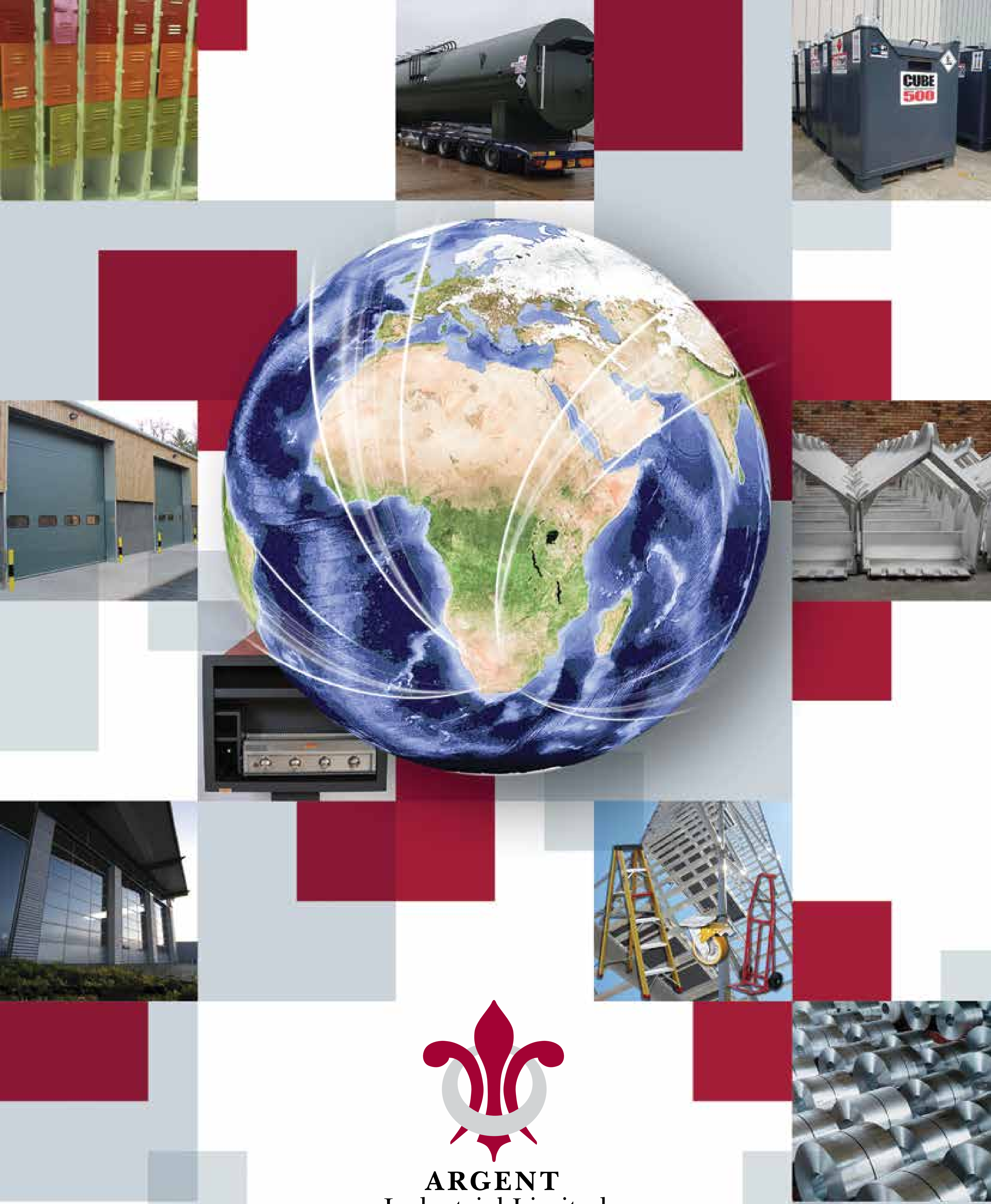

ARGENT
Industrial Limited

ANNUAL REPORT
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Contents

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 Allan Maskew, 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 and Roll-Tec Safety.

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. The newest addition being mobile and static bunded fuel storage and dispensing systems, and roll-over protection bars for construction machinery.

The company has 21 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 opportunity.

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 unity of 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 work place safety and health.

Operation Locations

South Africa

Manufacturing	Allan Maskew	Gauteng
	Argent Industrial Engineering	Western Cape
	Castor and Ladder	Gauteng and KwaZulu-Natal
	Hendor Mining Supplies	Gauteng
	Jetmaster	Gauteng
	Koch's Cut & Supply Steel Centre	KwaZulu-Natal
	Megamix	Western Cape
	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
	Gammid Trading	Gauteng
	Phoenix Steel Gauteng	Gauteng
	Phoenix Steel Natal	KwaZulu-Natal
Properties	Argent Industrial Investments	Gauteng, North West and Western Cape

United States of America

Manufacturing	New Joules Engineering North America	Kansas City

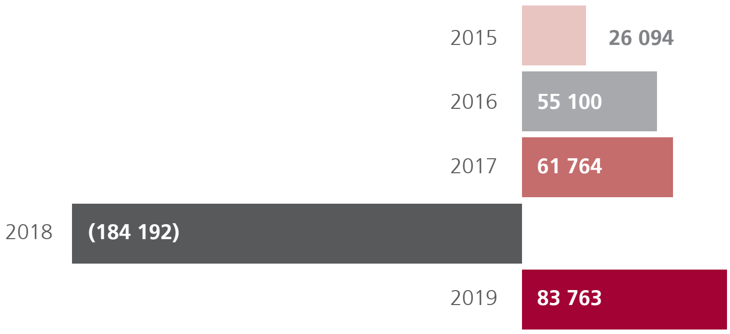
United Kingdom

Manufacturing	Cannock Gates & Burbage Iron Craft	Cannock
	OSA Door Parts	Runcorn
	Fuel Proof	Heysham
	Roll-Tec Safety	Heysham

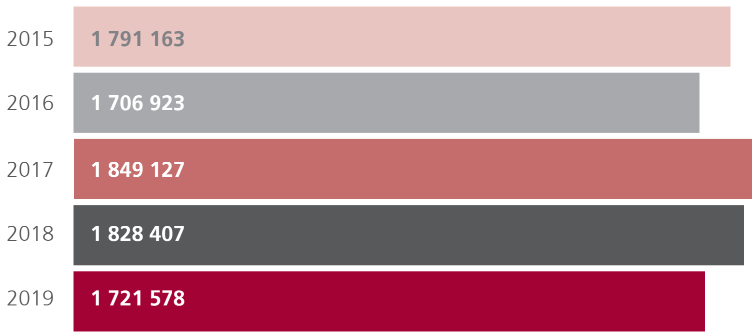
Financial Highlights

Headline earnings per share (cents)

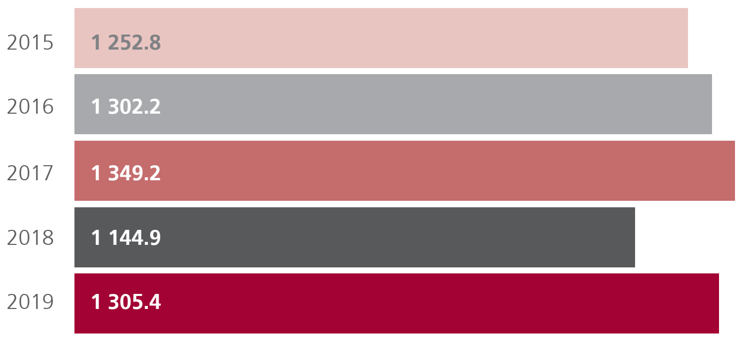
Attributable earnings/(loss) (R000)



Revenue (R000)



Net asset value per share (cents)



