goods is included in inventory. The group and company review their estimates of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

Dividend income from investments is accounted for under IFRS 9.

Dividends are recognised in profit or loss only when:
1. the entity's right to receive payment of the dividend is established;
2. it is probable that the economic benefits associated with the dividend will flow to the entity; and
3. the amount of the dividend can be measured reliably.

1.12 Other income
Interest is recognised, in profit or loss, using the effective interest rate method.

1.13 Cost of sales
When inventories are sold, the carrying amount of those inventories is recognised as an expense 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. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.14 Taxation

Current tax assets and liabilities
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.

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

Deferred tax assets and liabilities
A deferred tax liability is recognised for all taxable temporary differences unless the deferred tax asset or deferred tax liability arises from the initial recognition of an asset or liability in a transaction that:
- is not a business combination; and
- 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, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:
- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses 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 reporting date.

Tax expenses
Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different period, directly in comprehensive income or equity; or
- a business combination.

Current tax and deferred taxes are charged or credited directly to comprehensive income or equity if the tax relates to items that are credited or charged, in the same or a different period, directly to comprehensive income or equity.

1.15 Dividends
Dividends to equity holders are only recognised as a liability when declared and are included in the statement of changes in equity.

1.16 Impairments – non-financial assets

The carrying amount of the group's non-financial assets, other than inventories (refer accounting policy note 1.8) and deferred tax assets (refer accounting policy note 1.14) are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

Goodwill is tested for impairment at least annually and whenever there is an indicator of impairment. Goodwill impairment is never reversed.

1.17 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit and loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to South African Rand at foreign exchange rates at the reporting date. The income and expenses of foreign operations are translated to South African Rand at the average rates for the year. Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

1.18 Leases

As a lessee, the group leases properties and recognises a right-of-use asset and lease liability at the lease commecement date.

Right-of-use asset and lease liability

The right-of-use asset is initially measured at cost and is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the group's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in the future lease payments arising from a change in index or rate.

Extension and termination options

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Factors such as the importance of the underlying asset to our operations, undertaking of significant leasehold improvements and our past practice were considered to determine reasonable certainty.

The assessment is reviewed if a significant event or a significant change in circumstances occurs that is within the control of the lessee.

Discount rate

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the group's incremental borrowing rate as at inception date. This incremental borrowing rate was derived from rates applicable to the group's external borrowing facilities in issue.

1.19 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash includes cash on hand, deposits held on call with banks, and bank overdrafts.

1.20 Segments

All segment revenue and expenses are directly attributable to the segment. Segment assets include all operating assets used by a segment and consist principally of property, plant and equipment, as well as current assets. Segment liabilities include all operating liabilities and consist principally of trade creditors. These assets and liabilities are all directly attributable to the segments. Segment revenue, expenses and results include transfers between business segments and between geographical segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. These transfers are eliminated on consolidation. The key operating decision makers are the executive board members.

1.21 Retirement benefits

Provision is made for retirement benefits for eligible employees by way of a provident fund. The fund is a defined contribution plan under which amounts to be paid as retirement benefits are determined by contributions to the fund together with investment earnings thereon. Contributions are charged against profit and loss as incurred.

1.22 Short-term employee benefits

The cost of all short-term employee benefits is recognised during the year in which the employee renders the related service. The accruals for employee entitlements to remuneration and annual leave represent the amount which the group has a present obligation to pay as a result of the employee's services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current remuneration rates.

1.23 Share-based payments

Services received or acquired in a share-based payment transaction are recognised when the services are received. A corresponding increase in equity is recognised if the services are received in an equity-settled share-based payment transaction.

When the services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses, in which case their value and the corresponding increase in equity, are measured directly at the fair value of the services received, unless that fair value cannot be estimated reliably.

If the fair value of the services received cannot be estimated reliably, their value and the corresponding increase in equity are measured indirectly by reference to the fair value of the equity instruments granted.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the group accounts for those services as they are rendered by the counterparty during the vesting period (or on a straight-line basis over the vesting period).

If the share based payments vest immediately the services received are recognised in full.

Where the equity instruments are no longer outstanding, the accumulated share-based payment reserve in respect of those equity instruments is transferred to retained earnings.

For cash-settled share based payments, a liability equal to the portion of services received is recognised as the current fair value at each date of the statement of financial position.

2. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

New standards or revisions to current standards have been issued with effective dates applicable to future statements of the group. Only those standards not yet adopted and that could be expected to be applicable to the group are set out below, i.e. those applicable to unrelated industries or economies are not dealt with herein.

The group expects to adopt the amendments from the effective dates. It did not early adopt any new, revised or amended accounting standards. The impact on adopting these standards by the group has been noted below.

STANDARD	ANNUAL PERIODS BEGINNING ON OR AFTER	DETAILS OF AMENDMENT	MANAGEMENT ASSESSMENT OF IMPACT OF NEW STANDARDS
IAS 1 Presentation of Financial Statements	1 January 2023	Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.	Unlikely there will be a material impact
Conceptual Framework for Financial Reporting	1 January 2022	Amendments to IFRS 3: Updates a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	Unlikely there will be a material impact
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022	Amendment – Onerous Contracts – Cost of Fulfilling a Contract: Specifies the costs a company includes when assessing whether a contract will be loss- making and is therefore recognised as an onerous contract. These amendments are expected to result in more contracts being accounted for as onerous contracts because they increase the scope of costs that are included in the onerous contract assessment.	Unlikely there will be a material impact
IAS 16 Property, Plant and Equipment	1 January 2022	Amendment – Proceeds before Intended Use: Prohibit a company from deducting amounts received from selling items produced while the company is preparing the asset for its intended use from the cost of property, plant and equipment. Instead, a company will recognise such sales proceeds and any related costs in profit or loss.	Unlikely there will be a material impact
IFRS 9 Financial Instruments	1 January 2022	Annual Improvments to IFRS Standards 2018-2020: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.	Unlikely there will be a material impact
IBOR Reform and its Effects on Financial Reporting – Phase 2	1 January 2021	In August 2020, the IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. These amendments complement those made in 2019 ('IBOR – phase 1') and focus on the effects on entities when an existing interest rate benchmark is replaced with a new benchmark rate as a result of the reform.	Unlikely there will be a material impact
Annual Improvements to IFRS: 2018-2020 Cycle	1 January 2022	In May 2020, the IASB issued minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the illustrative examples accompanying IFRS 16 Leases.	Unlikely there will be a material impact

3 PROPERTY, PLANT AND EQUIPMENT

	GROUP				
	Land and buildings R 000	Plant and equipment R 000	Motor vehicles R 000	Furniture, fittings and equipment R 000	Total 2021 R 000
Carrying amount at beginning of year	288 426	135 486	36 969	5 239	**466 120**
Gross carrying amount	298 563	263 413	79 557	16 548	**658 081**
Accumulated depreciation and impairments	(10 137)	(127 927)	(42 588)	(11 309)	**(191 961)**
Exchange difference on translation of foreign operations	(2 624)	(4 437)	(684)	(213)	**(7 958)**
Business combinations	-	2 201	3 043	98	**5 342**
Additions	3 085	17 736	8 101	2 855	**31 777**
Disposals	(5 024)	(6 145)	(2 532)	(189)	**(13 890)**
Depreciation	(992)	(17 853)	(8 040)	(2 012)	**(28 897)**
Carrying amount at end of year	282 871	126 988	36 857	5 778	**452 494**
Gross carrying amount	288 785	256 145	80 590	17 958	**643 478**
Accumulated depreciation and impairments	(5 914)	(129 157)	(43 733)	(12 180)	**(190 984)**

The carrying amount would have been R273.9 million had land and buildings been accounted for using the cost model.

	GROUP				
	Land and buildings R 000	Plant and equipment R 000	Motor vehicles R 000	Furniture, fittings and equipment R 000	Total 2020 R 000
Carrying amount at beginning of year	279 053	133 356	33 647	4 680	**450 736**
Gross carrying amount	288 359	275 202	80 183	20 731	**664 475**
Accumulated depreciation and impairments	(9 306)	(141 846)	(46 536)	(16 051)	**(213 739)**
Exchange difference on translation of foreign operations	3 314	9 740	1 098	498	**14 650**
Additions	6 799	20 900	11 152	2 197	**41 048**
Disposals	-	(10 209)	(1 848)	(2)	**(12 059)**
Impairments	-	-	(177)	-	**(177)**
Depreciation	(740)	(18 301)	(6 903)	(2 134)	**(28 078)**
Carrying amount at end of year	288 426	135 486	36 969	5 239	**466 120**
Gross carrying amount	298 563	263 413	79 557	16 548	**658 081**
Accumulated depreciation and impairments	(10 137)	(127 927)	(42 588)	(11 309)	**(191 961)**

The carrying amount would have been R279.5 million had land and buildings been accounted for using the cost model.

	COMPANY	
	Furniture, fittings and equipment R 000	**Total 2020 R 000**
Carrying amount at beginning of year	213	**213**
Gross carrying amount	423	**423**
Accumulated depreciation and impairments	(210)	**(210)**
Additions	6	**6**
Disposals	(134)	**(134)**
Depreciation	(85)	**(85)**
Carrying amount at end of year	-	**-**
Gross carrying amount	-	**-**
Accumulated depreciation and impairments	-	**-**

Pledged security

Certain items of property, plant and equipment are encumbered as set out in note 13. A register containing details of the property, plant and equipment is available for inspection at the registered office of the company.

Valuation of land and buildings

Land and buildings is recognised at the revalued amount, which is based on directors valuations prepared every year at year end. The carrying amount of properties is the fair value as determined by the directors less subsequent accumulated depreciation and impairment losses. The effective date of the revaluations was 31 March 2021.

The fair values of the land and buildings are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields and take into account the type of the property and the property's location.

The most significant inputs, all of which are unobservable, are the estimated rental value and the discount rate. The estimated fair value increases if estimated rental increases or if discount rates (market yields) decline.

A 1% increase or decrease in the discount rate will impact the fair value by R2.1 million. A 1% increase or decrease in the rental rates will impact the fair value by R2.3 million.

The assumed discount rates applied for the future income streams range between 9.7% and 11.6% (2020 – 9% and 11.75%).

The directors assessed the useful lives of the buildings to be 50 years, and the residual values exceed their carrying values, with the exception of New Joules North America that has a useful life of 39 (2020–39) years.

4 INTANGIBLE ASSETS AND GOODWILL

	GROUP		
	Patents R 000	Goodwill R 000	Total 2021 R 000
Carrying amount at beginning of year	4 314	150 144	**154 458**
Gross carrying amount	5 788	280 539	**286 327**
Accumulated amortisation and impairments	(1 474)	(130 395)	**(131 869)**
Additions	-	48 186	**48 186**
Exchange difference on translation of foreign operation	(705)	-	**(705)**
Amortisation for the year	(350)	-	**(350)**
Carrying amount at end of year	3 259	198 330	**201 589**
Gross carrying amount	4 801	328 725	**333 526**
Accumulated amortisation and impairments	(1 542)	(130 395)	**(131 937)**

	GROUP		
	Patents R 000	Goodwill R 000	Total 2020 R 000
Carrying amount at beginning of year	3 798	150 144	**153 942**
Gross carrying amount	4 678	280 539	**285 217**
Accumulated amortisation and impairments	(880)	(130 395)	**(131 275)**
Exchange difference on translation of foreign operation	894	-	**894**
Additions	8	-	**8**
Amortisation for the year	(386)	-	**(386)**
Carrying amount at end of year	4 314	150 144	**154 458**
Gross carrying amount	5 788	280 539	**286 327**
Accumulated amortisation and impairments	(1 474)	(130 395)	**(131 869)**

Patents

The patent is a railway retarder and has a remaining useful life of 9 (2020 –10) years.

Goodwill

Goodwill is not amortised but subject to an annual impairment test. For the purpose of annual impairment testing, goodwill is allocated to the relevant cash-generating unit (CGU).

Goodwill amounting to R198 million is represented by five CGUs comprising R34.8 million for Xpanda Security, R7.6 million for Cannock Gates, R37.9 million for OSA Door Parts, R69.8 million for Fuel Proof/Roll-Tec Safety and R48 million for Partington. The group purchased the entire issued share capital of Partington for a maximum amount of GBP3.1 million. Refer to note 24.8 for additional disclosure. The recoverable amounts of the CGUs have been determined by considering the higher of their fair value less costs to sell and value in use. Their value in use was determined to be the higher and was therefore used as their recoverable amount.

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specified to the CGUs. Budgets are prepared for a five-year period as this is deemed reasonable for a forward-looking forecast. The discount factor applied in the value in use model is 8.6% for foreign CGUs and 14.8% for local CGU (2020–3.8% for foreign CGUs and 12.3% for local CGU).

The average projected growth rate used is 1.5% for foreign CGUs and 6.5% for local CGU (2020 – 3.6% for foreign CGUs and 2% for local CGU). Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. All the recoverable amounts are in excess of the carrying values.

The discounted cash flows are most sensitive to changes in the discounted rate. The discount rate required for impairment to occur is 23.5% for foreign CGUs and 15% for local CGU.

5 LEASES

Right-of-use assets

	GROUP	
	Land and buildings 2021 R 000	Land and buildings 2020 R 000
Carrying amount at beginning of year	100 945	144 757
Additions	9 640	-
Amortisation	(22 639)	(27 030)
Effect of cancellation to lease terms	(8 583)	(24 762)
Exchange difference on translation of foreign operations	(2 828)	7 980
Carrying amount at end of year	**76 535**	**100 945**

Lease liabilities

	GROUP	
	Land and buildings 2021 R 000	Land and buildings 2020 R 000
Carrying amount at beginning of year	113 405	155 639
Additions	9 640	-
Interest expense	8 330	12 140
Effect of cancellation to lease terms	(10 206)	(29 357)
Lease payments	(27 701)	(32 295)
Exchange difference on translation of foreign operations	(3 025)	7 278
Carrying amount at end of year	90 443	113 405
Less: Portion payable within 12 months reflected under current liabilities	28 098	18 744
Non-current portion	**62 345**	**94 661**

	Due in less than a year R 000	Due in one to two years R 000	Due in two to three years R 000	Due after four years R 000
Lease liabilities payments	28 558	28 511	20 721	34 314

There are no short-term and low value asset lease expenses. The leases are for fixed periods and fixed amounts and can’t be terminated to reduce exposure. There are no restrictions imposed by the leases and no unusual or unique lease terms.