Five-Year Review

	2019	2018	2017	2016	2015
Revenue (R 000)	1 721 578	1 828 407	1 849 127	1 706 923	1 791 163
Attributable earnings /(loss) for the year (R 000)	83 763	(184 192)	61 764	55 100	26 094
Basic earnings/(loss) per share (cents)	101.2	(205.15)	68.0	60.1	28.5
Diluted earnings/(loss) per share (cents)	101.2	(205.15)	68.0	60.1	28.5
Headline earnings per share (cents)	104.4	76.8	69.6	62.8	40.8
Tax rate (%)	25.8	10.2	27.6	25.3	23.9
Dividends per share (cents)	10.0	21.0	19.0	18.0	15.0
- Final prior	10.0	11.0	9.0	9.0	7.0
- Interim current	-	10.0	10.0	9.0	8.0
Dividend cover (times)	10.1	(9.8)	3.6	3.3	1.9
Net asset value per share (cents)	1 305.4	1 144.9	1 349.2	1 302.2	1 252.8
Net asset value per share (excluding intangibles) (cents)	1 107.3	1 046.3	1 113.5	1 108.9	1 064.5
Total assets employed (R 000) (excluding deferred taxation)	1 409 057	1 333 160	1 719 345	1 613 352	1 672 687
Return on shareholders' equity (%)	8.1	(18.8)	5.0	4.6	2.2
Gearing (%) (interest-bearing borrowings/ equity)	1.6	4.4	5.6	3.6	6.8
Liquidity					
- Current ratio	2.66	2.54	2.33	2.41	1.86
- Current ratio excluding current portion of interest-bearing borrowings	2.77	2.83	2.56	2.56	2.08
- Acid test ratio	1.33	1.31	1.00	1.01	0.72

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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(PO Box 5108, Sinembe Park, La Lucia Ridge Office Estate, 4019)
Tel: + 27 31 791 0061
Fax: + 27 86 528 1674
www.argent.co.za
Email: argent10@argent.co.za

Transfer secretaries

Link Market Services South Africa

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19 Ameshoff Street,
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Tel: + 27 11 713 0800
Fax: + 27 86 674 2450

Bankers

Nedcor Limited

Corporate Banking Division Gauteng
First floor, Block F,
135 Rivonia Road,
Sandton, 2196
(PO Box 1144, Johannesburg, 2000)
Tel: + 27 11 294 4444
Fax: + 27 11 295 8115

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Pinetown,
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(PO Box 2751, Pinetown, 3600)
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Auditors

SNG Grant Thornton

2nd floor, 4 Pencarrow Crescent,
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La Lucia Ridge Office Estate, 4019
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Tel: + 27 31 576 5500
Fax: + 27 31 576 5555

Sponsor

PSG Capital

2nd floor, Building 3,
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Sandhurst, Sandton, 2196
(PO Box 650957, Benmore, 2010)
Tel: + 27 11 032 7400
Fax: + 27 11 784 4755

Directorate

Teunis Scharrighuisen (74) (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 (50)

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 the Polsa Holdings Group of Companies Limited.

Clayton Dean Angus CA(SA) (51)

Independent non-executive director

Appointed 16 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 CFO 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 (42)

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) (52) (British)

Chief executive officer

Appointed 5 May 1997
Chairs the social and ethics committee.

Sue Joan Cox CA(SA) (53)

Financial director

Appointed 1 April 2002
Member of the social and ethics committee.

Alfred Franz Litschka BSc (Metallurgy) MBA (53)

Executive director

Appointed 1 January 2004

Chairman's Statement

Growth in foreign related business will continue to be a key driver going forward, together with the support from the South African branded manufactured products.

As with last year, the groups overseas earnings will drive the groups overseas expansion, whilst the local free resources will be utilised to repurchase the groups own shares on the Johannesburg Stock Exchange.

A heartfelt thank you goes to all employees and directors of the group, as well as to Argent's suppliers, customers and business associates both locally and internationally. The continued growth and success of the group would not be achieved without your support and commitment during the year.

Teunis Scharrighuisen

Non-executive chairman
Umhlanga, Durban
26 June 2019

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 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 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 terms of reference and the audit and risk committee 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 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 the balance of skills, experience, diversity, independence and 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 and 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 include 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 assist 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 risks to the sustainability of the business are identified and managed within acceptable parameters. The audit and risk committee delegates to management to continuously identify, assess, mitigate and manage 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 so as 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 so as 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.

Principle	Application/Explanation
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 is 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 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 are 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 16 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 (four held).

	Meetings attended
CD Angus	4
PA Christofides	4
Ms SJ Cox	4
TR Hendry	4
AF Litschka	4
K Mapasa	-
T Scharrighuisen	4

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 consider, on an annual basis, and has satisfied itself as to the experience and expertise of the financial director and that the external auditors are independent in the discharge of their duties. The use of the services of the external auditors for non-audit services requires prior approval by the committee.

The audit and risk committee approved the annual audit fee and the change in the company's external auditors. Grant Thornton joined SizweNtsalubaGobodo, who are now called SNG Grant Thornton. Mr EY Lakhi will remain as the designated auditor.

Committee members have unlimited access to all information, documents and explanations required in the discharge of their duties. 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 normally invited to attend meetings of the committee as observers. The external auditors attend the meetings and have direct and unrestricted access to the audit 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.

The JSE Proactive Monitoring letter dated 20 February 2019 and previous letters have been considered by the audit and risk committee and appropriate action has been taken.

Key audit matters relating to the 2019 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 2019 annual financial statements, were considered by the committee:

- Impairment of goodwill;
- Valuation of land and buildings;
- Business combinations;
- Impairment of investment in subsidiaries; and
- Contingent liabilities and claims.

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 audit and risk committee has reviewed the group financial statements and company financial statements for the year ended 31 March 2019, and recommended to the board that the financial statements be approved.

As at 31 March 2019, the audit and risk committee were constituted as follows:

CD Angus – appointed 16 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	1

** Attended as observer*

CAngus

Clayton Angus CA(SA)

Audit and risk committee chairman
Umhlanga, Durban
26 June 2019

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, in order to preserve their independence.

The remuneration policy has been included in the annual general meeting 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 with regard to guaranteed cost-to-company pay and short-term incentives. Medium-term incentives were issued to executive directors but no long-term incentives. Annual salary increases were in line with the increases recommended by the bargaining councils. For staff not forming part of bargaining councils, it was agreed that 6.75% would be used as the approved increase percentage. Details of the executive and non-executive director remuneration is disclosed in note 19 on page 60 of the 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 2019. 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 16 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	-

** Attended as observer*

All committee members are independent non-executive directors.

Nomination Committee

The committee reviews and approves the appointments 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 16 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
PA Christofides	1
K Mapasa	-

Race and Gender Diversity

In terms of item 3.84(i) & (j) 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 Organisation 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 supports a child and youth care centre in KwaZulu-Natal.

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

Additional work in the supply of school furniture in the Western Cape and Mpumalanga areas, via various black empowerment companies were minimal, but the group will continue with its efforts.

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 members of 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, and 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 the claims experiences and changes within and outside the group.

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 hosted sites is almost completed, the balance of companies will be completed by the end of 2019.

Internal Control

The board of directors of Argent is 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 directors report 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 directors have satisfied themselves 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.

Going Concern

The financial statements have been prepared on the going concern basis since the directors have every reason to believe that the company and group have adequate resources in place to continue to operate for the foreseeable future.

Closed Periods

The group operates a closed period between its interim and year-end reporting dates and also 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 report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The 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 2020 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 pages 24 to 28.

The financial statements set out on pages 31 to 82 and the directors' report set out on pages 29 to 30, which have been prepared on the going concern basis, were approved by the board of directors on 26 June 2019 and were signed on its behalf by:

Teunis Scharrighuisen

Non-executive chairman
Umhlanga, Durban
26 June 2019

Treve Hendry CA(SA)

Chief executive officer
Umhlanga, Durban
26 June 2019

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 2019, the company has lodged with the Companies and Intellectual Property Commission all such returns and notices as are 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.

Jaco Dauth

Company secretary
Umhlanga, Durban
26 June 2019

Preparation of the Financial Statements

The preparation of the financial statements in accordance with International Financial Reporting Standards for the year ended 31 March 2019, which appear on pages 31 to 82, has been supervised by the financial director of Argent Industrial Limited, Ms S.J. Cox.

Sue Cox CA(SA)

Financial director
Umhlanga, Durban
26 June 2019

Chief Executive Officer's Review

Argent Industrial is a South African group with both, local and international manufacturing and commodity trading interests. The group has interests in South Africa, the United Kingdom and the United States of America.

Results

The group achieved its objectives for the year by successfully investing in stable, developed international markets and in itself, via the repurchase of its own shares.

Argent will continue to disinvest out of its South African companies where it believes that the funds would be better invested offshore, buy back its own shares and/or return the excess funds to its shareholders.

The consolidated results produced an operating profit before financing costs of R119.7 million and a subsequent profit after taxation of R85.4 million, resulting in headline earnings per share of 104.4 cents.

The number of shares in issue excluding treasury shares is 77.6 million, reduced from the previous year of 84 million shares.

During the course of this financial year, the group sold Parlance Investments and its property for an amount of R10.6 million, Cedar Paint property for R24 million and has entered into an agreement to sell its Xpanda Security Johannesburg property for R10.5 million, the transfer of which is expected to go through in the 2020 financial year.

The group acquired Fuel Proof Limited and Roll-Tec Safety Limited on 28 June 2018 for an amount of GBP4.8 million. Performance targets are expected to increase this amount to GBP6.4 million, with the balance of the purchase price being payable on 1 July 2020.

Argent repurchased and cancelled 6.3 million shares at a cost of R28.9 million during this period of review.

The group is in the process of looking at various offers received regarding the disposal of its property portfolio. Given that they would all have to be rented back, we are also exploring the option of refinancing them in a separate entity, which then could, in part be disposed of.

Prospects

Argent Industrial Limited will continue with its current strategy as set out above and expects its foreign operations to exceed the South African earnings by September 2020.

The group is in discussions with various parties regarding the disposal of certain South African subsidiaries, as well as expanding certain of its subsidiaries internationally.

The group will continue with its current share buy-back programme and will not be declaring a dividend.

TR Hendry CA(SA)

Chief executive officer
Umhlanga, Durban
26 June 2019

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 in light of the claims experienced and changes within and outside of the group.

Social Responsibilities

The group acknowledges its social responsibilities to 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 encourage people, at all times, to learn how they can improve. 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

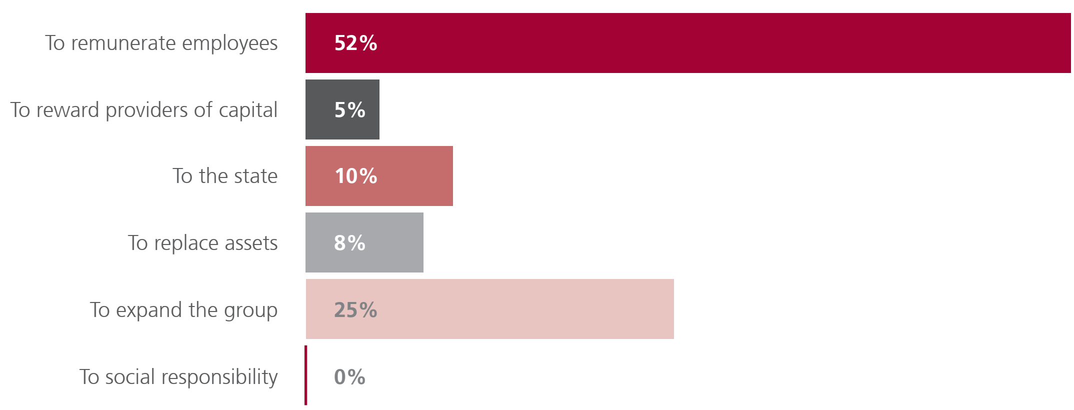
As a listed entity, Argent Industrial Limited complies with legal communication requirements. We believe in regular dialogue with various stakeholders and the investor community as a whole. Regular SENS announcements are published to keep stakeholders informed whilst our website provides up-to-date information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

	2019 R 000	2018 R 000
Revenue	1 721 578	1 828 407
Purchased materials and services	1 421 664	1 564 029
	299 914	264 378
Non-operating income	1 578	1 872
Value-added	301 492	266 250
Applied as follows:		
To remunerate employees:		
Salaries, wages, pensions, bonuses and other benefits	156 856	158 093
To reward providers of capital:	14 547	31 638
Interest on loans	6 076	13 050
Dividends to shareholders	8 471	18 588
To the state:		
Company tax	29 730	(20 657)
To replace assets:		
Depreciation and amortisation	24 940	25 066
To expand the group:	75 292	71 981
Retained earnings	75 292	(202 780)
Write-downs	-	274 761
To social responsibility:		
Donations	127	129
	301 492	**266 250**



Independent Auditor’s Report

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Argent Industrial Limited and its subsidiaries (the group and company) set out on pages 31 to 82, which comprise the consolidated and separate statements of financial position as at 31 March 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate 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 and its subsidiaries as at 31 March 2019, 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 the Consolidated and Separate Financial Statements section of our report*. We are independent of the group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors’ *Code of Professional Conduct for Registered Auditors* (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors’ *Code of Professional Conduct for Registered Auditors* (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants* (including International Independence Standards) respectively. 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.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment of Goodwill
(Consolidated annual financial statements)</td></tr>
<tr><td>
Goodwill represents 11% of total assets at year end. This asset arose from acquisitions made by the Group. Refer to note 4 for disclosure of goodwill.
As required by International Financial Reporting Standards, management performs an annual impairment test on the recoverability of goodwill which is subjective in nature due to judgements having to be made of future performance.
Management uses either a net asset value or discounted cash flow model to determine the value- in-use for each appropriate cash generating unit.
There are a number of sensitive judgements 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;
Beta co-efficient; and
Net profit margins.

The revenue growth rate used involves judgement and the current economic climate increases the complexity of forecasting. Scrutiny is thus placed on forecast assumptions and discount rates.
Accordingly, the impairment test of goodwill is considered to be a key audit matter due to the impact of the above assumptions.
</td><td>
In evaluating the impairment of goodwill, we reviewed the calculations prepared by management, with particular focus on the growth rate and discount rate. We performed various procedures, including the following:

Identifying the key assumptions in the model.
Obtaining evidence to support the key assumptions.
Re-computing the value-in-use of each cash generating unit.
Evaluating the reasonableness of the revenue and costs forecasts against current year actuals.
Utilising our valuation expertise to review management's calculation and confirm the appropriateness of the variables and reasonability of assumptions made by management.
Assessed the adequacy 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.

</td></tr>
<tr><td colspan="2">Valuation of land and buildings
(Consolidated annual financial statements)</td></tr>
<tr><td>
Land and buildings comprise 20% of total assets of the Group as disclosed in note 3 and note 10. Management performs an annual revaluation of the property portfolio in compliance with the revaluation model of International Financial Reporting Standards.
Management use 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 fully let at market related rentals and market related escalations.
The following key assumptions are used:

Rentals are adjusted to agree with those achieved by similar properties in similar areas.
The capitalisation rate is determined with reference to the market.

The current economic climate increases the complexity of determining the rentals of similar properties. Scrutiny is placed on rental assumptions and capitalisation rates.
Accordingly, the property valuations are considered to be a key audit matter due to the impact of the above assumptions.
</td><td>
We focused our testing on the key assumptions made by management and our procedures included:

Identifying the key assumptions in the method used.
Obtaining evidence to support the key assumptions used.
Performing an estimated calculation in order to test the mathematical accuracy of managements calculation using the latest independent published sources to ensure reasonableness of the discount rates and vacancy levels.
Agreeing square meters and extents to supporting schedules.
Agreeing values to sale agreements and offers to purchase where relevant.