6 LONG-TERM RECEIVABLES

	GROUP	
	2021 **R 000**	**2020** **R 000**
BEE minority shareholder loan	8 656	12 737
Loan advanced to BEE minority shareholders for the purchase of interest in subsidiaries. Indefinite period of repayment at an interest rate of 1%. The loan is secured by a cession of shares in the subsidiary.		
The fair value has been calculated with reference to the underlying net asset value in the company where the shares are held.		
Barnes Tubing Industries Proprietary Limited	1 496	3 564
The loan bears interest at prime and is repayable in equal monthly instalments until fully repaid in nine months time.		
Aggregate repayments are due as follows:		
Year ending 31 March **R 000**		
- 2022 1 539		
The loan is secured by moveable property.		
Algoa Components Manufacturers Proprietary Limited	1 957	2 931
(formerly Stateline Tubing Industries Proprietary Limited)		
The loan bears interest at prime less 1.625% and is repayable in equal monthly instalments until fully repaid in 20 months time.		
Aggregate repayments are due as follows:		
Year ending 31 March **R 000**		
- 2022 1 085		
- 2023 972		
The loan is secured by project related materials used at the sellers leased premises.		
Total long-term receivables	**12 109**	**19 232**
Less: Portion receivable within 12 months	2 499	3 304
Non-current portion	**9 610**	**15 928**

The BEE minority shareholder loan is subsequently measured at fair value while the long-term receivables are subsequently measured at amortised cost.

No balances are past due and the group has collateral for these receivables. Management believe that all balances are of a good credit quality as there have been no defaults on repayment terms – refer note 29.3. As a result management have assessed there to be an immaterial expected credit loss and no allowance has been raised.

7 EMPLOYEE SHARE INCENTIVE SCHEME LOAN

	COMPANY	
	2021 R 000	**2020 R 000**
Employee share incentive scheme loan	14 716	12 922
An analysis of the Argent Employee Share Incentive Scheme loan is as follows:		
Balance at the beginning of the year	12 922	20 425
Loan repaid – dividends	-	-
Share options exercised	(6 158)	(4 853)
Issue of shares	-	-
Fair value adjustment of loan	7 952	(2 650)
Total employee share incentive scheme loan	14 716	12 922

The loan is interest free with no fixed terms of repayment set. The unallocated shares are under the control of the trustees of the Scheme. The fair value of the loan is linked to the market price of shares in Argent Industrial Limited.

Recourse is not limited to these shares and should the shares be sold to repay the loan be insufficient to recover the balance outstanding, the unrecovered portion would have remained a debt due and payable.

8 INTEREST IN SUBSIDIARIES

	COMPANY	
	2021 R 000	**2020 R 000**
Opening cost less impairment	354 976	399 207
Loans transferred to subsidiary loans*	-	(28 968)
Impairment	-	(15 263)
Tricks Wrought Iron Services Proprietary Limited	-	(15 263)
Shares at cost less impairments	**354 976**	**354 976**

** Loans that were previously classified as part of the net investment of the subsidiary as there was no intention to call on such loans, have been reclassified to subsidiary loans receivable as there is now an intention to call on the loans.*

The carrying value of investment in subsidiaries is shown net of impairments and is determined using a value in use model. This is the same valuation method to value goodwill. The rationale for this is that the legal entities are the same as the cash-generating units (CGU). Refer to note 4 for the assumptions used in assessing indicators for impairment.

Subsidiary with material non-controlling interests (NCI)

The information below relates to Argent Industrial Engineering Proprietary Limited, a subsidiary included in the group results with 45% non-controlling interests.

- Proportion of ownership interests and voting rights held by NCI 45% (2020 – 45%).
- Total comprehensive income allocated to NCI R0.601 million (2020 – loss R0.669 million).
- Accumulated NCI R9.1 million (2020 – R13.1 million after dividend).
- A dividend of R4.5 million was paid to the NCI (2020 – nil).

	GROUP	
	2021 R 000	2020 R 000
Summarised financial information is set out below:		
Non-current assets	33 574	34 063
Current assets	6 695	5 395
Total assets	**40 269**	**39 458**
Non-current liabilities	921	531
Current liabilities	6 726	10 756
Total liabilities	**7 647**	**11 287**
Equity attributable to owners of the parent	**17 942**	**15 494**
Non-controlling interests	**13 658**	**13 057**
Revenue	**17 964**	**16 439**
Profit /(loss) for the year attributable to the owners of the parent	735	(818)
Profit/(loss) for the year attributable to the NCI	601	(669)
Profit/(loss) for the year	**1 336**	**(1 487)**
Total comprehensive income/(loss) for the year attributable to the owners of the parent	735	(818)
Total comprehensive loss for the year attributable to the NCI	(3 899)	(669)
Total comprehensive loss for the year	**(3 164)**	**(1 487)**
Net cash (used in)/from operating activities	(377)	2 350
Net cash used in investing activities	(643)	(1 600)
Net cash from/(used in) financing activities	2 368	(1 057)
Net cash inflow/(outflow)	**1 348**	**(307)**

	COMPANY	
	2021 R 000	**2020 R 000**
Subsidiary loans		
Opening balance	243 553	64 628
Movement during the year	(50 629)	149 957
Loans transferred from net investment in subsidiary	-	28 968
Loans to subsidiaries included in current assets	**192 924**	**243 553**
Loans owing by subsidiaries	280 511	341 771
Loans owing to subsidiaries	(87 587)	(98 218)
Loans to subsidiaries included in current assets	**192 924**	**243 553**

The loans are payable by mutual arrangements. The loans to and from subsidiaries are intended to settle on a net basis as they are managed on a group basis according to group cash flow requirements.

The loans are individually assessed based on the solvency of the company being assesed. Credit risk for loan receivables from related parties have not increased significantly since their initial recognition.

Where subsidiaries do not have sufficient resources to repay the loan on demand, they have access to the overdraft facility. The expected credit loss is therefore considered to be negligible as the subsidiaries have the ability to settle, if required.

For further details of interest in subsidiaries refer page 83.

9 INVENTORIES

	GROUP	
	2021 R 000	**2020 R 000**
Raw materials	85 996	90 952
Work in progress	6 762	26 358
Goods in transit	8 367	4 991
Finished goods	243 136	244 264
Total inventories	**344 261**	**366 565**

An allowance is created to write-down inventory to the lower of cost or net realisable value. The write down of R9 million (2020 – nil) is included in operating profit. Management makes estimates of the selling price and direct costs to sell inventory in determining the net realisable value.

Inventory provisions include write-downs which take into account historical information related to sales trends, aging profiles, market factors and stock counts which impact the expected write-down between the estimated net realisable value and the original cost. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Inventory to the value of R13.8 million has been used as security for the coronavirus business interuption loan scheme owing to Barclays Bank PLC – refer to note 13.

Nedbank Limited holds a notarial general covering bond for R150 million over all movable assets held by Argent Steel Group Proprietary Limited. The bond will be cancelled with the next signing of the general banking facility due mid-July 2021.

10 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2021 R 000	2020 R 000	2021 R 000	2020 R 000
Financial instruments				
Trade receivables due from external parties*	331 989	295 163	5 556	24 766
Forward exchange contract	732	814	-	-
Impairment for trade receivables	(10 636)	(13 725)	-	-
Deposits	1 378	3 816	-	-
	323 463	286 068	5 556	24 766
Non-financial instruments				
Other receivables	9 312	5 920	1 928	2 633
Prepayments	17 768	17 141	-	-
Total trade and other receivables	350 543	309 129	7 484	27 399
Categorisation of trade and other receivables				
Trade and other receivables are categorised as follows in accordance with IFRS 9 – Financial Instruments:				
Financial instruments at amortised cost	323 463	286 068	5 556	24 766
Non-financial instruments	27 080	23 061	1 928	2 633
	350 543	**309 129**	**7 484**	**27 399**

** Trade receivables for the company are intra-group.*

Trade and other receivables are initially recognised at fair value including transaction costs and is subsequently measured at amortised cost using the effective interest rate method.

Trade receivables of R120 million (2020 - R115 million) have been ceded for facilities granted.

	GROUP	
	2021 R 000	2020 R 000
Reconciliation of impairment allowance		
Opening balance	(13 725)	(16 764)
Recognised during year	(2 510)	(6 236)
Written off during year	5 599	9 275
Closing balance	**(10 636)**	**(13 725)**

The creation and release of provision for impaired receivables has been included in operating expenses in the statement of profit and loss. Amounts charged to the allowance are generally written off when there is no expectation of recovering additional cash. The total amount receivable represents the maximum exposure for trade receivables and other current assets, before any credit enhancements or collateral that may be held.

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

There has been no significant changes to the credit risk management policies since the prior reporting period – note 29.3.

A loss allowance is recognised for all trade receivables, and is monitored at the end of each reporting period. In addition to the loss allowance, the group identifies receivables to be credit impaired when a default event such as liquidation or deregistration of the customer has occurred.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors and data that is determined to be predictive of the risk of loss (including but not limited to debts which are three months past due, external ratings and available industry information). The credit profile of the customer is assessed with subsequent payment.

In determining the recoverability of prepayments and other receivables, the group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to a 12 month period and there has been no significant increase in credit risk. Consequently, there is no expected credit loss and hence no allowance for impairments has been raised.

Credit insurance is underwritten by Credit Guarantee Insurance Corporation of Africa Limited (CGIC). The risk of default is considered low based on the credit rating of CGIC. The insurance excess is on average 15% for the group.

The loss allowance was determined as follows:

	GROUP				
	Default rate %	Estimated gross carrying amount at default R 000	Loss allowance (lifetime expected credit loss) R 000	Specifically impaired trade receivables R 000	Total impairment for trade receivables R 000
2021					
Less than 30 days	0.673%	141 069	(949)	-	(949)
31 – 60 days	0.983%	40 316	(396)	-	(396)
61 – 90 days	2.386%	12 863	(307)	-	(307)
91 – 120 days	6.900%	1 387	(96)	-	(96)
More than 120 days	15.852%	6 024	(955)	-	(955)
		201 659	(2 703)	-	(2 703)
Insured debtors – Credit Guarantee Insurance Corporation of Africa Limited (CGIC)		120 047	-	-	-
Specifically impaired trade receivables		10 283	-	(7 933)	(7 933)
Total trade receivables due from external parties		**331 989**	**(2 703)**	**(7 933)**	**(10 636)**

	GROUP				
	Default rate %	Estimated gross carrying amount at default R 000	Loss allowance (lifetime expected credit loss) R 000	Specifically impaired trade receivables R 000	Total impairment for trade receivables R 000
2020					
Less than 30 days	0.347%	89 809	(311)	-	(311)
31 – 60 days	0.573%	45 346	(260)	-	(260)
61 – 90 days	1.640%	13 962	(229)	-	(229)
91 – 120 days	4.797%	4 494	(216)	-	(216)
More than 120 days	10.377%	10 916	(1 131)	-	(1 131)
		164 527	(2 147)	-	(2 147)
Insured debtors – Credit Guarantee Insurance Corporation of Africa Limited (CGIC)		114 874	-	-	-
Specifically impaired trade receivables		15 762	-	(11 578)	(11 578)
Total trade receivables due from external parties		**295 163**	**(2 147)**	**(11 578)**	**(13 725)**

Fair values of trade and other receivables

The fair values of the trade receivables approximate their carrying values.

11 STATED CAPITAL AND TREASURY SHARES

	GROUP		COMPANY	
	2021 R 000	2020 R 000	2021 R 000	2020 R 000
Authorised stated capital				
200 000 000 ordinary shares of no par value				
(2020 – 200 000 000 ordinary shares of no par value)				
Issued stated capital				
60 550 705 ordinary shares of no par value				
(2020 – 64 915 595 ordinary shares of no par value)	360 031	386 021	360 031	386 021
Balance at the beginning of the year	386 021	485 855	386 021	485 855
Share buyback	(25 990)	(99 834)	(25 990)	(99 834)
Treasury shares	(82 034)	(88 191)	-	-
Balance at the beginning of the year	(88 191)	(93 046)	-	-
Share options exercised	6 157	4 855	-	-
Issue of shares	-	-	-	-
Total stated capital and treasury shares	**277 997**	**297 830**	**360 031**	**386 021**

	2021 Number 000	2020 Number 000
Issued stated capital number of shares		
Opening shares in issue	64 916	82 369
Share buyback movement	(4 365)	(17 453)
Closing shares in issue	60 551	64 916
Treasury shares	(2 126)	(3 545)
Closing shares in issue excluding treasury shares	**58 425**	**61 371**

During the year 4 364 890 shares were repurchased and cancelled as part of the share buyback programme. The unissued shares are under the control of the directors until the next annual general meeting. There are no unlisted securities.

The Argent Employee Share Incentive Trust was created to administer the Share Option Scheme. The trust is controlled by Argent Industrial Limited and, therefore, the trust is consolidated in accordance with IFRS 10 – Consolidated Financial Statements.

12 RESERVES

	GROUP	
	2021 R 000	2020 R 000
Revaluation reserve	8 068	8 068
Foreign currency translation reserve	(3 715)	18 600
Employee share incentive reserve	1 493	973
Total reserves	**5 846**	**27 641**

13 INTEREST-BEARING BORROWINGS

	GROUP	
	2021 R 000	**2020 R 000**
Secured		
Instalment sale obligations	7 010	11 647
Secured by plant and equipment with a net book value of R17.3 million (2020 – R24.8 million) (refer note 3).		
Repayments are made in equal monthly instalments.		
Aggregate repayments are due as follows:		
Year ending 31 March — **R 000**		
- 2022 — 4 638		
- 2023 — 1 621		
- 2024 and later — 1 211		
The effective average interest rate applicable to these liabilities is 0.25% below prime to 1.2% above prime and repayable over 36 months except for one contract repayable over 48 months.		
Coronavirus business interuption loan scheme owing to Barclays Bank PLC	18 369	-
Repayments are due as follows:		
Year ending 31 March — **R 000**		
- 2022 — 8 620		
- 2023 — 8 365		
- 2024 and later — 2 052		
Secured by inventory with a net book value of R13.8 million bearing interest at 2.75% above Bank of England base rate. (refer note 9).		
Loan facility owing to Investec Bank Limited	75 190	116 690
Repayments are due as follows:		
Year ending 31 March — **R 000**		
- 2022 — 20 797		
- 2023 — 19 601		
- 2024 and later — 49 039		
The loan bears an average interest rate of prime and is repayable in equal monthly instalments of approximately R2 million over 60 months.		
The loan period was extended for an additional two years commencing from November 2020. Monthly repayments can be withdrawn until the availability period terminates in November 2022. An amount of R44.8 million is currently available.		
The loan account between Argent Industrial Investments Proprietary Limited and Argent Industrial Limited has been subordinated and ceded in favour of Investec Bank Limited by Argent Industrial Limited.		
Total interest-bearing borrowings	**100 569**	**128 337**
Less: Portion payable within 12 months reflected under current liabilities	28 075	12 555
Non-current portion	**72 494**	**115 782**

In terms of the company's memorandum of incorporation, the directors' borrowing powers are unlimited.

14 LONG-TERM LOANS

	GROUP	
	2021 R 000	2020 R 000
Unsecured		
Minority shareholder loans	**15**	**15**

The loans are unsecured, interest free with no fixed terms of repayment set.

15 OTHER LIABILITIES

	GROUP		COMPANY	
	2021 R 000	2020 R 000	2021 R 000	2020 R 000
Cessation of service benefits for executive directors				
Cash settled share-based liability	1 638	-	-	-
Based on the closing share price of R9.10 – refer note 19.				
Cessation of service benefits	1 638	-	-	-
Contingent consideration of business combination				
Contingent consideration for the acquisition of Partington Engineering Limited (Partington) (2020 – Fuel Proof Limited (Fuel Proof) and Roll-Tec Safety Limited (Roll-Tec))				
Fair value of deferred consideration	-	4 423	-	4 423
Fair value of contingent consideration	12 255	30 960	-	30 960
Contingent consideration of business combination	12 255	35 383	-	35 383
The contingent liability of GBP599 223 initially recognised represents the present value of the group's estimate of the probable cash outflow. At year-end, there have been no changes in the estimate of the probable cash outflow but the liability has increased to GBP599 674 due to the change in fair value. Refer to note 24.8 for additional disclosure on the contingent liability.				
Total other liabilities	**13 893**	**35 383**	**-**	**35 383**

16 DEFERRED TAXATION

	GROUP		COMPANY	
	2021 R 000	2020 R 000	2021 R 000	2020 R 000
The following deferred taxation balances are reflected on the statement of financial position:				
Deferred taxation assets	2 235	2 537	-	-
Deferred taxation liabilities	(48 481)	(46 840)	-	-
Total deferred taxation	**(46 246)**	**(44 303)**	**-**	**-**
A deferred tax asset of R3.9 million (2020 – R4.7 million) has been recognised in respect of tax losses, as future taxable income of sufficient amount is expected to be earned.				
Reconciliation				
Balance at beginning of year	(44 303)	(47 200)	-	(553)
Acquisition of subsidiaries - capital allowances	(3 133)	-	-	-
Leases	559	6 219	-	-
Temporary differences	631	(3 322)	-	553
Capital allowances	1 097	(2 483)	-	-
Prepayments	-	583	-	583
Assessable losses	(784)	(676)	-	-
Leave pay and bonus accruals	81	(97)	-	-
Other temporary differences	237	(649)	-	(30)
Balance at end of year	**(46 246)**	**(44 303)**	**-**	**-**
Analysis				
Capital allowances	(57 628)	(55 592)	-	-
Fair value of BEE minority loan	1 443	1 443	-	-
Leases	6 778	6 219	-	-
Assessable losses	3 982	4 766	-	-
Revaluation of land and buildings	(1 585)	(1 585)	-	-
Leave pay and bonus accruals	570	489	-	-
Other temporary differences	194	(43)	-	-
Balance at end of year	**(46 246)**	**(44 303)**	**-**	**-**

Assessed losses totalling R8 million (2020 – R7.9 million) have no recognised deferred taxation asset.

The deferred taxation asset in Gammid Group Proprietary Limited, Jetmaster Proprietary Limited, Megamix Proprietary Limited and Pro Crane Services Proprietary Limited arises on temporary differences, more specifically an assessed loss.

The directors have tested the deferred taxation asset recognised for recoverability in terms of IAS 12. The turnaround strategy supporting the recognition of this asset makes certain key assumptions which the board has considered and believes to be reasonable in the circumstances.

The principal assumptions are summarised as follows:

- Restructuring of certain brands;
- Continued cost control; and
- Introduction of additional revenue streams which are reasonably and broadly achievable.

17 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021 R 000	**2020 R 000**	**2021 R 000**	**2020 R 000**
Financial instruments				
Trade payables	174 700	118 532	-	-
Accruals	25 428	25 164	-	-
Inter-company	-	-	-	2
Goods in transit	6 682	3 874	-	-
Contract liabilities	25 352	8 380	-	-
Cash settled share-based liability	-	594	-	-
Other payables	5 045	3 238	3 875	6 135
	237 207	159 782	3 875	6 137
Non-financial instruments				
VAT	893	1 845	-	-
Leave pay and bonus accruals	2 036	1 746	-	-
Payroll accruals	29 678	18 997	-	-
Debtor overpayments	9 604	11 336	-	-
Total trade and other payables	**279 418**	**193 706**	**3 875**	**6 137**
Categorisation of trade and other payables				
Trade and other payables are categorised as follows in accordance with IFRS 9 – Financial Instruments:				
Financial instruments at amortised cost	237 207	159 782	3 875	6 137
Non-financial instruments	42 211	33 924	-	-
	279 418	**193 706**	**3 875**	**6 137**

The fair values of the trade and other payables approximate their carrying value.

18 REVENUE

	GROUP		COMPANY	
	2021 R 000	**2020 R 000**	**2021 R 000**	**2020 R 000**
Revenue by category:				
Manufacturing	1 315 537	1 226 997	23 908	303 051
Steel trading	650 236	499 970	-	-
	1 965 773	1 726 967	23 908	303 051
Properties	187	754	-	-
Total revenue by category	1 965 960	1 727 721	23 908	303 051
Revenue by geographical location:				
South Africa	1 192 158	1 142 766	23 908	303 051
Rest of world	773 615	584 201	-	-
Total revenue by geographical location	1 965 773	1 726 967	23 908	303 051

All revenue is transferred at a point in time. The company revenue is dividend income from subsidiaries.

For 2021, revenue includes R25.3 million (2020 – R8.4 million) in the contract liabilities balance at the beginning of the period, from performance obligations satisfied (or partially satisfied) in previous periods.

The timing of recognition of revenue relating to contract liabilities is normally within three to six months.

19 OPERATING PROFIT BEFORE FINANCE COSTS

is arrived at after taking into account:

	GROUP		COMPANY	
	2021 R 000	2020 R 000	2021 R 000	2020 R 000
Income				
Profit on foreign exchange transactions	878	17 947	5	-
Fair value adjustment of employee share incentive scheme loan	-	-	7 952	-
Expenses				
Auditors' remuneration				
- Audit fees current year	2 656	2 070	-	-
- Audit fees prior year	188	314	-	-
Fair value adjustment of employee share incentive scheme loan	-	-	-	2 650
Loss on disposal of property, plant and equipment	518	2 504	-	-
Loss on foreign exchange transactions	4 871	5 807	-	5 551
Impairment of property, plant and equipment	-	177	-	-
Impairment of investment in subsidiaries	-	-	-	15 263
Retrenchment costs	6 539	1 126	-	-
Depreciation				
- Land and buildings	992	740	-	-
- Plant and equipment	17 853	18 301	-	-
- Motor vehicles	8 040	6 903	-	-
- Furniture, fittings and equipment	2 012	2 134	-	85
Amortisation of intangibles				
- Patents	350	386	-	-
Amortisation of right-of-use assets				
- Land and buildings	22 639	27 030	-	-
Research and development	4	65	-	-
Staff costs	140 113	163 402	-	-
Included in staff costs are:				
- Defined contribution plan expense	13 952	19 054	-	-
- Share-based payments	520	521	-	-

Executive directors' emoluments

	GROUP						
	Emoluments R 000	Fees* R 000	Travel allowance and medical aid R 000	Performance related R 000	Provident fund contributions R 000	Share options and benefits R 000	Total 2021 R 000
Ms SJ Cox	2 873	277	109	495	403	1 065	5 222
TR Hendry	3 177	346	337	648	446	1 065	6 019
AF Litschka	2 642	247	379	500	392	422	4 582
Total	8 692	870	825	1 643	1 241	2 552	**15 823**

** Fees include amounts for services rendered to the company and subsidiaries.*

Non-executive directors' emoluments

	GROUP	
	Fees 2021 R 000	Fees 2020 R 000
CD Angus	66	66
P Christofides	66	66
K Mapasa	69	69
T Scharrighuisen	240	182
Total	441	383

Executive directors' emoluments

	GROUP						
	Emoluments R 000	Fees* R 000	Travel allowance and medical aid R 000	Performance related R 000	Provident fund contributions R 000	Share options and benefits R 000	Total 2020 R 000
Ms SJ Cox	2 814	195	181	615	398	608	4 811
TR Hendry	3 025	266	496	899	446	608	5 740
AF Litschka	2 575	180	461	625	384	484	4 709
Total	8 414	641	1 138	2 139	1 228	1 700	15 260

** Fees include amounts for services rendered to the company and subsidiaries.*

Directors' emoluments paid by:

	Total 2021 R 000	Total 2020 R 000
Company	1 311	1 024
Subsidiaries	14 953	14 619
Total	**16 264**	**15 643**

Executive directors have employment contracts for five years effective from 1 September 2018 to 31 August 2023, renewable at the executive directors' discretion for another five years.

Executive directors are entitled to receive the cash equivalent of the following number of shares on cessation of service:

	Balance at beginning of year	Exercised	Yearly accrual	Balance at end of year 2021
Ms SJ Cox	40 000	-	20 000	60 000
TR Hendry	40 000	-	20 000	60 000
AF Litschka	40 000	-	20 000	60 000
Total	**120 000**	**-**	**60 000**	**180 000**

The liability relating to the continued cessation benefits, amounting to R1.6 million (2020 – R594 000) is included in other liabilities (note 15). The liability was calculated based on the closing share price as at 31 March 2021of R9.10.

Directors share option allocations are granted on the same terms as the Argent Employee Share Option Scheme.

	Balance at beginning of year	Options granted	Options exercised	Options lapsed	Balance at end of year 2021
Movement in the number of options granted					
CD Angus	-	-	-	-	-
PA Christofides	-	-	-	-	-
Ms SJ Cox	1 134 784	208 696	(634 890)	-	708 590
TR Hendry	1 134 784	208 696	(634 890)	-	708 590
AF Litschka	1 134 784	-	(150 000)	(276 194)	708 590
K Mapasa	-	-	-	-	-
T Scharrighuisen	-	-	-	-	-
Total	**3 404 352**	**417 392**	**(1 419 780)**	**(276 194)**	**2 125 770**

	Balance at beginning of year	Options granted	Options exercised	Options lapsed	Balance at end of year 2020
Movement in the number of options granted					
CD Angus	-	-	-	-	-
PA Christofides	-	-	-	-	-
Ms SJ Cox	1 560 978	-	(426 194)	-	1 134 784
TR Hendry	1 560 978	-	(426 194)	-	1 134 784
AF Litschka	1 560 978	-	(284 996)	(141 198)	1 134 784
K Mapasa	-	-	-	-	-
T Scharrighuisen	-	-	-	-	-
Total	**4 682 934**	**-**	**(1 137 384)**	**(141 198)**	**3 404 352**

	Options with exercise price R4.62	Options with exercise price R4.15	Balance at end of year 2021
Details of number of options			
CD Angus	-	-	-
PA Christofides	-	-	-
Ms SJ Cox	423 594	284 996	708 590
TR Hendry	423 594	284 996	708 590
AF Litschka	423 594	284 996	708 590
K Mapasa	-	-	-
T Scharrighuisen	-	-	-
Total	**1 270 782**	**854 988**	**2 125 770**

	Options with exercise price R4.62	Options with exercise price R4.15	Balance at end of year 2020
Details of number of options			
CD Angus	-	-	-
PA Christofides	-	-	-
Ms SJ Cox	564 792	569 992	1 134 784
TR Hendry	564 792	569 992	1 134 784
AF Litschka	564 792	569 992	1 134 784
K Mapasa	-	-	-
T Scharrighuisen	-	-	-
Total	**1 694 376**	**1 709 976**	**3 404 352**

Details of the options are disclosed in note 25.

20 NET INTEREST EXPENSE

	GROUP		COMPANY	
	2021 R 000	**2020 R 000**	**2021 R 000**	**2020 R 000**
Interest expensed at amortised cost				
Instalment sale contracts	710	1 315	-	-
Mortgage bonds and loans	7 878	1 932	-	-
Bank overdraft*	-	754	-	-
Other	-	437	-	-
	8 588	4 438	-	-
Lease liabilities	8 330	12 140	-	-
Total finance expense	**16 918**	**16 578**	**-**	**-**
Interest income at amortised cost				
Other	(1 110)	(1 857)	-	(292)
Bank balance*	(2 108)	-	(55)	-
Total finance income	**(3 218)**	**(1 857)**	**(55)**	**(292)**
Net interest expense	**13 700**	**14 721**	**(55)**	**(292)**

** As per the group policy, finance costs and finance income derived from primary banking is netted off.*

21 TAXATION

	GROUP		COMPANY	
	2021 R 000	2020 R 000	2021 R 000	2020 R 000
Current taxation				
- current year	42 168	22 199	-	-
- prior years	-	(297)	-	-
Deferred taxation				
- current year	4 744	(1 154)	-	(553)
- acquisition of subsidiaries	(3 133)	-	-	-
- prior years	-	-	-	137
Charge for the year	**43 779**	**20 748**	**-**	**(416)**
Comprising:				
South African normal taxation	24 506	5 434	-	(416)
Foreign taxes	19 273	15 314	-	-
Amount per statements of profit or loss	**43 779**	**20 748**	**-**	**(416)**
Estimated taxation losses available for off set against future taxable income are as follows:				
Estimated taxation losses	22 231	24 977	-	-
Applied to reduce deferred taxation	(6 622)	(6 630)	-	-
Total	**15 609**	**18 347**	**-**	**-**

	GROUP		COMPANY	
	2021 %	2020 %	2021 %	2020 %
Reconciliation of rate of taxation				
Normal taxation rate	28.0	28.0	28.0	28.0
Difference in rate of taxation due to:				
Impairments	-	-	(6.6)	0.3
Non-taxable income	0.2	(1.4)	(19.8)	(29.0)
Non-deductible expenses	1.2	(2.4)	0.3	0.1
Capital gains	0.1	0.3	-	-
Foreign taxes	(4.9)	(8.4)	-	-
Tax losses not recognised	0.3	1.3	(1.9)	0.5
Effective rate of taxation	**24.9**	**17.4**	**0.0**	**(0.1)**

22 EARNINGS PER SHARE

	GROUP	
	2021 R 000	2020 R 000
22.1 Basic earnings per share (cents)	217.3	130.8
The calculation of basic earnings per share is based on earnings of R130.4 million (2020 – R96.221 million) and a weighted average of 59.999 million (2020 – 73.589 million) shares in issue		
22.2 Diluted earnings per share (cents)	216.0	130.1
The calculation of diluted earnings per share is based on earnings of R130.4 million (2020 – R96.221 million) and a weighted average of 60.361 million (2020 – 73.947 million) shares in issue		
22.3 Headline earnings per share (cents)	217.9	133.4
The calculation of headline earnings per share is based on net profit of R130.736 million (2020 – R98.2 million) and a weighted average of 59.999 million (2020 – 73.589 million) shares in issue		
22.4 Diluted headline earnings per share (cents)	216.6	132.8
The calculation of diluted headline earnings per share is based on net profit of R130.736 million (2020 – R98.2 million) and a weighted average of 60.361 million (2020 – 73.947 million) shares in issue		
Reconciliation between earnings and headline earnings:		
Earnings attributable to ordinary shareholders	130 362	96 221
Adjusted for:		
Loss on disposal of property, plant and equipment	518	2 504
Impairment of property, plant and equipment	-	177
Gross	130 880	98 902
Total tax effects of adjustment	(145)	(701)
Headline earnings attributable to ordinary shareholders	**130 735**	**98 201**

	GROUP	
	2021 Number 000	2020 Number 000
22.5 Weighted average shares		
Opening shares in issue	61 371	77 686
Treasury share movement	473	379
Share buyback movement	(1 845)	(4 476)
Weighted average shares for the year	**59 999**	**73 589**
22.6 Diluted weighted average shares		
Opening shares in issue	61 371	77 686
Treasury share movement	473	379
Share buyback movement	(1 845)	(4 476)
Dilutive portion of remaining share options	362	358
Diluted weighted average shares for the year	**60 361**	**73 947**

23 DIVIDENDS

No dividend has been approved and declared subsequent to 31 March 2021 (2020 – nil). Excess funds will be utilised for the share buyback programme.