</td></tr>
</table>

Key Audit Matter	How our audit addressed the key audit matter
Business combinations (Consolidated annual financial statements)	
The Group acquired 100% of the share capital of Fuel Proof Limited and Roll-Tec Safety Limited for a total cash consideration of GBP 4 800 000, deferred purchase consideration of GBP 200 000 and a contingent purchase consideration payable if the average target levels of the companies exceed a target level agreed by both parties. Accounting for Business Combinations is governed by International Financial Reporting Standards IFRS 3 – Business Combinations. The requirements can be complex and requires management and those charged with governance to exercise judgement in determining certain estimates. The most significant is the determination of the Purchase Price Allocation Valuation (PPAV) which involves: • Identifying the assets and liabilities acquired and determining their fair values; • Identifying the acquisition date implicit in the purchase agreement; • Determination and recognition of goodwill on acquisition; and • Determining the value of the considerations transferred. Due to the significant level of judgement involved in determining the purchase price allocation this area has been regarded as a key audit matter. The disclosure relating to business combinations is contained in note 15 and 24.6.	Our audit procedures on the business combination, amongst others, included the following: • Obtained an understanding of the overall control environment as well as the processes which have been implemented by management and which have been overseen by those charged with governance. • Assessed the valuation of identifiable assets and liabilities, appropriateness of key assumptions and inputs used. • Obtained the acquisition agreement to confirm the purchase price and terms of the acquisition. • Recalculated the value of the considerations transferred with reference to the purchase agreement, including the appropriateness of forecasts and probability of contingent considerations. • Recalculated the goodwill to be recognised on acquisition. • Reviewed the related disclosures in the financial statements to ensure the accuracy of the disclosures and compliance with International Financial Reporting Standards.
Impairment of investments in subsidiaries (Company annual financial statements)	
We consider the impairment testing of investments in subsidiaries to be a key audit matter for the following two reasons: • Investments in the amount of R399.2 million represent the largest asset category on the balance sheet (75% of total assets). An impairment of these investments would have a significant impact on the equity of the Company. • Testing for impairment depends on the future results of the companies concerned. In addition, there is significant scope for judgement in determining the assumptions underlying forecast results. Refer to the notes to the financial statements and, specifically, to the information regarding recognition, valuation and disclosure in note 7.	Our procedures included, among others, the following: • For all investments with a net asset value lower than the investment carrying value, an assessment was performed on the adequacy of the valuation methods and appropriateness of key assumptions used in the discounting of cash flow valuations obtained from management.
Contingent liabilities and claims (Consolidated annual financial statements)	
The valuation and assessment of the entity's contingent liabilities and claims is complex and requires input from the Group's legal advisors to derive the estimates and probability. Such complexities are considered key audit matters because of the significance of the value of these claims, the uncertainty of the legal positions taken, and the judgement inherent in the valuation and assessment of these contingent liabilities and claims. We refer to Contingencies, Guarantees and Other Commitments reflected in Note 28 which outlines, inter alia, these legal matters.	In considering outstanding contingent liabilities and claims, our procedures included: • Obtaining an understanding of the legal matters, including management's assumptions in arriving at their assessment on the probability of these matters and the likely liability. • Obtaining confirmation from the Group's legal advisors of these matters, including the advisor's assessment of the likely outcome. • For the legal matters assessed as probable, the mathematical accuracy of management's calculation of the provisions raised was tested.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report which includes the directors' report, the audit and risk committee's report and the company secretary's certificate as required by the Companies Act of South Africa. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards 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, related safeguards.

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that SNG Grant Thornton has been the auditor of Argent Industrial Limited for eleven years.

SNG GRANT THORNTON

Registered Auditors
Practice number: 946016

EY Lakhi

Director
Registered Auditor
SNG Grant Thornton Inc.

27 June 2019

2nd Floor
4 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia
4019

Directors' Report

The directors of Argent Industrial Limited (**Argent** or **the company** or **the group**) have pleasure in submitting the financial statements of the company and group for the year ended 31 March 2019.

Nature of business

Argent carries on the business of a holding company. The group derives its income from manufacturing, trading of steel and steel-related products, and properties.

Results of operations

Earnings attributable to ordinary shareholders in respect of the year ended 31 March 2019 was R83.8 million (2018 – loss of R184.2 million) and represents earnings of 101.2 cents per share (2018 – loss of 205.2 cents per share).

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

An additional accrual of R2 600 000 has been made for a legal case with the National Union of Metal Workers of South Africa (NUMSA) and one of the group subsidiaries, Argent Steel Group Proprietary Limited t/a Hendor Mining Supplies (Hendor). Details of the legal case is disclosed in note 28 to the financial statements.

The Golden Autumn Trust/Sentula legal case of R8.8 million was settled at R14.5 million including legal fees and interest in December 2018.

Dividends

Details of dividends are reflected in note 23 to the financial statements. 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

Mr K Mapasa was appointed as an independent non-executive director on 10 April 2019.

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 and Mr PA Christofides.

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 14 380 764 (2018 – 15 445 274) of the issued ordinary shares of the company. 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 82 of this report. The aggregate net profit of the subsidiaries attributable to shareholders of the company is as follows:

	2019	2018
Net profit/(loss) (R 000)	76 203	(174 924)

Acquisitions

The group acquired 100% of the shares of Fuel Proof Limited and Roll-Tec Safety Limited on 28 June 2018 for an initial purchase consideration of GBP4 800 000. In terms of the transaction agreement, the purchase consideration will be recalculated twenty-four months from the effective date to a maximum of GBP6 400 000.

Risk management and insurance

It is the group's belief that its risk should be managed in order 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.

Events after the reporting period

No material facts or circumstances have occurred between the accounting date and the date of this report.

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 buy-back 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 2019.

During the year, Argent repurchased 6 319 181 shares at an average share price of R4.59 per share, costing a total of R28 980 621.

Teunis Scharrighuisen

Non-executive chairman
Umhlanga
Durban
26 June 2019

Treve Hendry CA(SA)

Chief executive officer
Umhlanga
Durban
26 June 2019

Group and Company Statements of Financial Position

as at 31 March 2019

		Group		Company	
		2019	2018	2019	2018
	Note	R 000	R 000	R 000	R 000
ASSETS					
Property, plant and equipment	3	450 736	417 589	213	197
Intangible assets	4	3 798	2 513	-	-
Goodwill	4	150 144	80 322	-	-
Long-term receivables	5	17 785	29 123	-	-
Employee share incentive scheme loan	6	-	-	20 425	14 478
Deferred taxation	16	4 683	9 532	-	-
Interest in subsidiaries	7	-	-	399 207	280 886
Non-current assets		**627 146**	**539 079**	**419 845**	**295 561**
Inventories	8	381 473	374 130	-	-
Trade and other receivables	9	314 814	312 652	48 106	18 599
Current portion of long-term receivables	5	6 128	5 611	-	-
Loans to subsidiaries	7	-	-	64 628	94 040
Taxation		-	14	-	-
Bank balance and cash	24.4	73 679	87 918	-	-
Current assets		**776 094**	**780 325**	**112 734**	**112 639**
Non-current assets held for sale	10	**10 500**	**23 288**	**-**	**-**
Total Assets		**1 413 740**	**1 342 692**	**532 579**	**408 200**
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital and treasury shares	11	392 809	421 789	485 855	514 835
Reserves	12	7 666	(1 839)	-	-
Retained earnings/(accumulated loss)		613 664	541 795	(53 952)	(163 204)
Attributable to owners of the parent		1 014 139	961 745	431 903	351 631
Non-controlling interest		18 483	16 782	-	-
Total shareholders' funds		**1 032 622**	**978 527**	**431 903**	**351 631**
Interest-bearing borrowings	13	4 708	12 322	-	-
Long-term loans	14	2 621	1 659	-	-
Other liabilities	15	29 832	-	29 832	-
Deferred taxation	16	51 883	43 364	553	188
Non-current liabilities		**89 044**	**57 345**	**30 385**	**188**
Trade and other payables	17	216 195	194 606	22 674	16 141
Taxation		9 840	-	298	-
Bank overdraft	24.4	53 802	81 063	47 319	40 240
Current portion of interest-bearing borrowings	13	12 237	31 151	-	-
Current liabilities		**292 074**	**306 820**	**70 291**	**56 381**
Total Equity and Liabilities		**1 413 740**	**1 342 692**	**532 579**	**408 200**
Net asset value per share (cents)		1 305.4	1 144.9		

Group and Company Statements of Profit or Loss

for the year ended 31 March 2019

		Group		Company	
		2019	2018	2019	2018
	Note	R 000	R 000	R 000	R 000
Revenue	**18**	1 721 578	1 828 407		
Cost of sales		(1 299 966)	(1 439 593)		
Gross profit		421 612	388 814		
Net operating expenses		(301 920)	(580 883)		
Operating profit/(loss) before finance costs	**19**	119 692	(192 069)	115 034	134 205
Net interest expense	**20**	(4 498)	(11 178)	3 727	7 748
Profit/(loss) before taxation		115 194	(203 247)	118 761	141 953
Taxation	**21**	(29 730)	20 657	(663)	160
Profit/(loss) for the year		**85 464**	**(182 590)**	**118 098**	**142 113**
Attributable to owners of the					
- Parent		83 763	(184 192)	118 098	142 113
- Non-controlling interest		1 701	1 602	-	-
		85 464	**(182 590)**	**118 098**	**142 113**
Basic earnings/(loss) per share (cents)	**22.1**	101.2	(205.2)		
Diluted earnings/(loss) per share (cents)	**22.2**	101.2	(205.2)		
Dividends per share (cents)	**23**	10.0	21.0		
Final prior		10.0	11.0		
Interim current		-	10.0		
Shares in issue (000)					
- at end of period excluding treasury shares		77 686	84 005		
- at end of period including treasury shares		82 369	88 688		
- weighted average for the year		82 741	89 784		