24 NOTES TO THE CASH FLOW STATEMENT

	GROUP		COMPANY	
	2021 R 000	2020 R 000	2021 R 000	2020 R 000
24.1 Reconciliation of profit before taxation to cash generated from operations				
Profit before taxation	175 834	118 662	33 736	277 650
Adjustments:				
Loss on disposal of property, plant and equipment	518	2 504	-	-
Profit on cancellation of leases	(1 623)	(4 596)	-	(486)
Effects of exchange rate changes	(4 224)	(12 516)	-	5 550
Impairment of property, plant and equipment	-	177	-	-
Impairment of investment in subsidiaries	-	-	-	15 263
Movement in employee incentive scheme loan	-	-	(7 952)	2 650
Share-based payment expenses	520	521	-	-
Depreciation of property, plant and equipment	28 897	28 078	-	85
Amortisation of intangibles	350	386	-	-
Amortisation of right-of-use assets	22 639	27 030	-	-
Dividend received	-	-	(23 908)	(303 051)
Finance income	(3 218)	(1 857)	(55)	(292)
Finance costs	16 918	16 578	-	-
Operating profit/(loss) before working capital changes	236 611	174 967	1 821	(2 631)
Changes in working capital	70 436	(1 896)	56 807	157 264
Inventories	31 359	14 908	-	-
Trade and other receivables	(32 482)	5 685	19 915	20 707
Trade and other payables	71 559	(22 489)	(2 262)	(16 537)
Amount owing by subsidiaries	-	-	39 154	153 094
Cash generated from operations	**307 047**	**173 071**	**58 628**	**154 633**

	GROUP		COMPANY	
	2021 R 000	**2020 R 000**	**2021 R 000**	**2020 R 000**
24.2 Taxation paid				
Taxation unpaid at beginning of year	(12 389)	(9 840)	-	(298)
Taxation charged to the statements of profit or loss and directly to other comprehensive income (excluding deferred taxation)	(42 168)	(21 945)	-	-
Acquisition of subsidiaries	(954)	-	-	-
Taxation unpaid at end of year	19 773	12 389	-	-
Total	**(35 738)**	**(19 396)**	**-**	**(298)**
24.3 Cash and cash equivalents, consisting of cash on hand and balance with banks				
Bank balance and cash	**246 234**	**158 570**	**51 306**	**12 455**
The group and company consider that its cash and cash equivalents have a low credit risk based on the external ratings of the conterparties. Based on this there is no expected credit loss and hence no provision for impairment.				
24.4 Interest-bearing borrowings				
Balance at beginning of year	128 337	15 085	-	-
Acquisition	624	-	-	-
Proceeds	24 746	129 713	-	-
Exchange difference on translation of foreign operations	(1 698)	-	-	-
Repayments	(51 440)	(16 461)	-	-
Balance at end of year	**100 569**	**128 337**	**-**	**-**
24.5 Lease liabilities				
Balance at beginning of year	113 405	155 639	-	-
New leases	9 640	-	-	-
Cancellation of leases	(10 206)	(29 357)	-	-
Interest expense	8 330	-	-	-
Exchange difference on translation of foreign operations	(3 025)	-	-	-
Repayments	(27 701)	(12 877)	-	-
Balance at end of year	**90 443**	**113 405**	**-**	**-**
24.6 Other liabilities				
Balance at beginning of year	35 383	29 832	-	-
Acquisition	12 255	5 551	-	-
Repayments	(33 745)	-	-	-
Balance at end of year	**13 893**	**35 383**	**-**	**-**
24.7 Long-term loans				
Balance at beginning of year	15	2 621	-	-
Repayments	-	(2 606)	-	-
Balance at end of year	**15**	**15**	**-**	**-**

	GROUP
	2021 R 000
24.8 Business combinations	
The fair value of assets and liabilities assumed were as follows:	
Property, plant and equipment	5 211
Inventory	9 055
Trade and other receivables	8 932
Bank balance and cash	14 831
Trade and other payables	(14 153)
Taxation liability	(954)
Deferred taxation liability	(3 133)
Interest-bearing borrowings	(624)
Goodwill	48 186
Total purchase price	67 351
Fair value of contingent consideration	(12 255)
Deduct bank balance on acquisition	(14 831)
Cash flow on acquisition net of cash acquired	**40 265**
Fair value of consideration transferred	
Amount settled in cash	55 096
Fair value of contingent consideration	12 255
Total fair value of consideration transferred	**67 351**
Goodwill on acquisition	48 186
The goodwill arising on the acquisition is attributable to the anticipated profitability of the business.	
Revenue since acquisition date included in consolidated results for the year	74 457
Profit after taxation since acquisition date included in consolidated results for the year	5 816
Group revenue had the business combination been included for the entire year	1 976 021
Group profit after taxation had the business combination been included for the entire year	132 330

The group purchased the entire issued share capital of Partington, through Argent Industrial UK Limited, a 100% held subsidiary of Argent for a maximum amount of GBP3.1 million. Effective date of the transaction was commencement of business on 1 June 2020.

The initial purchase consideration of GBP2.5 million was settled in cash in the buyer's solicitor's account on 16 June 2020. Two additional purchase considerations of GBP300 000 each will be settled in cash if sales to its major customer have grown cumulatively by 15% for each 12-month period. The first period is 1 January 2020 to 31 December 2020 and the second period is 1 January 2021 to 31 December 2021. Due to COVID-19 related delays in deliveries, the targets and payment dates are in the process of being extended and renegotiated.

A clawback payment of GBP150 000 is payable from the sellers if sales to its major customer have decreased by 15% for each 12-month period mentioned above when compared to the actual for the 12-month period ended December 2019. This will also have to be renegotiated. The outstanding order book for Partington at 31 March 2021 was GBP1 487 064.

The contingent liability of GBP599 223 initially recognised represents the present value of the groups estimate of the probable cash outflow. It reflects management's estimate of a 100% probability that the targets will be achieved. The contingent considerations were discounted using a rate of 0.1% with reference from the Bank of England.

Partington is a major supplier of bespoke trolleys to both the traditional and e-commerce retail industries in the United Kingdom.

The acquisition was to grow the group's portfolio of companies and to expand internationally into the United Kingdom.

25 EMPLOYEE BENEFITS

Employees, including senior management and executive directors, participate in a share-based remuneration scheme. The scheme is equity settled. All shares allocated to the share option scheme are to be exercised during a five-year option period in five tranches. Should the option holder resign from the company prior to the option maturity date, the shares will not be issued. Payment of the strike price will therefore not be required, and options will be cancelled.

Summary of activity in share option plans:

	2021 Number 000	2020 Number 000	2021 Weighted exercise price R	2020 Weighted exercise price R
Outstanding at the beginning of the year	3 404	4 682	4.38	4.36
Granted during the year	418	-	4.47	-
Exercised during the year	(1 420)	(1 137)	4.34	4.27
Lapsed during the year	(276)	(141)	4.39	4.62
Outstanding at the end of the year	**2 126**	**3 404**	**4.43**	**4.38**

Outstanding options

	Exercise date within one year Number 000	Exercise date from two to five years Number 000	Exercise date after five years Number 000	Total Number 000
Options with exercise price R4.15	855	-	-	855
Options with exercise price R4.62	424	847	-	1 271
Outstanding at the end of the year	**1 279**	**847**	**-**	**2 126**

Total expenses of R0.520 million (2020 – R0.521 million) related to equity-settled share-based payment transactions.

The fair value of the share options at grant date is determined based on the Black-Scholes model. The model inputs were as follows:

	Grant date 31 March 2019	Grant date 24 May 2017
Number of options granted (000)	2 118	4 275
Fair value at measurement date (R)	8.17	3.56
Share price at grant date (R)	4.62	4.15
Expected option lifetime (years)	5	5
Volatility %	22.88	12.82
Risk free % rate (based on national government bonds)	10.50	8.00

In determining share price volatility, consideration has been given to historical volatility as well as the expected option lifetime.

	GROUP	
	2021 R 000	2020 R 000
The amounts included in staff costs in respect of share-based payments	520	521

26 SEGMENTS

26.1 Business Segments

For management purposes the group is organised into three major operating divisions, namely manufacturing, steel trading and properties. These divisions are the basis on which the company reports its segment information. These segments are derived from the primary operating activity of the particular business. The group executive directors are the key operating decision makers.

The Argent group is predominately an industrial manufacturing business that manufactures branded consumer goods that are sold both locally and internationally. The branded goods are sold directly to the consumer via the group's broad footprint of companies based in all the major centres around South Africa and our businesses based in the United Kingdom and the United States of America. These goods are also sold to all the major retailers in South Africa and neighbouring countries as well as a range of independent agents.

Steel trading makes up the second biggest category in the group and this segment makes up a complete range of ferrous steel, aluminium and stainless steel products. This is a very competitive sector and the group's strategy is to supply as many value added products and services as possible, which includes cut-to-length, blanking, tube manufacture, flame cutting, etc. Steel products are also traded internally to the group's manufacturing businesses. The group also has distribution centres that offer a combination of steel trading and the distribution of the group's manufactured products. These centres are regionally spread to optimise the group's service offering around the country.

The group also has an extensive property portfolio with eight properties valued at R235 million. Income is generated for the group by charging the companies market related rentals.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in stand-alone sales of identical goods or services.

During the 2021 period, the group's revenues depended on a multiple of customers in the manufacturing and steel trading industries.

Segment report for the year ended 31 March 2021

	Manufacturing R 000	Steel trading R 000	Properties R 000	Consolidated R 000
Revenue from external sales	1 315 537	650 236	187	**1 965 960**
Inter-segment sales	189 614	113 311	29 259	
Total revenue	**1 505 151**	**763 547**	**29 446**	
Profit before taxation	118 160	45 657	12 017	**175 834**
Taxation				**(43 779)**
Profit for the year				**132 055**
Segment assets	1 123 070	318 554	244 376	**1 686 000**
Segment liabilities	281 541	151 157	119 894	**552 592**
Capital expenditure	26 041	3 146	2 590	**31 777**
Depreciation/amortisation	27 277	1 970	-	**29 247**
Depreciation on right-of-use assets	12 300	10 339	-	**22 639**
Interest paid on lease liabilities	2 214	6 116	-	**8 330**
Finance income	5 668	384	(2 834)	**3 218**
Finance expense excluding lease liabilities*	1 059	101	7 428	**8 588**

** As per the group policy, finance costs and finance income derived from primary banking is netted off.*

Segment report for the year ended 31 March 2020

	Manufacturing R 000	Steel trading R 000	Properties R 000	Consolidated R 000
Revenue from external sales	1 226 997	499 970	754	**1 727 721**
Inter-segment sales	63 639	118 475	25 123	
Total revenue	**1 290 636**	**618 445**	**25 877**	
Profit before taxation	99 283	10 933	8 446	**118 662**
Taxation				**(20 748)**
Profit for the year				**97 914**
Segment assets	1 015 923	315 368	246 265	**1 577 556**
Segment liabilities	276 899	133 271	119 905	**530 075**
Capital expenditure	5 102	1 937	34 017	**41 056**
Depreciation/amortisation	26 420	2 035	9	**28 464**
Depreciation on right-of-use assets	15 518	11 512	-	**27 030**
Interest paid on lease liabilities	4 662	7 478	-	**12 140**
Finance income	1 377	480	-	**1 857**
Finance expense excluding lease liabilities*	(3 859)	(697)	8 994	**4 438**

** As per the group policy, finance costs and finance income derived from primary banking is netted off.*

26.2 Geographical Segments

Segment report for the year ended 31 March 2021

	South Africa R 000	Rest of the world R 000	Consolidated R 000
Revenue from external sales	1 192 345	773 615	**1 965 960**
Profit before taxation	**76 299**	**99 535**	**175 834**
Taxation			**(43 779)**
Profit for the year			**132 055**
Segment assets	1 338 355	347 645	1 686 000
Segment liabilities	450 367	102 225	552 592
Capital expenditure	12 701	19 076	31 777
Depreciation/amortisation	18 309	10 938	29 247
Depreciation on right-of-use assets	13 400	9 239	22 639
Interest paid on lease liabilities	7 059	1 271	8 330
Finance income	3 001	217	3 218
Finance expense excluding lease liabilities*	8 110	478	8 588

** As per the group policy, finance costs and finance income derived from primary banking is netted off.*

Segment report for the year ended 31 March 2020

	South Africa R 000	Rest of the world R 000	Consolidated R 000
Revenue from external sales	1 143 520	584 201	**1 727 721**
Profit before taxation	**42 912**	**75 750**	**118 662**
Taxation			**(20 748)**
Profit for the year			**97 914**
Segment assets	1 192 786	384 770	1 577 556
Segment liabilities	418 506	111 569	530 075
Capital expenditure	20 138	20 918	41 056
Depreciation / amortisation	18 865	9 599	28 464
Depreciation on right-of-use assets	18 793	8 237	27 030
Interest paid on lease liabilities	10 781	1 359	12 140
Finance income	1 285	572	1 857
Finance expense excluding lease liabilities *	4 433	5	4 438

** As per the group policy, finance costs and finance income derived from primary banking is netted off.*

27 RELATED PARTY TRANSACTIONS AND BALANCES

Details of transactions between the group and its related parties are disclosed below. Transactions that are eliminated on consolidation are not included in this note. Amounts owed by and to subsidiaries are detailed in the subsidiary note.