Group and Company Statements of Other Comprehensive Income

for the year ended 31 March 2019

	Group		Company	
	2019	2018	2019	2018
	R 000	R 000	R 000	R 000
Profit/(loss) for the year	85 464	(182 590)	118 098	142 113
Other comprehensive income for the year				
Items that may be reclassified subsequently to profit and loss				
Exchange differences on translating foreign operations	9 493	(4 630)	-	-
Items that will not be reclassified subsequently to profit and loss				
Revaluation of land and buildings	-	(39 903)	-	-
Tax effect of above transactions	-	11 648	-	-
Total other comprehensive income/(loss) for the year	**94 957**	**(215 475)**	**118 098**	**142 113**
Attributable to owners of the				
- Parent	93 256	(217 077)	118 098	142 113
- Non-controlling interest	1 701	1 602	-	-
	94 957	**(215 475)**	**118 098**	**142 113**

Group and Company Statements of Changes in Equity

for the year ended 31 March 2019

Group										
	Note	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 2017		**540 918**	**(93 046)**	**1 301**	**36 323**	**(13 447)**	**750 923**	**1 222 972**	**15 180**	**1 238 152**
Share-based payments		-	-	521	-	-	-	521	-	521
Share buy-back		(26 083)	-	-	-	-	-	(26 083)	-	(26 083)
Transfer of reserve to retained earnings		-	-	(1 382)	-	7 730	(6 348)	-	-	-
Total comprehensive loss		-	-	-	(28 255)	(4 630)	(184 192)	(217 077)	1 602	(215 475)
Dividends–current interim and prior final	23	-	-	-	-	-	(19 375)	(19 375)	-	(19 375)
Less dividend on treasury shares	23	-	-	-	-	-	787	787	-	787
Balance at 31 March 2018		**514 835**	**(93 046)**	**440**	**8 068**	**(10 347)**	**541 795**	**961 745**	**16 782**	**978 527**
Adjustment from the adoption of IFRS 9	1.27	-	-	-	-	-	(3 712)	(3 712)	-	(3 712)
Adjusted balance at 1 April 2018		**514 835**	**(93 046)**	**440**	**8 068**	**(10 347)**	**538 083**	**958 033**	**16 782**	**974 815**
Share-based payments		-	-	301	-	-	-	301	-	301
Share buy-back		(28 980)	-	-	-	-	-	(28 980)	-	(28 980)
Transfer of reserve to retained earnings		-	-	(289)	-	-	289	-	-	-
Total comprehensive income		-	-	-	-	9 493	83 763	93 256	1 701	94 957
Dividends - current interim and prior final	23	-	-	-	-	-	(8 846)	(8 846)	-	(8 846)
Less dividend on treasury shares	23	-	-	-	-	-	375	375	-	375
Balance at 31 March 2019		**485 855**	**(93 046)**	**452**	**8 068**	**(854)**	**613 664**	**1 014 139**	**18 483**	**1 032 622**
Note		11	11	12	12	12				

The initial application of IFRS 9 has led to an adjustment of R3.7 million.

Group and Company Statements of Changes in Equity for the year ended 31 March 2019
(Continued)

		Company		
	Note	Stated capital R 000	Accumulated loss R 000	Total R 000
Balance at 31 March 2017		**540 918**	**(285 942)**	**254 976**
Share buy-back		(26 083)	-	(26 083)
Total comprehensive income		-	142 113	142 113
Dividends–current interim and prior final	**23**	-	(19 375)	(19 375)
Balance at 31 March 2018	**11**	**514 835**	**(163 204)**	**351 631**
Share buy-back		(28 980)	-	(28 980)
Total comprehensive income		-	118 098	118 098
Dividends– current interim and prior final	**23**	-	(8 846)	(8 846)
Balance at 31 March 2019	**11**	**485 855**	**(53 952)**	**431 903**

Group and Company Statement of Cash Flows

for the year ended 31 March 2019

		Group		Company	
		2019	2018	2019	2018
	Note	R 000	R 000	R 000	R 000
Cash Flows from Operating Activities					
Cash generated from/(used in) operations	24.1	164 387	199 649	11 052	(273 491)
Net interest expense	20	(4 498)	(11 178)	3 727	7 748
Dividends paid	24.2	(8 471)	(18 588)	(8 846)	(19 375)
Normal taxation paid	24.3	(13 338)	(11 818)	-	-
Net cash inflow / (outflow) from operating activities		**138 080**	**158 065**	**5 933**	**(285 118)**
Cash Flows from Investing Activities					
Purchase of property, plant and equipment	3	(43 744)	(77 541)	(134)	(146)
Additions to intangible assets	4	(768)	(100)	-	-
Proceeds on disposal of property, plant and equipment		38 062	59 446	-	6
Acquisition of subsidiaries net of cash acquired	24.6	(77 423)	-	(88 489)	-
Long-term receivables advanced / (repaid)		5 666	(14 152)	(5 947)	3 128
Dividends received		-	-	110 538	201 400
Net cash (outflow)/inflow from investing activities		**(78 207)**	**(32 347)**	**15 968**	**204 388**
Cash Flows from Financing Activities					
Share buy-back		(28 980)	(26 083)	(28 980)	(26 083)
Proceeds from long-term loans		962	1 659	-	-
Proceeds from interest-bearing borrowings	24.5	4 878	8 270	-	-
Repayment of interest-bearing borrowings	24.5	(33 758)	(33 769)	-	-
Net cash outflow from financing activities		**(56 898)**	**(49 923)**	**(28 980)**	**(26 083)**
Net Increase/(Decrease) in Cash and Cash Equivalents		2 975	75 795	(7 079)	(106 813)
Cash and cash equivalents at beginning of year		6 855	(68 129)	(40 240)	66 573
Exchange differences on cash and cash equivalents		10 047	(811)	-	-
Cash and cash equivalents at end of year	24.4	**19 877**	**6 855**	**(47 319)**	**(40 240)**

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,except for the changes set out in section 1.27 of these accounting policies.

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:

- IFRS 2 – Share based payment (effective from 1 January 2018).

Those having an effect on the financial statements are as follows:

- IFRS 9 – Financial instruments (effective 1 January 2018)
- IFRS 15 – Revenue from contracts with customers (effective 1 January 2018).

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.
- Impairment of goodwill – note 4.
- Inventory - Allowance for slow moving, damaged and obsolete inventory – note 8.
- Trade receivables – Allowance for credit losses – note 9.
- Business combinations – note 24.6.
- Contingent liabilities – note 28.
- Fair value of share-based payments – note 25.

Significant judgements are made in the following areas:

- Property, plant and equipment - Revaluation of land and buildings - note 3.
- Deferred taxation – note 16.
- Investment in subsidiaries / control assessment – note 7.

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, except for land and buildings, 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.

Depreciation is calculated on the straight line basis at rates considered appropriate to reduce book values 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
Plant and equipment	15 years
Motor vehicles	10 years
Furniture, fittings & equipment	3 to 10 years

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.

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.

Refer to note 4.

1.6 Goodwill

Goodwill is initially measured at 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.

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 of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (nor amortised) while it is classified as held for sale.

1.10 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 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.

Provisions are not recognised for future operating leases.

1.11 Financial instruments

The classification and measurement policies for 2018 are IAS39 and for 2019 are IFRS 9.

The group has elected not to restate comparative information and has recorded the cumulative effect of initially applying the new standards as an adjustment to the opening balance of equity at the date of initial application. Therefore, the comparative information has not been restated and is reported under the previous standards.

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.

Classification and subsequent measurement

Financial instruments are measured initially at fair value plus direct transaction costs (if applicable).

Financial assets are classified into the following three principal categories:

- Measured at amortised cost;
- Fair value through profit and loss (FVTPL); and
- Fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- The entity's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial asset.

All financial assets are classified at amortised cost except for derivatives 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.

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.

BEE minority shareholder loan

The BEE minority shareholder loan is initially recognised at fair value plus direct transaction costs.

Subsequently it is classified as a loan and receivable under IAS 39 and in the current year classified at fair value through profit or loss under IFRS 9.

Employee share incentive scheme loan

The employee share incentive scheme loan is initially recognised at fair value plus direct transaction costs.

Subsequently it is classified as a loan and receivable under IAS 39 and in the current year classified at fair value through profit or loss under IFRS 9.

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, 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 plus 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 plus 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 in accordance with the company's accounting policy for borrowing costs.

Other financial liabilities are measured initially at fair value plus 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.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss' (ECL) model. This replaces ISA 39's 'incurred loss' model. Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts that are not measured at fair value through profit and loss.

Recognition of credit losses is no longer dependent on the group first identifying a credit loss event. Instead 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 low (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 and other 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 expires, 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.

1.12 Revenue before 1 April 2018

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

1.13 Revenue after 1 April 2018

Revenue arises primarily from sale of manufacturing, trading of steel and steel-related products and property rental.

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.

Revenue from sale of goods is recognised when it transfers control over goods to the customer and the performance obligations are met. Performance obligations are met upon receipt of goods by the customer and there is objective evidence that all criteria for acceptance have been satisfied.

The group applies the practical expedient in IFRS 15.63 and does not adjust the promised amount of consideration for the effects of financing.

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

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 trade and other receivables in the Statement of Financial Position, depending on whether something other than the passage of time is required before the consideration is due.

1.14 Other income

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

1.15 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.

1.16 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.

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.

1.17 Dividends

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

1.18 Impairments – non-financial assets

The carrying amount of the group's assets, other than inventories (refer accounting policy note 1.8) and deferred tax assets (refer accounting policy note 1.16) 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. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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.

1.19 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 at the 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 SA rand at foreign exchange rates at the reporting date. The income and expenses of foreign operations are translated to SA 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.

1.20 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. All leases meet the definition of operating leases.

Operating leases – lessee

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

1.21 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.

1.22 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.

Refer to note 26.

1.23 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.

1.24 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.

1.25 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.

1.26 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

1.27 Change in accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

The group adopted IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with a date of initial application of 1 April 2018. As a result, the group has changed its accounting policy for revenue recognition and financial instruments.

The group has elected not to restate comparative information and has recorded the cumulative effect of initially applying the new standards as an adjustment to the opening balance of equity at the date of initial application. Therefore, the comparative information has not been restated and is reported under the previous standards.

Application of IFRS 9 Financial Instruments

In the current year, the group has applied IFRS 9 – Financial Instruments (as revised in July 2014) and the related consequential amendments to the other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for: i) the classification and measurement of financial assets and financial liabilities, ii) impairment for financial assets.

Details of these new requirements as well as their impact on the group's financial statements are described below. The group has applied IFRS 9 in accordance with the transition provision set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 April 2018. Accordingly, the group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 1 April 2018 and has not applied the requirements that have already been derecognised as at 1 April 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The applicable measurement requirements are summarised below:

Debt instruments that are held within a business model whose objectives is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group and company's financial assets and financial liabilities as at 1 April 2018.

	Group				
	Original IAS 39 category	New IFRS 9 category	Original carrying amount under IAS 39 R 000	Adoption of IFRS 9	New carrying amount under IFRS 9 R 000
Non-current financial assets					
Long term receivables			29 123	-	23 968
BEE minority shareholder loan	Loans and receivables	Fair value through profit or loss	17 051	(5 155)	11 896
Balance of long term receivables	Loans and receivables	Amortised cost	12 072	-	12 072
Current financial assets					
Trade and other receivables	Loans and receivables	Amortised cost	310 013	-	310 013
Bank balance and cash	Loans and receivables	Amortised cost	87 918	-	87 918
Current portion of long-term receivables	Loans and receivables	Amortised cost	5 611	-	5 611
Total financial assets			**432 665**	**(5 155)**	**427 510**
Non-current financial liabilities					
Interest-bearing borrowings	Amortised cost	Amortised cost	12 322	-	12 322
Long-term loans	Amortised cost	Amortised cost	1 659	-	1 659
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	194 606	-	194 606
Bank overdraft	Amortised cost	Amortised cost	81 063	-	81 063
Current portion of interest-bearing borrowings	Amortised cost	Amortised cost	31 151	-	31 151
Total financial liabilities			**320 801**		**320 801**

	Company			
	Original IAS 39 category	New IFRS 9 category	Original carrying amount under IAS 39 R 000	New carrying amount under IFRS 9 R 000
Non-current financial assets				
Employee share incentive scheme loan	Loans and receivables	Fair value through profit or loss	14 478	14 478
Current financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	15 769	15 769
Loans to subsidiaries	Loans and receivables	Amortised cost	94 040	94 040
Total financial assets			**124 287**	**124 287**
Current financial liabilities				
Trade and other payables	Amortised cost	Amortised cost	16 141	16 141
Bank overdraft	Amortised cost	Amortised cost	40 240	40 240
Total financial liabilities			**56 381**	**56 381**

The change in measurement category of the different financial assets and financial liabilities has had no material impact on their respective carrying amounts on initial application.

The group resolved to adjust earnings for the impact on the BEE minority shareholder loan, previously classified as a financial asset at amortised cost to FVTPL on 1 April 2018.

At initial application, the group classified the BEE minority shareholder loan and employee share incentive scheme loan as a financial asset at FVTPL, previously classified as a financial asset at amortised cost. Refer to Note 5 and Note 6 for further information on the financial assets.

There were no other financial assets or financial liabilities which the group or company had previously designated at FVTPL under IAS 39 that were subject to reclassification, or which the group has elected to reclassify upon the application of IFRS 9.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the group to recognise a loss allowance for expected credit losses on debt instruments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets and loan commitments and financial guarantee contracts to which impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired assets.

On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the group is required to measure loss allowance for that financial asset at an amount equal to 12 months expected credit losses.

These include cash and cash equivalents, related party loans, employee share incentive loans and other receivables.

IFRS 9 also provides for a simplified approach for measuring the loss allowance at an amount equal to the lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

As at 1 April 2019, the directors reviewed and assessed the group's existing financial assets and amounts due from customers for impairment using reasonable and supporting information that was available without undue cost or effort in accordance with the requirements of IFRS 9, to determine the credit risk of the respective items at the date they were initially recognised. The assessment revealed that there was no material impact on the numbers previously reported.

Application of IFRS 15 Revenue from contracts with customers

In the current year, the group has applied IFRS 15 – Revenue from contracts with customers (as revised in April 2016) and the related consequential amendments to the other IFRSs.

IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreement for Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services.

IFRS 15 introduces a five-step approach to revenue recognition. Far more prescriptive guidance has been added to IFRS 15 to deal with specific scenarios.

The adoption of this new standard has not resulted in any material changes to the current or the prior period financial results. Consequently, there has not been a material impact on the financial statements both from a quantitative perspective as well as from a disclosure perspective.

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 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 Standards.	Unlikely there will be a material impact
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	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 Standards.	Unlikely there will be a material impact
IAS 12 Income Tax	1 January 2019	Annual Improvements 2015–2017 Cycle: Clarification that all income tax consequences of dividends should be recognized in profit or loss, regardless how the tax arises.	Unlikely there will be a material impact
IAS 19 Employee Benefits	1 January 2019	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19): The amendments require an entity to use the updated assumptions from remeasurement of the net defined benefit liability or asset resulting from a plan amendment, curtailment or settlement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.	Unlikely there will be a material impact

Standard	Annual periods beginning on or after	Details of amendment	Management assessment of impact of new standards
IFRS 3 Business Combinations	1 January 2019	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.	Unlikely there will be a material impact

Standard	Annual periods beginning on or after	Details of amendment	Management assessment of impact of new standards
IFRS 16 Leases	1 January 2019	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows. IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. IFRS 16 supersedes the following Standards and Interpretations: - IAS 17 Leases; - IFRIC 4 Determining whether an Arrangement contains a Lease; - SIC-15 Operating Leases – Incentives; and - SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.	Impact is currently being assessed.
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019	The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes.	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 2019 R 000
Carrying amount at beginning of year	279 367	102 770	32 655	2 797	**417 589**
Gross carrying amount	298 406	272 681	84 617	20 043	**675 747**
Accumulated depreciation and impairments	(19 039)	(169 911)	(51 962)	(17 246)	**(258 158)**
Exchange difference on translation of foreign operations	2 087	2 822	183	103	**5 195**
Reclassification to non-current assets held for sale	(10 500)	-	-	-	**(10 500)**
New business combinations	1 207	31 100	2 251	993	**35 551**
Additions	19 260	15 204	6 673	2 607	**43 744**
Disposals	(8 008)	(2 286)	(1 940)	(73)	**(12 307)**
Impairments	(3 889)	-	-	-	**(3 889)**
Depreciation	(471)	(16 254)	(6 175)	(1 747)	**(24 647)**
Carrying amount at end 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)**