Certain directors are also directors of the following entities that lease certain land and buildings to the group. The amount of the rentals paid by the group for the year amounted to:

	GROUP		COMPANY	
	2021 R 000	2020 R 000	2021 R 000	2020 R 000
NWN Automotive Precision Engineering Proprietary Limited	9 014	12 344	-	-
Mercado Investments Proprietary Limited	1 609	-	-	-
CXT Manufacturing Proprietary Limited	2 521	2 278	-	-

Dividends received from subsidiary companies:

	COMPANY	
	2021 R 000	2020 R 000
Argent Steel Group Proprietary Limited	-	227 585
Burbage Iron Craft Limited	-	13 843
Cannock Gates Limited	-	6 663
OSA Door Parts Limited	-	27 480
Fuel Proof Limited	-	27 480
Tricks Wrought Iron Services Proprietary Limited	23 908	-
Dividends received	**23 908**	**303 051**

Key management personnel compensation

Details of the compensation paid to the board of directors are disclosed in note 19 and details of shareholdings in the company are disclosed on page 84.

28 GUARANTEES AND OTHER COMMITMENTS

		GROUP	
		2021 R 000	2020 R 000
28.1	The company's bankers hold guarantees issued by the company for facilities granted to its subsidiary companies.		
28.2	The group's bankers hold letters of guarantee in respect of performance bonds	4 465	5 111
28.3	Letters of credit issued by the company's bankers	2 911	2 887

29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

29.1 Categories of financial assets and liabilities

The carrying amounts and fair values of each category of financial assets and liabilities are as follows:

	GROUP		
2021	**Financial instruments at fair value R 000**	**Financial instruments at amortised cost R 000**	**Total carrying amount R 000**
Financial assets			
Other long-term receivables	-	3 453	3 453
BEE minority shareholder loan	8 656	-	8 656
Trade and other receivables	-	322 731	322 731
Forward exchange contracts	732	-	732
Cash and cash equivalents	-	246 234	246 234
	9 388	**572 418**	**581 806**
Financial liabilities			
Other financial liabilities	-	100 584	100 584
Other liabilities	12 255	-	12 255
Trade and other payables	-	237 207	237 207
	12 255	**337 791**	**350 046**

	GROUP		
2020	**Financial instruments at fair value R 000**	**Financial instruments at amortised cost R 000**	**Total carrying amount R 000**
Financial assets			
Long-term receivables	-	6 495	6 495
BEE minority shareholder loan	12 737	-	12 737
Trade and other receivables	-	285 254	285 254
Forward exchange contracts	814	-	814
Cash and cash equivalents	-	158 570	158 570
	13 551	**450 319**	**463 870**
Financial liabilities			
Other financial liabilities	-	128 352	128 352
Other liabilities	35 383	-	35 383
Trade and other payables	-	159 782	159 782
	35 383	**288 134**	**323 517**

2021	COMPANY Financial instruments at fair value R 000	Financial instruments at amortised cost R 000	Total carrying amount R 000
Financial assets			
Loans to subsidiaries	-	192 924	192 924
Employee share incentive scheme loan	14 716	-	14 716
Trade and other receivables	-	7 484	7 484
Cash and cash equivalents	-	51 306	51 306
	14 716	**251 714**	**266 430**
Financial liabilities			
Trade and other payables	-	3 875	3 875
	-	**3 875**	**3 875**

2020	COMPANY Financial instruments at fair value R 000	Financial instruments at amortised cost R 000	Total carrying amount R 000
Financial assets			
Loans to subsidiaries	-	243 553	243 553
Employee share incentive scheme loan	12 922	-	12 922
Trade and other receivables	-	27 399	27 399
Cash and cash equivalents	-	12 455	12 455
	12 922	**283 407**	**296 329**
Financial liabilities			
Other financial liabilities	35 383	-	35 383
Trade and other payables	-	6 137	6 137
	35 383	**6 137**	**41 520**

VAT receivable and prepayments are excluded from financial assets as they are not financial instruments. VAT payable and all payroll accruals are excluded from financial liabilities as they are not financial instruments.

29.2 Risk management

In the normal course of its operations, the group is exposed to currency, interest rate, liquidity, foreign currency and credit risk. This note presents information about the group's exposure to each of these risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

In order to manage these risks, the group has developed a comprehensive risk management process to facilitate control and monitoring. The directors have overall responsibility for the establishment and oversight of the group's risk management framework. Risk management is carried out by the board and management at operational level under policies approved by the directors. The group does not enter into any trade financial instruments, including derivative financial instruments (apart from forward exchange contracts).

29.3 Credit risk management

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group's credit risk consists of cash deposits, cash equivalents, loans to related parties, other financial assets and trade receivables.

At 31 March 2021, the group did not consider there to be any significant concentration of credit risk which had not been adequately provided for because individual debtors are assessed on an individual basis. An adequate loss allowance, based on the expected credit losses, has been recognised.

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

	GROUP		COMPANY	
	2021 R 000	2020 R 000	2021 R 000	2020 R 000
Financial instruments				
Loans to subsidiaries	-	-	192 924	243 553
Employee share incentive scheme loan	-	-	14 716	12 922
Long-term receivables	12 109	19 232	-	-
Trade and other receivables	322 731	285 254	7 484	27 399
Forward exchange contracts	732	814	-	-
Cash and cash equivalents	246 234	158 570	51 306	12 455

Trade receivables comprise a widespread customer base. Management evaluate credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used, otherwise if there are no independent ratings, risk control assesses the credit quality of the customer, taking into account its financial position and past experience. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored. Credit guarantee insurance is purchased when deemed appropriate. Refer to note 1.2 of the accounting policies for significant judgements and estimates applied.

29.4 Foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US Dollar, British Pound and Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and new investments in foreign operations.

The group enters into forward exchange contracts from time to time. The contracts are entered into in order to manage the group's exposure to fluctuations in foreign currency exchange rates. The contracts are generally matched with anticipated future cash flows in foreign currencies. As at 31 March 2021, the group had the following exposure to forward exchange contracts:

Amount in foreign currency purchased	Forward exchange rate	Maturity date
USD 906 302	14.9475–15.45	20 April 2021–20 August 2021
EURO 786 223	17.8781–18.6261	1 April 2021–17 August 2021

The company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the company's foreign operations is managed primarily through holding cash denominated in the relevant foreign currency.

	GROUP	
	2021	2020
Closing exchange rates used for conversion of foreign balances were:		
USD	14.83	17.88
GBP	20.41	22.12
EUR	17.38	19.67
Average exchange rates used for conversion of foreign operations were:		
USD	16.24	14.97
GBP	21.31	18.99

Foreign currency denominated financial assets and liabilities which expose the group to currency risk are disclosed below. The amounts shown are those reported to key management translated into Rand at the closing rate.

	2021			2020		
	USD R 000	GBP R 000	EUR R 000	USD R 000	GBP R 000	EUR R 000
Financial assets	-	-	-	667	-	3 899
Financial liabilities	(1 841)	-	(3 593)	-	-	-
Total exposure	**(1 841)**	**-**	**(3 593)**	**667**	**-**	**3 899**

Sensitivity analysis
At year-end, the sensitivity of the net open exposure on the operating profit is as follows:

	2021			2020		
	USD R 000	GBP R 000	EUR R 000	USD R 000	GBP R 000	EUR R 000
Net exposure						
+ 10%	(184)	-	(359)	67	-	389
- 10%	184	-	359	(67)	-	(389)

29.5 Interest rate risk

The group is exposed to interest rate risk from long-term borrowings at variable rates. Fluctuations in interest rates impact on the value of the short-term investments and financing activities giving rise to interest rate risk. Interest rate risks are not hedged.

Cash flow sensitivity analysis for variable instruments
An increase/decrease of 100 basis points in interest rates at the reporting date would have decreased/increased profit or loss by R0.998 million (2020 – R0.7 million). This analysis assumes that all other variables remain constant.

29.6 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The risk is managed through cash flow forecasts and ensuring that adequate borrowing facilities are maintained. In terms of the company's memorandum of incorporation, its borrowing powers are unlimited.

The following table details the group's remaining contractual maturity for its non-derivative financial liabilities. This table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay.

	GROUP				
2021	**Current interest rate**	**Due in less than a year R 000**	**Due in one to two years R 000**	**Due in two to three years R 000**	**Due after four years R 000**
Trade and other payables	0%	279 418	-	-	-
Overdraft facilities used	7.00%	-	-	-	-
Interest-bearing borrowings	6.75–8.2%	34 055	29 587	21 673	30 629
Lease liabilities	3.0–10.5%	28 558	28 511	20 721	34 314
Other liabilities	0%	-	13 893	-	-

	GROUP				
2020	**Current interest rate**	**Due in less than a year R 000**	**Due in one to two years R 000**	**Due in two to three years R 000**	**Due after four years R 000**
Trade and other payables	0%	193 706	-	-	-
Interest-bearing borrowings	8.50–9.75%	14 650	34 135	29 598	73 614
Lease liabilities	3.0 –10.5%	18 744	26 684	27 636	40 341
Other liabilities	0%	35 383	-	-	-

2021	Current interest rate	COMPANY Due in less than a year R 000	Due in one to two years R 000	Due in two to three years R 000	Due after four years R 000
Trade and other payables	0%	3 875	-	-	-

2020	Current interest rate	COMPANY Due in less than a year R 000	Due in one to two years R 000	Due in two to three years R 000	Due after four years R 000
Trade and other payables	0%	6 137	-	-	-
Other liabilities	0%	35 383	-	-	-

29.7 Capital management

Capital is regarded as total equity. The group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors also determines the level of dividends paid to shareholders.

The group may purchase its own shares on the market, if the cash resources of the company are in excess of its requirements. In this regard the directors will take into account, inter alia, an appropriate capitalisation structure for the company and the long-term cash needs of the company and will ensure that any such utilisation is in the interest of the shareholders.

The group monitors capital on the basis of the ratio of interest-bearing borrowings to total equity. This ratio is calculated as interest-bearing borrowings divided by total equity as follows:

	GROUP		COMPANY	
	2021 R 000	2020 R 000	2021 R 000	2020 R 000
Interest-bearing borrowings	100 569	128 337	-	-
Total equity	1 133 408	1 047 481	617 531	609 785
Ratio of interest-bearing borrowings to total equity	**8.9%**	**12.3%**	**0%**	**0%**

29.8 Fair value measurement

Fair value measurement of financial and non-financial instruments

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table sets out the group's assets and liabilities that are measured and recognised at fair value:

2021	Level 1 R 000	Level 2 R 000	Level 3 R 000	Total R 000
Recurring fair value measurements				
Financial assets:				
BEE minority shareholder loan	-	-	8 656	8 656
Forward exchange contracts	-	732	-	732
Total recurring financial assets	**-**	**732**	**8 656**	**9 388**
Non-financial assets:				
Land and buildings	-	-	282 871	282 871
Total recurring non-financial assets	**-**	**-**	**282 871**	**282 871**
Financial liabilities:				
Contingent consideration	-	-	13 893	13 893
Total recurring financial liabilities	**-**	**-**	**13 893**	**13 893**

2020	Level 1 R 000	Level 2 R 000	Level 3 R 000	Total R 000
Recurring fair value measurements				
Financial assets:				
BEE minority shareholder loan	-	-	12 737	12 737
Forward exchange contracts	-	814	-	814
Total recurring financial assets	**-**	**814**	**12 737**	**13 551**
Non-financial assets:				
Land and buildings	-	-	288 426	288 426
Total recurring non-financial assets	**-**	**-**	**288 426**	**288 426**
Financial liabilities:				
Contingent consideration	-	-	35 383	35 383
Total recurring financial liabilities	**-**	**-**	**35 383**	**35 383**

There have been no transfers between Level 1 and Level 2 recurring fair value measurements during 2020 and 2021.

The group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

Measurement of fair value of financial and non-financial instruments
The group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the financial director (FD) and to the audit and risk committee. Valuation processes and fair value changes are discussed among the audit and risk committee and the valuation team at least every year, in line with the group's reporting dates. The valuation techniques used for instruments categorised in Level 2 and 3 are described below.

Foreign currency forward contracts (Level 2)
The group's foreign currency forward contracts are not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

BEE minority shareholder loan (Level 3)
The fair value of the loan (note 6) was based on unobservable inputs. The fair value has been calculated by discounting the loan at a market related interest rate and with reference to the underlying value of the shares.

The reconciliation of the carrying amounts of financial assets classified within Level 3 is as follows:

	GROUP	
	2021 R 000	2020 R 000
Opening balance	12 737	12 316
Cash inflow	(4 502)	-
Recognised in profit or loss		
Fair value adjustment	421	421
BEE minority shareholder loan	**8 656**	**12 737**

Contingent consideration (Level 3)
The fair value of the contingent consideration related to the acquisition of Partington (note 15) is based on inobservable inputs.

The fair value of the contingent consideration is based on the fair value of probable cash outflow. This reflects managements estimate of a 100% probability that targets will be achieved. The contingent considerations were discounted using a rate of 0.10% (2020 – 0.10%) with reference from the Bank of England.

The reconciliation of the carrying amounts of financial liabilities classified within Level 3 is as follows:

	GROUP	
	2021 R 000	2020 R 000
Opening balance	35 383	29 832
Business combination	12 255	-
Cash outflow	(35 383)	-
Recognised in profit or loss		
Fair value of deferred consideration	-	694
Fair value of contingent consideration	-	4 857
Contingent consideration	**12 255**	**35 383**

Land and buildings (Level 3)
The group's land and buildings is estimated based on appraisals performed by the directors. The valuation processes and fair value changes are reviewed by the board of directors and audit and risk committee at each reporting date.

The fair values of the land and buildings is estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields and take into account the type of property and the property's location.

The most significant inputs, all of which are unobservable, are the estimated rental value and the discount rate. The estimated fair value increases if the discount rate (market yields) declines.

A 1% increase or decrease in the discount rate will impact the fair value by R2.1 million. A 1% increase or decrease in the rental rates will impact the fair value by R2.3 million.

The assumed discount rates applied for the future income streams range between 9.7% and 11.6% (2020 – 9% and 11.75%).

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:

	GROUP	
	2021 R 000	2020 R 000
Opening balance	288 426	279 053
Additions	3 085	6 799
Disposals	(5 024)	-
Recognised in other comprehensive income		
Exchange difference on translation of foreign operation	(2 624)	3 314
Recognised in profit or loss		
Depreciation	(992)	(740)
Land and buildings	**282 871**	**288 426**

The following table sets out the company's assets that are measured and recognised at fair value:

2021	Level 1 R 000	Level 2 R 000	Level 3 R 000	Total R 000
Recurring fair value measurements				
Financial assets:				
Employee share incentive scheme loan	-	-	14 716	14 716
Total recurring financial assets	**-**	**-**	**14 716**	**14 716**

Employee share incentive scheme loan (Level 3)

The fair value of the loan (note 7) is linked to the market price of shares in Argent Industrial Limited. The fair value of the employee share incentive scheme loan has been fair valued based on observable market share prices of Argent Industrial Limited.

The reconciliation of the carrying amounts of financial assets classified within Level 3 is as follows:

	GROUP	
	2021 R 000	2020 R 000
Opening balance	12 922	20 425
Recognised in profit or loss		
Share options exercised	(6 158)	(4 853)
Fair value adjustment	7 952	(2 650)
Employee share incentive scheme loan	**14 716**	**12 922**

30 IMPACT OF COVID-19

On 15 March 2020, a national state of disaster was declared in South Africa due to the COVID-19 pandemic and subsequently on 23 March 2020, all South African citizens and businesses were to adhere to a nationwide lockdown for 21 days, effective from midnight on 26 March 2020 to midnight on 16 April 2020. This was then extended for a further 14 days to 30 April 2020. On 1 May 2020, certain restrictions on economic activities were lifted.

Together with a new strain of the virus and increased surge of infections, on 28 June 2021, South Africa was placed on adjusted alert level 4, which is currently still in place at the date of signing of these group and company financial statements.

The United Kingdom and the United States of America remain with various levels of COVID-19 restrictions and encourage people to restrict unnecessary movement, the same as in South Africa but both countries have vaccinated their population.

The impact of COVID-19 on accounting standards that require forward-looking information was assessed based on the information available as at 31 March 2021 and has not resulted in any other adjustments and/or disclosures as the impact was assessed to be not material. All our operations worldwide are fully operational.

31 GOING CONCERN

The directors have given due consideration to the potential impact of the COVID-19 pandemic on the company and group's ability to continue as going concerns. The directors believe that the COVID-19 pandemic will not have a material impact on the business activities of the company and group, due to the company and group achieving results which are aligned to those achieved in pre-lockdown periods. Subsequent to year-end and up to date of the assessment, there has been no significant change in circumstances which suggests that the above reviews are no longer valid.

Based on the above, no material uncertainties have been identified in relation to the ability of the company and group to remain going concerns for at least the next 12 months. The directors thus believe that the company and group are in a sound financial position and that they will continue to operate as going concerns for the foreseeable future.

As such, the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This presumes the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

32 EVENTS AFTER THE REPORTING PERIOD

The timing of the additional two purchase considerations of Partington of GBP300 000 each are in the process of being extended and renegotiated due to COVID-19 related delays in deliveries.

SUBSIDIARY COMPANIES

NAME OF SUBSIDIARY All Proprietary Limited and incorporated in South Africa unless otherwise stated	Issued stated capital in Rands unless otherwise stated	% held by Argent 2021	Shares at cost less impairments 2021 R 000	% held by Argent 2020	Shares at cost less impairments 2020 R 000	Loan owing to Argent by subsidiary 2021 R 000	Loan owing by Argent to subsidiary 2021 R 000	Loan owing to Argent by subsidiary 2020 R 000	Loan owing by Argent to subsidiary 2020 R 000	Related party debtor 2021 R 000	Related party debtor 2020 R 000	Main business
Allan Maskew	100	100	-	100	-	7 078	-	19 944	-	22	532	A
Argent Industrial Engineering *	100	55	-	55	-	-	-	-	-	348	427	A
Argent Industrial Investments	3 300	100	1 912	100	1 912	-	-	-	-	-	274	C
Argent Industrial UK (incorporated in England)	GBP100	100	-	100	-	47 750	-	84 107	-	-	-	A
Argent Steel Group	20 136 169	100	12 786	100	12 786	-	77 282	-	67 536	72	84	A,B
Burbage Iron Craft (incorporated in England)	GBP100	100	11 790	100	11 790	-	-	-	-	-	-	A
Cannock Gates (incorporated in England)	GBP100	100	5 000	100	5 000	-	-	-	-	-	-	A
Castor and Ladder	100	100	13 798	100	13 798	21 280	-	21 280	-	175	254	A
Fuel Proof (incorporated in England)	GBP100	100	110 186	100	110 186	-	-	-	-	-	-	A
Gammid Group	1 000	100	-	100	-	29 038	-	45 836	-	-	14	B
Hendor Mining Supplies	100	100	-	100	-	14 898	-	-	-	169	250	A
Jetmaster	11 960	100	25 100	100	25 100	6 308	-	13 388	-	113	335	A
Koch's Cut and Supply Steel Centre	100	100	5 300	100	5 300	-	7 559	-	8 743	68	311	A
KZN Steel Office Manufacturers	100	100	-	100	-	-	272	-	1 939	2 636	18 342	A
Lifting Online	100	-	-	75	-	-	-	-	-	-	-	A
Megamix	100	100	-	100	-	10 183	-	7 313	-	721	646	A
Mngou Suppliers *	1 000	49	-	49	-	1	-	1	-	-	-	A
New Joules Manufacturing	1 000	100	-	-	-	8 350	-	-	-	4	-	A
New Joules Engineering North America Inc. (incorporated in America)	USD1 000	100	6 247	100	6 247	-	-	-	-	-	-	A
OSA Door Parts (incorporated in England)	GBP100	100	49 572	100	49 572	-	-	-	-	-	-	A
Partington Engineering (incorporated in England) *	GBP100	100	-	-	-	-	-	-	-	-	-	A
Phoenix Steel Group	100	100	-	100	-	104 115	-	134 932	-	373	1 392	B
Pro Crane Services	100	75	6 757	75	6 757	-	-	-	-	152	152	A
Roll-Tec Safety (incorporated in England)	GBP12	100	8 135	100	8 135	-	-	-	-	-	-	A
Rifumo Concepts *	300	49	-	49	-	33	-	28	-	-	-	A
Toolroom Services	90	100	28 876	100	28 876	-	2 474	5 050	-	194	1 122	A
Tricks Wrought Iron Services	100	100	19 409	100	19 409	-	-	-	20 000	(28)	41	A
Xpanda Security	51 300	100	50 108	100	50 108	31 477	-	9 892	-	537	590	A
TOTAL			**354 976**		**354 976**	**280 511**	**87 587**	**341 771**	**98 218**	5 556	24 766	

** Argent Industrial Limited (the company) has control over these entities as the company is able to direct the relevant activities of the investees, has the rights to the variable returns of the investees and has the ability to use its power to affect the amount of the investor's returns.*

Main Business: A = Manufacturing B = Steel trading C = Properties

Refer to note 8 for additional information.

ANALYSIS OF SHAREHOLDERS / BENEFICIAL HOLDERS

AS AT 31 MARCH 2021

	NUMBER OF SHARES HELD		% OF TOTAL ISSUED SHARES	
	2021	**2020**	**2021**	**2020**
Directors' direct	3 509 444	2 744 109	5.80	4.23
Directors' indirect	8 841 432	9 373 433	14.60	14.44
Pension, provident funds, insurance companies and other corporate bodies	41 828 027	46 886 306	69.08	72.23
Individuals:				
- holders of 5 000 or more shares	5 234 894	4 814 732	8.65	7.42
- holders of less than 5 000 shares	1 136 908	1 097 015	1.87	1.68
Total	**60 550 705**	**64 915 595**	**100**	**100**

SHAREHOLDERS IN EXCESS OF FIVE PERCENT

AS AT 31 MARCH 2021

	NUMBER OF SHARES	%
Morgan Stanley and Company	15 141 945	25.01
Giflo Trading Proprietary Limited	6 331 391	10.46
Government Employees Pension Fund	4 627 316	7.64
Clearstream Banking SA Luxembourg	4 365 172	7.21

DIRECTORS' SHAREHOLDING

AS AT 31 MARCH 2021

	2021 NUMBER OF SHARES HELD			2020 NUMBER OF SHARES HELD		
	Direct	**Indirect**	**Total**	**Direct**	**Indirect**	**Total**
CD Angus	-	-	-	-	-	-
Ms SJ Cox	1 239 252	274 854	1 514 106	1 108 112	274 854	1 382 966
PA Christofides	-	-	-	-	-	-
TR Hendry	1 765 052	1 657 219	3 422 271	1 228 857	2 189 220	3 418 077
AF Litschka	150 040	274 854	424 894	102 040	274 854	376 894
K Mapasa	5 100	-	5 100	5 100	-	5 100
T Scharrighuisen	350 000	6 634 505	6 984 505	300 000	6 634 505	6 934 505
Total	**3 509 444**	**8 841 432**	**12 350 876**	**2 744 109**	**9 373 433**	**12 117 542**

There were no changes in directors' shareholding after year end and prior to the issue of the annual report.

JSE LIMITED PERFORMANCE
AS AT 31 MARCH 2021

	2021	2020	2019	2018	2017
Number of shares traded (000)	11 596	29 413	24 913	30 918	28 050
% of total issued shares	19.2	45.3	30.2	34.9	29.4
Value of shares traded (R 000)	72 251	164 554	100 907	124 090	119 197
Prices quoted (cents per share)					
highest	999	620	590	500	520
lowest	390	401	307	360	356
closing	910	495	535	400	450
Market capitalisation at year-end (R 000)	551 011	321 332	440 674	354 752	428 962
Price earnings ratio	4.2	3.8	5.3	(1.9)	6.6
Earnings yield	23.9	26.4	18.9	(51.3)	15.1
Dividend yield	-	-	1.9	5.3	4.2

SUMMARY OF SHAREHOLDER SPREAD
AS AT 31 MARCH 2021

	2021				2020			
	MEMBERS		SHARES		MEMBERS		SHARES	
Shareholder type	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Public	2 128	99.48	46 074 052	76.09	1 710	99.36	49 252 496	75.87
Directors	10	0.47	12 350 876	20.40	10	0.58	12 117 542	18.67
Share option scheme	1	0.05	2 125 777	3.51	1	0.06	3 545 557	5.46
Total	**2 139**	**100**	**60 550 705**	**100**	**1 721**	**100**	**64 915 595**	**100**

SHAREHOLDERS' DIARY

Financial year-end:	March
Annual general meeting:	20 August 2021

REPORTS AND PROFIT STATEMENT

Half-year interim report:	September
Financial statements published:	June
Website address:	www.argent.co.za
Email address:	argent10@argent.co.za

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the annual general meeting (AGM) of shareholders of Argent Industrial Limited (Argent or the company or the group) to be held in the company's boardroom at First Floor, Ridge 63, 8 Sinembe Crescent, La Lucia Ridge Office Estate, Umhlanga, on Friday, 20 August 2021 at 11:00.

PURPOSE

The purpose of the AGM is to transact the business set out in the agenda below.

AGENDA

1 **Presentation of the audited annual financial statements of the company, including the reports of the directors and the audit and risk committee for the year ended 31 March 2021. The annual report, containing the complete audited annual financial statements, is available at www.argent.co.za or can be obtained from the company's registered office, at no charge, during office hours.**
2 **To consider and, if deemed fit, approve, with or without modification, the following resolutions:**

Note: For any of the ordinary resolutions numbers 1 to 10 to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof.

2.1 Ordinary resolution number 1: Re-election of Mr K Mapasa as an independent non-executive director
"Resolved that Mr K Mapasa, who retires by rotation in terms of the memorandum of incorporation and, being eligible and offering himself for re-election, be and is hereby re-elected as an independent non-executive director."
Mr K Mapasa's abbreviated curriculum vitae can be viewed on page 7 of the annual report.

2.2 Ordinary resolution number 2: Re-election of Mr PA Christofides as an independent non-executive director
"Resolved that Mr PA Christofides, who retires by rotation in terms of the memorandum of incorporation and, being eligible and offering himself for re-election, be and is hereby re-elected as an independent non-executive director."
Mr PA Christofides's abbreviated curriculum vitae can be viewed on page 7 of the annual report.

2.3 Ordinary resolution number 3: Re-election of Mr CD Angus as an independent non-executive director
"Resolved that Mr CD Angus, who retires by rotation in terms of the memorandum of incorporation and, being eligible and offering himself for re-election, be and is hereby re-elected as an independent non-executive director."
Mr CD Angus's abbreviated curriculum vitae can be viewed on page 7 of the annual report.

The reason for ordinary resolutions numbers 1 to 3 (inclusive) is that the memorandum of incorporation of the company, the Listings Requirements of the JSE Ltd (JSE) and, to the extent applicable, the South African Companies Act, No. 71 of 2008, as amended (the Companies Act), require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.

2.4 Ordinary resolution number 4: Appointment of Mr PA Christofides as a member of the audit and risk committee of the company
"Resolved that Mr PA Christofides, an independent non-executive director of the company and being eligible, be and is hereby appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company (the board), until the next AGM of the company."

2.5 Ordinary resolution number 5: Appointment of Mr K Mapasa as a member of the audit and risk committee of the company
"Resolved that Mr K Mapasa, an independent non-executive director of the company and being eligible, be and is hereby appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company (the board), until the next AGM of the company."

2.6 Ordinary resolution number 6: Appointment of Mr CD Angus as a member of the audit and risk committee of the company
"Resolved that, Mr CD Angus, an independent non-executive director of the company and being eligible, be and is hereby appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company (the board), until the next AGM of the company."

The reason for ordinary resolution numbers 4 to 6 (inclusive) is that the company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each AGM of the company. For the avoidance of doubt, all references to the audit and risk committee of the company is a reference to the audit committee as contemplated in the Companies Act.

2.7 Ordinary resolution number 7: Re-appointment of auditor

"Resolved that BDO South Africa Inc. be and is hereby re-appointed as the independent auditor of the company and its subsidiaries (**the group**) and that Mrs G Bass, be and is hereby appointed as the designated auditor to hold office for the ensuing year on the recommendation of the audit and risk committee of the company."

The reason for ordinary resolution number 7 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed, as the case may be, each year at the AGM of the company as required by the Companies Act.