The carrying amount would have been R279 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 2018 R 000
Carrying amount at beginning of year	379 114	212 101	36 725	3 921	**631 861**
Gross carrying amount	389 082	418 697	90 915	24 039	**922 733**
Accumulated depreciation and impairments	(9 968)	(206 596)	(54 190)	(20 118)	**(290 872)**
Exchange difference on translation of foreign operations	(1 252)	(722)	(34)	(22)	**(2 030)**
Change in fair value of land and buildings – reversal of revaluation surplus due to impairment	(39 902)	-	-	-	**(39 902)**
Reclassification to non-current assets held for sale	(23 288)	-	-	-	**(23 288)**
Additions	26 207	38 392	11 680	1 262	**77 541**
Disposals	(33 527)	(88 099)	(7 035)	(387)	**(129 048)**
Impairments	(27 688)	(43 977)	(1 009)	-	**(72 674)**
Depreciation	(297)	(14 925)	(7 672)	(1 977)	**(24 871)**
Carrying amount at end of year	279 367	102 770	32 655	2 797	**417 589**
Gross carrying amount	298 406	272 681	84 617	20 043	**675 747**
Accumulated depreciation and impairments	(19 039)	(169 911)	(51 962)	(17 246)	**(258 158)**

The carrying amount would have been R271 million had land and buildings been accounted for using the cost model.

	Company	
	Furniture, fittings and equipment R 000	Total 2019 R 000
Carrying amount at beginning of year	197	**197**
Gross carrying amount	403	**403**
Accumulated depreciation and impairments	(206)	**(206)**
Additions	134	**134**
Disposals	(13)	**(13)**
Depreciation	(105)	**(105)**
Carrying amount at end of year	213	**213**
Gross carrying amount	423	**423**
Accumulated depreciation and impairments	(210)	**(210)**

	Company	
	Furniture, fittings and equipment R 000	Total 2018 R 000
Carrying amount at beginning of year	139	**139**
Gross carrying amount	452	**452**
Accumulated depreciation and impairments	(313)	**(313)**
Additions	146	**146**
Disposals	(6)	**(6)**
Depreciation	(82)	**(82)**
Carrying amount at end of year	197	**197**
Gross carrying amount	403	**403**
Accumulated depreciation and impairments	(206)	**(206)**

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 2019.

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, assumptions about vacancy levels and the discount rate. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if discount rates (market yields) decline. Management considers that the range of reasonably possible alternative assumptions is greatest for rental values and vacancy levels and that there is also an interrelationship between these inputs. The assumed discount rates applied for the future income streams range between 9.5% and 10.7% (2018 – 9.2% and 11.6%).

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 (2018 – 39) years.

In the prior year, four of the Johannesburg properties were impaired by an amount of R27.7 million. Three of them due to receiving lower offers/indicative offers (one being Jetmaster, which has been sold). The Phoenix Steel Gauteng property was revalued along with the balance of the steel sector assets.

Valuation of plant and equipment

In the prior year, the closure of Sentech Industries and the downsizing/relocation of companies has resulted in an impairment of plant and equipment including a full valuation of the steel sector assets, of R116.7 million. The impairment will reduce the group yearly depreciation expense by R8.2 million.

4 Intangible Assets and Goodwill

	Group		
	Patents R 000	Goodwill R 000	Total 2019 R 000
Carrying amount at beginning of year	2 513	80 322	**82 835**
Gross carrying amount	2 993	210 717	**213 710**
Accumulated amortisation and impairment	(480)	(130 395)	**(130 875)**
Goodwill in respect of business combinations	-	69 822	**69 822**
Exchange difference on translation of foreign operation	810	-	**810**
Additions	768	-	**768**
Amortisation for the year	(293)	-	**(293)**
Carrying amount at end of year	3 798	150 144	**153 942**
Gross carrying amount	4 678	280 539	**285 217**
Accumulated amortisation and impairment	(880)	(130 395)	**(131 275)**

	Group		
	Patents R 000	Goodwill R 000	Total 2018 R 000
Carrying amount at beginning of year	2 976	210 717	**213 693**
Gross carrying amount	3 303	210 717	**214 020**
Accumulated amortisation/impairment	(327)	-	**(327)**
Exchange difference on translation of foreign operation	(368)	-	**(368)**
Additions	100	-	**100**
Impairments	-	(130 395)	**(130 395)**
Amortisation for the year	(195)	-	**(195)**
Carrying amount at end of year	2 513	80 322	**82 835**
Gross carrying amount	2 993	210 717	**213 710**
Accumulated amortisation/impairment	(480)	(130 395)	**(130 875)**

Patents

The patent is a railway retarder and has a remaining useful life of 11 (2018 – 12) 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 underlying cash-generating unit (CGU).

Goodwill amounting to R150 million is represented by four CGU's comprising R34.8 million for Xpanda Security, R7.6 million for Cannock Gates, R37.9 million for OSA Door Parts and R69.8 million for Fuel Proof and Roll-Tec Safety. 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 5 year period. The discount factor applied in the value in use model is between 3.8% and 12.4% (2018 – 4.3% and 12.3%).

The average projected growth rate used is 3.75% (2018 – 6.4%). 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.

In the prior year, the group impaired goodwill by an amount of R130.4 million. This was as a result of the weakening of the South African economic climate, closure and downsizing of companies, margins under pressure and markets becoming very competitive. The key assumptions for the value in use calculations were those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimated discount rates using pre-tax rates that reflected the current market assessments of the time value of money and the risks specific to the CGUs. The discount factor applied in the value in use model was 13.6%.

5 Long-term Receivables

		Group		Company	
		2019 R 000	2018 R 000	2019 R 000	2018 R 000
BEE minority shareholder loan					
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.		12 316	17 051		
Barnes Tubing Industries Proprietary Limited		5 635	7 703		
Repayments are made in equal monthly instalments.					
Aggregate repayments are due as follows:					
Year ending 31 March	**R 000**				
- 2020	2 296				
- 2021	2 109				
- 2022	2 163				
Secured by moveable property bearing interest at prime.					
Stateline Tubing Industries Proprietary Limited		4 073	4 843		
Repayments are made in monthly instalments with no interest payable.					
Aggregate repayments are due as follows:					
Year ending 31 March	**R 000**				
- 2020	2 439				
- 2021	1 634				
Secured by project related materials used at the seller's leased premises.					
Stateline Tubing Industries Proprietary Limited		1 889	5 137		
Repayments are made in monthly equal instalments.					
Aggregate repayments are due as follows:					
Year ending 31 March	**R 000**				
- 2020	1 934				
Secured by moveable property bearing interest at prime less 3.5%.					
Total long-term receivables		23 913	34 734		
Less: Portion receivable within 12 months		6 128	5 611		
Non-current portion		**17 785**	**29 123**		

Long-term receivables are initially recognised at fair value, including transaction costs and are subsequently measured at amortised cost less accumulated impairments. 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 a result, management have assessed there to be no expected credit loss and no provision has been raised.

6 Employee Share Incentive Scheme Loan

	Group		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
Employee share incentive scheme loan			20 425	14 478
An analysis of the Argent Employee Share Incentive Scheme loan is as follows:				
Balance at the beginning of the year			14 478	17 606
Loan repaid - dividends			(375)	(787)
Issue of shares			-	-
Restatement/(impairment) of loan			6 322	(2 341)
Total employee share incentive scheme loan			**20 425**	**14 478**

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.

7 Interest in Subsidiaries

	Group		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
Opening cost less impairment			280 886	336 946
New acquisitions			118 321	-
Impairment			-	(56 060)
Paint and Ladders Proprietary Limited			-	(6 041)
Toolroom Services Proprietary Limited			-	(27 028)
Tricks Wrought Iron Services Proprietary Limited			-	(22 991)
Shares at cost less impairments			**399 207**	**280 886**

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.

In the prior year, the group impaired interest in subsidiaries as a result of the weakening of the South African economic climate, closure and downsizing of companies, margins under pressure and markets becoming very competitive.

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% (2018 – 45%).

Total comprehensive income allocated to NCI R0.513 million (2018 – R0.948 million).

Accumulated NCI R13.5 million (2018 – R13.2 million).