2.8 Ordinary resolution number 8: Unissued shares placed under control of the directors

"Resolved that the unissued shares in the company, limited to 5% of the number of shares in issue as at 31 March 2021, be and are hereby placed under the control of the directors until the next AGM and that they be and are hereby authorised to issue any such shares as they may deem fit, subject to the provisions of the Companies Act, the memorandum of incorporation and the provisions of the Listings Requirements of the JSE Limited (JSE) (JSE Listings Requirements), save that the aforementioned 5% limitation shall not apply to any shares issued in terms of a rights offer."

The reason for ordinary resolution number 8 is that the board requires authority from shareholders in terms of the memorandum of incorporation to issue shares in the company. This general authority, once granted, allows the board from time to time, when it is appropriate to do so, to issue ordinary shares as may be required, inter alia, in terms of capital raising exercises and to maintain a healthy capital adequacy ratio. This general authority is subject to the restriction that it is limited to 5% of the number of shares in issue as at 31 March 2021.

2.9 Ordinary resolution number 9: Non-binding endorsement of Argent's remuneration policy

"Resolved that the shareholders endorse by way of a non-binding advisory vote, the company's remuneration policy as set out in annexure A to the notice of AGM."

The reason for ordinary resolution number 9 is that King IV recommends that the remuneration policy of the company be endorsed through a non-binding advisory vote by shareholders. Ordinary resolution number 9 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy.

2.10 Ordinary resolution number 10: Non-binding advisory vote on Argent's implementation report on the remuneration policy endorsement of Argent's remuneration policy

"Resolved that the company's implementation report with regard to its remuneration policy, as set out on page 95 to 98 of this annual report, be and is hereby endorsed by way of a non-binding vote."

The reason for ordinary resolution number 10 is that King IV recommends that the implementation report on a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each annual general meeting of the company. This enables shareholders to express their views on the implementation of a company's remuneration policy.

The effect of ordinary resolution number 10, if passed, will be to endorse the company's implementation report in relation to its remuneration policy. Ordinary resolution number 10 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy and its implementation.

In the event that 25% or more of shareholders vote against either the remuneration policy or the implementation report at the meeting, the board will engage with shareholders through dialogue, requesting written submissions or otherwise, in order to address shareholder concerns.

3 To consider and, if deemed fit, approve, with or without modification, the following special resolutions:

Note: For the special resolutions to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

3.1 Special Resolution number 1: Remuneration of non-executive directors

"Resolved, in terms of section 66(9) of the Companies Act, that the company be and is hereby authorised to remunerate its non-executive directors for their services as non-executive directors on the basis set out below, provided that this authority will be valid until the next AGM of the company."

	CURRENT ANNUAL REMUNERATION				
	Board member R 000	Committee member			Total R 000
		Audit and risk R 000	Remuneration R 000	Nomination R 000	
Non-executive directors					
CD Angus	63	1	1	1	66
PA Christofides	63	1	1	1	66
K Mapasa	66	1	1	1	69
T Scharrighuisen	240	-	-	-	240

	PROPOSED ANNUAL REMUNERATION WITH EFFECT FROM 1 APRIL 2021				
	Board member R 000	Committee member			Total R 000
		Audit and risk R 000	Remuneration R 000	Nomination R 000	
Non-executive directors					
CD Angus	68	1	1	1	71
PA Christofides	68	1	1	1	71
K Mapasa	71	1	1	1	74
T Scharrighuisen	256	-	-	-	256

The reason for special resolution number 1 is for the company to obtain the approval of shareholders by special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as non-executive directors without requiring further shareholder approval until the next AGM of the company.

3.2 Special Resolution number 2: Inter-company loans

"Resolved, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the board be and is hereby authorised to approve that the company provides any direct or indirect financial assistance (financial assistance will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the board may deem fit to any company or corporation that is related or inter-related (related or inter-related will herein have the meaning attributed to it in section 2 of the Companies Act) to the company, on the terms and conditions and for amounts that the board may determine, provided that the aforementioned approval shall be subject to the provisions of section 45(3)(b) of the Companies Act and shall be valid until the date of the next AGM of the company."

The reason for and effect of special resolution number 2 is to grant the directors of the company the authority until the next AGM to provide financial assistance to any company or corporation which is related or inter-related to the company. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries. The company has satisfied the solvency and liquidity test as defined in section 4 of the Companies Act.

3.3 Special Resolution number 3: Share repurchases by the company and its subsidiaries

"Resolved as a special resolution that the company, and the subsidiaries of the company, be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors of the company and of its subsidiaries may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the memorandum of incorporation, the JSE Listings Requirements and, if applicable, the requirements of any other stock exchange on which the shares of the company may be quoted or listed, namely that:

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior arrangement between the company and the counterparty;
- this general authority shall only be valid until the next AGM of the company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published on SENS as soon as the company or its subsidiaries have acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the repurchase, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares repurchased thereafter;
- the general authority to repurchase is limited to a maximum of 20%, in aggregate in any one financial year, of the company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board approving the repurchase and confirming that the company has satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the group;
- the general repurchase is authorised by the memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE should be consulted for a ruling if the company's securities have not traded in such five-business day period;
- the company may, at any point in time, only appoint one agent to effect any repurchase(s) on the company's behalf; and
- the company may not effect a repurchase during any prohibited period as defined in terms of the JSE Listings Requirements unless a repurchase programme has been submitted to the JSE in writing and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the JSE Listings Requirements."

The reason for and effect of special resolution number 3 is to grant the directors a general authority in terms of the memorandum of incorporation and the JSE Listings Requirements for the repurchase by the company and its subsidiaries of shares issued by the company on the basis reflected in special resolution number 3.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, a pro rata repurchase by the company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

Information relating to the special resolutions

1. The directors of the company or its subsidiaries will only utilise the general authority to purchase shares of the company, as set out in special resolution number 3, to the extent that the directors, after considering the maximum shares to be repurchased, are of the opinion that the position of the group would not be compromised as to the following:
   - the company's ability, in the ordinary course of business, to pay its debts for a period of 12 months after the date of this AGM and for a period of 12 months after the repurchase;
   - the consolidated assets of the group will, at the time of the AGM and at the time of making such determination, be in excess of the consolidated liabilities of the group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the group;
   - the ordinary capital and reserves of the group after the repurchase will remain adequate for the purpose of the business of the group for a period of 12 months after the AGM and after the date of the share repurchase; and
   - the working capital available to the group after the repurchase will be sufficient for the group's requirements for a period of 12 months after the date of the notice of the AGM.

General information in respect of major shareholders, material changes and the stated capital of the company can be found on pages 84 and 85 of the annual report.

2. The directors, whose names are reflected on page 7 and 8 of the annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this AGM notice contains all information required by the JSE Listings Requirements.

VOTING

1. The date on which shareholders vote must be recorded as such in the share register maintained by the transfer secretaries of the company (the Share Register) for purposes of being entitled to receive this notice is Friday, 18 June 2021.
2. The date on which shareholders must be recorded in the share register for purposes of being entitled to attend and vote at this AGM is Friday, 13 August 2021. The last date to trade will be Tuesday, 10 August 2021.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly bring a copy of their identity document, passport, or drivers' license. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.
4. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by certificated shareholders or own name registered dematerialised shareholders who wish to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.
5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the company at the address given below by no later than 11:00 on Wednesday, 18 August 2021.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their Central Securities Depository Participant (CSDP) or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
7. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.
8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

By order of the board

Mr Jaco Dauth
Company Secretary
29 June 2021
Umhlanga

Registered office
First floor, Ridge 63,
8 Sinembe Crescent,
La Lucia Ridge Office Estate, 4019
(PO Box 5108, Sinembe Park, La Lucia
Ridge Office Estate, 4019)

Transfer secretaries
JSE Investor Services Proprietary Limited
13th floor, Rennie House,
19 Ameshoff Street,
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

ANNEXURE A - ARGENT INDUSTRIAL LIMITED REMUNERATION POLICY

This report comprises four sections:

Part 1 – Background statement
Part 2 – Remuneration policy
Part 3 – Implementation of remuneration policy
Part 4 – Non-executive remuneration

PART 1. BACKGROUND STATEMENT

The Argent remuneration committee (committee) is pleased to present the remuneration report for the year ended 31 March 2021. Since we presented the remuneration policy to shareholders in 2018, no material changes were made to the policy or its implementation. The committee considered the impact of the King IV on remuneration which has further enhanced the disclosure in this report. The committee also considered the voting outcomes of the 2020 remuneration policy (100% in favour) and is satisfied that its policies are aligned with sound governance principles.

Notwithstanding the decentralised and diversified nature of the group, and the geographic spread of its operations, the remuneration policy is administered and driven centrally by the remuneration committee. The committee provides oversight on senior executive remuneration in the subsidiaries and the measurement of set targets against actual performance as well as the share incentive awards. This report details the remuneration policy and implementation thereof for senior management, executive directors as well as fees paid to non-executive directors and details of the share incentive plans used by the group.

The group's performance for the year under review has again been most gratifying with ongoing operations reflecting sustained growth thanks to Argent's focus on its strategy to `unlock intrinsic value' in the group.

Shareholder engagement

The group's remuneration policy and the implementation thereof are placed before shareholders for consideration and approval under the terms of an advisory non-binding vote at the 2021 annual general meeting (AGM) as provided for in the Listings Requirements of the JSE Limited (JSE) and recommended by King IV.

In the event that 25% or more of the votes cast are recorded against either the remuneration policy resolution or the implementation resolution, then:

- Executive management will engage shareholders to ascertain the reasons for dissenting vote. Where considered appropriate, members of the committee may participate in these engagements with selected shareholders.
- Executive management will make specific recommendations to the committee as to how the legitimate and reasonable objections of shareholders might be addressed, either in the group's remuneration policy or through changes on how the remuneration policy is implemented.

PART 2. REMUNERATION POLICY

Key principles of the remuneration philosophy

The key principles that shape the policy are:

- A critical success factor of the group is its ability to attract, retain and motivate the entrepreneurial talent required to achieve its operational and strategic objectives. Both short and long-term incentives are used to this end.
- Delivery-specific short-term incentives (STI) are viewed as strong drivers of performance. A significant portion of senior management's reward is variable and is determined by the achievement of realistic profit and return targets together with an individual's personal contribution to the growth and development of the group. Only when warranted by exceptional circumstances, special bonuses may be considered as additional awards.
- Long-term incentives (LTI) align the objectives of management, shareholders and other stakeholders for a sustainable period.

Policy principles

The committee functions as a subcommittee of the board in terms of an agreed mandate and evaluates and monitors the group's remuneration philosophy and practices to ensure consistency with governance principles and corporate strategy. The committee further implements the board-approved remuneration policy to ensure:

- Salary structures and policies, as well as cash and share-based incentives, motivate superior performance and are linked to realistic performance objectives that support sustainable long-term business growth;
- Stakeholders are able to make an informed assessment of reward practices and governance processes; and
- Compliance with all applicable laws and regulatory codes.

Governance and the remuneration committee

Board responsibility

The board carries ultimate responsibility for the remuneration policy. The remuneration committee operates in terms of a board-approved mandate. The board will, when required, refer matters for shareholder approval, for example:

- new and/or amended share-based incentive schemes;
- non-executive board and committee fees; and
- any new related party remuneration matters.

The remuneration policy and implementation thereof contained in parts 2 and 3 of this remuneration report will be put to a non-binding shareholders' vote at the next AGM.

Composition, mandate and attendance for the committee

The members of the committee are independent non-executive directors as defined by King IV. The committee meets annually, as well as on an ad hoc basis when required. The attendance for these meetings is contained in the corporate governance report (remuneration committee section) within the 2021 annual report. The chief executive officer (CEO) and financial director (FD) attend meetings by invitation to assist the committee with the execution of its mandate. No executive participant is present in the voting process or any meetings of the committee when his own remuneration is being discussed or considered. The chairman of the committee or, in his absence, another member of the committee is required to attend the AGM to answer questions on remuneration.

The terms of reference as set out in the remuneration committee charter include:

- reviewing the group remuneration philosophy and policy and assisting the board to establish a remuneration policy for directors and senior executives that will promote the achievement of strategic objectives and encourage individual performance;
- ensuring that the mix of fixed and variable pay in cash, shares and other elements meet the group's needs and strategic objectives;
- reviewing the remuneration of executive management to ensure that it is fair and reasonable in the context of overall employee remuneration in the group;
- reviewing incentive schemes to ensure continued contribution to shareholder value;
- reviewing the recommendations of management on fee proposals for the group's chairman, non-executive directors and determining, in conjunction with the board, the final proposals to be submitted to shareholders for approval;
- determining all the remuneration parameters for the CEO and other executive directors. Reviewing and recommending to the board the relevant criteria necessary to measure the performance of executives in determining their remuneration;
- agreeing on principles for senior management increases and their cash incentives;
- agreeing to LTI allocations and awards (share option scheme) for executive directors and certain senior management;
- settling LTI allocations and awards for executive directors and certain senior management;
- overseeing the preparation of the remuneration report to ensure that it is clear, concise and transparent;
- ensuring that the remuneration report be put to a non-binding advisory vote by shareholders and engaging with shareholders and other stakeholders on the group's remuneration policy; and
- ensure that consideration is given to executive succession planning.

Role of benchmarking

Benchmarking and position in the market

To ensure that the group remains competitive in the markets in which it operates, all elements of remuneration are subject to regular reviews against relevant market and peer data. In the case of the CEO and FD, their salaries are benchmarked predominantly against JSE listed companies. The policy aims at positioning the group as a preferred employer within the industries in which they operate. To retain flexibility and ensure fairness when directing human capital to those areas of the group requiring focused attention, subjective performance assessments may sometimes be required when evaluating employee contributions. The group believes that its remuneration policy plays an essential and vital role in realising business strategy and therefore should be competitive in the markets in which the group operates.

Executive directors

Terms of service

The terms and conditions applied to South African executive directors are governed by legislation. Terms of service for executive directors outside South Africa are governed by labour legislation in their local jurisdiction and the terms of their employment contracts.
The value of the gross remuneration package payable in terms of the employment agreements is allocated among the following benefits: (i) basic remuneration; (ii) retirement and or medical benefits; and (iii) other benefits.

Elements of remuneration

The group operates a total cost-to-company (CTC) philosophy whereby cash remuneration, benefits (including a defined contribution retirement fund, medical aid and other insured benefits) form part of employees' fixed total CTC remuneration. Executive directors and senior management also participate in STIs (in the form of a performance bonus plan). The LTI plan is in operation, namely the Argent Share Option Scheme (SOE). The different components of remuneration, their objectives, the policy which governs them and their link to the business strategy are summarised below. There are no changes to the policy proposed for the following financial year, as confirmed below. The group views the executive directors as the current `prescribed officers' as defined in the Companies Act and therefore no separate remuneration policy disclosure for prescribed officers is necessary.

Application	Incentive	Objective	Link to Strategy	Policy Elements	Changes for 2021
CTC guaranteed pay Executives, Senior Managers and all employees	Basic package	Attract and retain the best talent. Reviewed annually and set on 1 July.	This component aligns with business strategy as it takes into account internal and external equity. Hereby, ensuring competitiveness and rewarding individuals fairly based on a similar job in the market.	Level of skill and experience, scope of responsibilities and competitiveness of the total remuneration package are taken into account when determining cost to company.	No change
	Benefits	Providing employees with contractually agreed basic benefits such as retirement fund benefits (defined contribution), medical aid, risk benefits, and life and disability insurance on a CTC basis.	Benefits recognise the need for a holistic approach to guaranteed package and are part of the overall employee value proposition offered by Argent.	The company contributes towards retirement benefits as per the rules of the respective retirement funds or superannuation schemes. Medical aid contributions depend on each individual's needs and the package selection. Risk and insurance benefits are company contributions, all of which form part of total CTC.	No change
Short term Executives, Senior Managers and all employees	13th Cheque	To motivate all levels of salaried staff to ensure the companies operate profitably. This is paid out annually in December every year if the business is profitable at this time.	Encourages profitable businesses and contributes to skills retention.	This bonus is paid out by the company and per individual and is conditional to the company being profitable, and the employee contributing to the profitability.	No change

Application	Incentive	Objective	Link to Strategy	Policy Elements	Changes for 2021
Short term Executives and Senior Managers	Profitability bonus	To motivate and incentivise senior and executive management for the delivery according to objectives set over a one-year period from 1 April every year. Bonus is paid in June every year, post the completion of the annual audit.	Encourages growth in trading profit targets, earnings per share and return on equity for shareholders in a sustainable manner over the short term. Combines the above company financial performance metrics with strategic metrics, such as leadership, to ensure well-balanced KPIs. Rewards executive directors for their measurable contribution to the Group based on predetermined metrics.	For the 2022 financial year, target and stretch performance targets are set for the following metrics: **Company financial performance** • Trading profit targets • Headline earnings per share (HEPS) growth and return on funds employed (ROFE) achieved. Targets set against prior year's performance and budgets. **Earnings Potential** Stretch targets are set against a multiple of the monthly package up to a maximum multiple of 2x. **Discretion of remuneration committee** The remuneration committee has discretion, when warranted by exceptional circumstances and where considerable value has been created for shareholders and stakeholders of Argent by specific key employees, to award special bonuses or other ex gratia payments to individuals. In exercising this discretion, the remuneration committee must satisfy itself that such payments are fair and reasonable and are disclosed to shareholders as required by remuneration governance principles.	No change
Medium term Executives and key personnel	Share Option Scheme (SOS)	To motivate and incentivise delivery of sustained performance over the medium term.	Alignment of executives' interests with shareholders through conditional rights to future delivery of equity. The issue of equity is subject to performance targets, thereby supporting the performance culture of the Group. Motivates and retains key staff.	Award levels are set according to individual performance and the need to retain individual skills. Awards consist of conditional rights to shares, issued in equal tranches over a five-year period. The strike price of the shares is set at year one as the average price of shares in the SOS. Each tranche is subjected to continued employment for the duration of the year in question and the vesting period is one year. The shares are acquired by the employee on the maturity date every year at the strike price. These acquisitions are subject to the tax laws and requirements.	No change

Application	Incentive	Objective	Link to Strategy	Policy Elements	Changes for 2021
Long term Executive directors	Group Value Unlock (GVU)	To unlock inherent value within the group companies and properties by selling, partnering or realigning entities to extract funds for offshore acquisition or paid out as shareholder dividends.	This is an immediate award to shareholders in the case of a once off dividend which would enhance the share price through continual unlock potential. Provides resources for overseas acquisitions that offers better growth and longer-term stability for the group by having more operations in stable developed countries.	The executive directors will be awarded for achieving sale values that exceed the internal valuation of the realisable Net Asset Value (NAV) per company and per property of the entities that are disposed of. This award will be a percentage (20%) of the value achieved over and above the NAV.	No change

Non-executive directors

Terms of service
Non-executive directors are appointed by the shareholders at the AGM. Non-executive directors are required to retire on the third anniversary of their appointment and may offer themselves for re-election. As appropriate, the board, proposes their re-election to shareholders. There is no limit on the number of times a non-executive director may seek re-election.

Non-executive directors' remuneration
Group policy is to pay competitively for the role while recognising the required time commitment. Fees are benchmarked against a competitor group of JSE-listed companies and these fees are paid annually. No contractual arrangements are entered into to compensate for loss of office.

Non-executive directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes except where non-executive directors previously held executive office and they remain entitled to unvested benefits arising from their period of employment. The company does not provide pension contributions to non-executive directors. Management reviews non-executive directors' fees annually. After discussions with the committee, recommendations are made to the board, which in turn proposes fees for approval by shareholders at the AGM.

Full details of the non-executive directors' fees for the year ended March 2021 are shown below in the implementation section as well as details of the proposed non-executive directors' fees for the year ended March 2022.

PART 3. IMPLEMENTATION OF REMUNERATION POLICY

1 Guaranteed pay – base pay and benefits

Guaranteed pay increases for the financial years ending 2021 and 2022
For year ending 2021, no % increase to the basic salary component for the executive directors was applied in light of COVID-19. Details of each executive director's remuneration are disclosed in note 19 of the annual report (refer to page 61).

2 Short-term incentive

13th cheques
The executives were paid out their 13th cheques in line with the policy requirement that the group was at least profitable.

Profitability bonus
The executives qualified for the profitability bonus as set out in the objectives developed by the remuneration committee in 2020 for the performance of each company against target. The table below sets out the targets as set in 2020 and the achievement against these targets in 2021. From the table below, the companies highlighted in grey have exceeded their set targets and therefore the executives qualify for 1/6th of their monthly basic salary for each company that exceeded their targets and for each target achieved.

COMPANY / DIVISION	TARGET	TARGET	TARGET	TARGET	TARGET	TARGET	TARGET	TARGET
Gammid Group Proprietary Limited Gammid KZN	R3 800 000							
Hendor Mining Supplies Proprietary Limited	R7 509 040	R8 558 040						
Jetmaster Proprietary Limited	R2 500 000							
Koch's Cut and Supply Steel Centre Proprietary Limited	R1 102 539	R2 082 573	R3 205 720	R5 501 940	R 6 527 000	R7 704 000	R8 881 000	R9 630 000
Phoenix Steel Group Proprietary Limited Phoenix Steel Gauteng	R8 000 000							
Phoenix Steel Group Proprietary Limited Phoenix Steel Natal	R8 000 000							
Pro Crane Services Proprietary Limited	R4 494 000	R5 778 000						
Xpanda Security Proprietary Limited	R13 000 000	R16 000 000						
One sixth of a monthly basic salary for every target achieved	**6**	**3**	**1**	**1**				

Total	11/6
%	183.3%

The executives qualified for 0.83% of the amount more than the target.

COMPANY/DIVISION	YEARLY TARGET	YEARLY INCENTIVE	PROFIT FOR THE YEAR	EXCESS	0.83% PER PARTICIPANT
Hendor Mining Supplies Proprietary Limited	R8 600 000	0.83% above	R17 533 511	R8 933 511	R74 446
Phoenix Steel Group Proprietary Limited Phoenix Steel Gauteng	R8 500 000	0.83% above	R55 701 223	R47 201 223	R393 344
Phoenix Steel Group Proprietary Limited Phoenix Steel Natal	R8 500 000	0.83% above	R14 021 492	R5 521 492	R46 013
Xpanda Security Proprietary Limited	R16 500 000	0.83% above	R18 200 494	R1 700 494	R14 171
Total					**R527 973**

The executives qualified for the following fixed amount for each target achieved.

COMPANY/DIVISION	TARGET	FIXED INCENTIVE PER PARTICIPANT	TARGET	FIXED INCENTIVE PER PARTICIPANT	TARGET	FIXED INCENTIVE PER PARTICIPANT
Pro Crane Services Proprietary Limited	R2 354 000	R2 500	R3 424 000	R2 500	R4 280 000	R2 500
Xpanda Security Proprietary Limited	R9 000 000	R15 000	R10 500 000	R15 000		
Total						**R37 500**

The executives qualified for R6 666 for each target achieved and an additional R1 667 for every R120 000 the target was exceeded by.

COMPANY/DIVISION	QUARTER 1 TARGET	INCENTIVE PER PARTICIPANT	QUARTER 2 TARGET	INCENTIVE PER PARTICIPANT	QUARTER 3 TARGET	INCENTIVE PER PARTICIPANT	QUARTER 4 TARGET	INCENTIVE PER PARTICIPANT
Castor and Ladder Proprietary Limited	R450 000	Not Achieved	R450 000	R21 667	R450 000	R33 333	R450 000	R33 333
Total								**R88 333**

The executive qualified for the following fixed amount for each company that achieved the monthly target.

COMPANY/ DIVISION	Jetmaster Proprietary Limited		Phoenix Steel Group Proprietary Limited Phoenix Steel Gauteng		Phoenix Steel Group Proprietary Limited Phoenix Steel Natal	
MONTH	**TARGET**	**FIXED INCENTIVE PER PARTICIPANT**	**TARGET**	**FIXED INCENTIVE PER PARTICIPANT**	**TARGET**	**FIXED INCENTIVE PER PARTICIPANT**
April 2020	R400 000	Not achieved	R924 500	Not achieved	R575 000	Not achieved
May 2020	R400 000	Not achieved	R425 000	R7 000	R575 000	Not achieved
June 2020	R400 000	R6 000	R924 500	R12 000	R575 000	Not achieved
July 2020	R400 000	R6 000	R924 500	R12 000	R575 000	Not achieved
August 2020	R400 000	Not achieved	R924 500	R12 000	R575 000	R6 000
September 2020	R200 000	R3 000	R924 500	R12 000	R575 000	R6 000
October 2020	R400 000	Not achieved	R924 500	R12 000	R575 000	R6 000
November 2020	R400 000	Not achieved	R924 500	R12 000	R575 000	R6 000
December 2020	R200 000	R 3000	R924 500	R12 000	R575 000	Not achieved
January 2021	R200 000	R 3000	R924 500	R12 000	R575 000	R6 000
February 2021	R400 000	Not achieved	R924 500	R12 000	R575 000	R6 000
March 2021	R400 000	R6 000	R924 500	R12 000	R575 000	R6 000
		R27 000		**R127 000**		**R42 000**
Total						**R196 000**

Bonus' earned as a percentage of the targets and the Rand equivalent:

TR Hendry	183.3% of a basic salary plus R527 973 plus R37 500 plus R88 333 plus R196 000.
SJ Cox	183.3% of a basic salary plus R527 973 plus R37 500 plus R88 333 plus R196 000.
AF Litschka	183.3% of a basic salary plus R527 973 plus R37 500 plus R88 333 plus R196 000.

3 Medium term incentive

No medium-term incentives were issued.

4 Long term incentive

A cash award of 20% of the excess over R3.5 million for the sale of Erf 2090 Klerksdorp was awarded, totaling R94 244.

PART 4. NON-EXECUTIVE REMUNERATION

Non-executive directors' fees paid

Proposed non-executive directors' fees for 2022

Refer to special resolution number 1 on page 88 of the notice of AGM for approval of the fees by shareholders in terms of section 66(9) of the Companies Act. The increase in the proposed non-executive directors' fees for 2022 are based on an inflationary increase of 7%.

ARGENT
Industrial Limited

Argent Industrial Limited
(Incorporated in the Republic of South Africa)
(Registration number 1993/002054/06)
JSE share code: ART
ISIN code: ZAE000019188
(Argent or the company)

FORM OF PROXY

FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALISED SHAREHOLDERS ONLY

For use at the annual general meeting (AGM) of ordinary shareholders of the company to be held in the company's boardroom at First Floor, Ridge 63, 8 Sinembe Crescent, La Lucia Ridge Office Estate, Umhlanga, on Friday, 20 August 2021 at 11:00.

I/We (Full name in print) ____
of (address) ____
being the registered holder of ______________________ ordinary shares hereby appoint:
1. ____ or failing him/her,
2. ____ or failing him/her,
3. the chairman of the AGM,

as my proxy to vote for me/us at the AGM for purposes of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see Notes):

		NUMBER OF SHARES		
		IN FAVOUR	AGAINST	ABSTAIN
2.1	Ordinary resolution number 1: To re-elect Mr K Mapasa as an independent non-executive director			
2.2	Ordinary resolution number 2: To re-elect Mr PA Christofides as an independent non-executive director			
2.3	Ordinary resolution number 3: To re-elect Mr CD Angus as an independent non-executive director			
2.4	Ordinary resolution number 4: To appoint Mr PA Christofides as a member of the audit and risk committee			
2.5	Ordinary resolution number 5: To appoint Mr K Mapasa as a member of the audit and risk committee			
2.6	Ordinary resolution number 6: To appoint Mr CD Angus as a member of the audit and risk committee			
2.7	Ordinary resolution number 7: To re-appoint the auditor, BDO South Africa Inc.			
2.8	Ordinary resolution number 8: Unissued shares placed under control of the directors			
2.9	Ordinary resolution number 9: Non-binding endorsement of Argent's remuneration policy			
2.10	Ordinary resolution number 10: Non-binding endorsement of Argent's implementation report on remuneration policy			
3.1	Special resolution number 1: Remuneration of non-executive directors			
3.2	Special resolution number 2: Inter-company loans			
3.3	Special resolution number 3: Share repurchases by the company and its subsidiaries			

Please indicate your voting instructions by way of inserting the number of shares or by a cross in the space provided.
Signed at ______________________ on this __________ day of __________ 2021.
Signature(s) ____
Assisted by (where applicable) (state capacity and full name)

____

Each Argent shareholder is entitled to appoint one or more proxy(ies) (who need not be a shareholder(s) of the company) to attend, speak and vote in his stead at the AGM.

NOTES TO THE FORM OF PROXY

1. An Argent shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting `the chairman of the AGM'. The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. An Argent shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the AGM, if he/she is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or to abstain from voting at the AGM as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the AGM in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at the AGM, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member, in whose name any shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and returned to be received by the transfer secretaries of the company, JSE Investor Services Proprietary Limited (PO Box 4844, Johannesburg, 2000), by no later than 11:00 on Wednesday, 18 August 2021.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory (ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the AGM.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

ARGENT
Industrial Limited

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