A dividend of R180 000 was paid to the NCI (2018 – nil).

	Group	
	2019 R 000	2018 R 000
Summarised financial information is set out below:		
Non-current assets	33 518	33 239
Current assets	6 797	6 111
Total assets	**40 315**	**39 350**
Non-current liabilities	1 741	2 750
Current liabilities	8 914	7 680
Total liabilities	**10 655**	**10 430**
Equity attributable to owners of the parent	**16 313**	**15 906**
Non-controlling interests	**13 727**	**13 214**
Revenue	**17 567**	**20 409**
Profit for the year attributable to the owners of the parent	626	1 158
Profit for the year attributable to the NCI	513	948
Profit for the year	**1 139**	**2 106**
Total comprehensive income for the year attributable to the owners of the parent	406	1 158
Total comprehensive income for the year attributable to the NCI	333	948
Total comprehensive income for the year	**739**	**2 106**
Net cash (used in)/from operating activities	(1 436)	2 668
Net cash used in investing activities	(1 367)	(4 310)
Net cash (used in)/from financing activities	(717)	2 618
Net cash (outflow)/inflow	**(3 520)**	**976**

	Company	
Subsidiary loans		
Opening balance	94 040	(160 515)
Movement during the year	(29 997)	254 555
Reversal/(Impairment)	585	-
New Joules Engineering Proprietary Limited	(44)	-
Parlance Investments Proprietary Limited	612	-
SA Furnquip Proprietary Limited	17	-
Loans to subsidiaries included in current assets	**64 628**	**94 040**
Loans owing by subsidiaries	104 340	130 113
Loans owing to subsidiaries	(39 712)	(36 073)
Loans to subsidiaries included in current assets	64 628	94 040

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

The carrying value of loans are shown net of impairments. The loans are individually assessed based on the solvency of the company being assessed. Management believe that all balances are of a good credit quality.

The subsidiaries have access to the groups overdraft facility and have the ability to settle the loans, if required.

For further details of interest in subsidiaries refer to page 82.

8 Inventories

	Group		Company	
	2019	2018	2019	2018
	R 000	R 000	R 000	R 000
Raw materials	97 701	115 383		
Work in progress	22 958	32 052		
Goods in transit	6 668	3 219		
Finished goods	254 146	223 476		
Total inventories	**381 473**	**374 130**		

An allowance is created to write-down inventory to the lower of cost or net realisable value. The write-down 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 complication and costs to be incurred in marketing, selling and distribution.

Inventory with a carrying amount of R0 million (2018 – R1.4 million) was impaired during the year.

Nedbank Limited holds a notarial general covering bond for R150 million over all movable assets held by Argent Steel Group Proprietary Limited.

9 Trade and Other Receivables

	Group		Company	
	2019	2018	2019	2018
	R 000	R 000	R 000	R 000
Financial instruments				
Trade receivables due from external parties	299 298	326 198	35 723	8 380
Forward exchange contract	520	-	-	-
Impairment for trade receivables	(16 764)	(29 843)	-	-
Deposits	2 602	5 408	-	-
Other receivables	15 129	8 250	10 301	7 389
	300 785	310 013	46 024	15 769
Non-financial instruments				
Prepayments	14 029	2 639	2 082	2 830
Total trade and other receivables	**314 814**	**312 652**	**48 106**	**18 599**
Categorisation of trade and other receivables				
Trade and other receivables are categorised as follows in accordance with IFRS 9 – Financial Instruments				
At amortised cost	285 656	310 013	35 723	8 380
Non-financial instruments	29 158	2 639	12 383	10 219
	314 814	**312 652**	**48 106**	**18 599**

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 have been ceded for facilities granted.

	Group		Company	
Reconciliation of impairment allowance				
Opening balance	(29 843)	(32 313)		
Net amount utilised/(raised)	13 079	2 470		
Closing balance	**(16 764)**	**(29 843)**		

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, in accordance with IFRS 9 – Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery.

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 but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of expected future cash flows.

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

The loss allowance as at 31 March 2019 (on adoption of IFRS 9) was determined as follows:

Expected credit loss rates:

	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
2019					
Less than 30 days	0.133%	90 833	(120)	-	(120)
31–60 days	0.225%	49 222	(111)	-	(111)
61–90 days	0.576%	17 736	(102)	-	(102)
91–120 days	1.681%	7 485	(126)	-	(126)
More than 120 days	3.819%	15 448	(590)	-	(590)
		180 724	(1 049)	-	(1 049)
Insured debtors – Credit Guarantee Insurance Corporation (CGIC)		94 919	-	-	-
Specifically impaired trade receivables		23 655	-	(15 715)	(15 715)
Total trade receivables due from external parties		**299 298**	**(1 049)**	**(15 715)**	**(16 764)**

Trade and other receivables past due but not impaired

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

The comparative information is prepared under IAS 39.

At 31 March 2018, R57.2 million were past due but not impaired.

	Group		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
The ageing of amounts past due but not impaired is as follows:				
One month past due	-	28 074		
Two months past due	-	10 622		
Three months past due	-	18 547		

Fair values of trade and other receivables

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

10 Non-current Assets Held for Sale

	Group		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
Property:				
Erf 90,91,92 Sebenza – 127,129 & 131 Terrace Road, Sebenza, Gauteng	10 500	-		
Erf 1809 and 1950 Silverton – 91 Concordia Road, Silverton, Gauteng	-	23 288		
Total non-current assets held for sale	**10 500**	**23 288**		

Erf 90,91,92 Sebenza has been empty since August 2018 when Xpanda Security Johannesburg joined premises with Toolroom Services. An agreement to sell the premises has been reached and transfer should be finalised by August 2019.

In February 2018, the group decided to exit the paint manufacturing and retail industries and the property, Erf 1809 and 1950, Silverton, Gauteng, housing the business was not required. Transfer of sale took place on 31 January 2019.

11 Stated Capital and Treasury Shares

	Group		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
Authorised stated capital				
200 000 000 ordinary shares of no par value				
(2018 – 200 000 000 ordinary shares of no par value)				
Issued stated capital				
82 368 934 ordinary shares of no par value				
(2018 – 88 688 115 ordinary shares of no par value)	485 855	514 835	485 855	514 835
Balance at the beginning of the year	514 835	540 918	514 835	540 918
Share buy-back	(28 980)	(26 083)	(28 980)	(26 083)
Treasury shares	(93 046)	(93 046)	-	-
Balance at the beginning of the year	(93 046)	(93 046)	-	-
Issue of shares	-	-	-	-
Total stated capital and treasury shares	**392 809**	**421 789**	**485 855**	**514 835**

During the year 6 319 181 shares were repurchased and cancelled as part of the share buy-back 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		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
Revaluation reserve	8 068	8 068		
Foreign currency translation reserve	(854)	(10 347)		
Employee share incentive reserve	452	440		
Total reserves	**7 666**	**(1 839)**		

13 Interest-Bearing Borrowings

	Group		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
Secured				
Instalment sale obligations	11 853	14 415		
Secured by plant and equipment with a net book value of R25 million (2018 – R20.8 million) (refer note 3).				
Repayments are made in equal monthly instalments.				
Aggregate repayments are due as follows:				
Year ending 31 March — **R 000**				
- 2020 — 7 968				
- 2021 — 4 416				
- 2022 — 566				
The effective average interest rate applicable to these liabilities is 0.25% below prime to 2.25% above prime.				
Loan facility owing by the group to Investec Bank Limited	5 092	29 058		
Repayments are due as follows:				
Year ending 31 March — **R 000**				
-2020 — 5 171				
The loan bears an average interest rate of 0.025% below prime and repayable in monthly instalments of approximately R2 million, secured by fixed property.				
Total interest-bearing borrowings	16 945	43 473		
Less: Portion payable within twelve months reflected under current liabilities	12 237	31 151		
Non-current portion	**4 708**	**12 322**		

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

14 Long-term Loans

	Group		Company	
	2019	2018	2019	2018
	R 000	R 000	R 000	R 000
Unsecured				
Minority shareholder loans	2 621	1 659		

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

15 Other Liabilities

	Group		Company	
	2019	2018	2019	2018
	R 000	R 000	R 000	R 000
Contingent consideration for the acquisition of Fuel Proof Limited and Roll-Tec Safety Limited				
Fair value of deferred consideration	3 729	-	3 729	-
Fair value of contingent consideration	26 103	-	26 103	-
Other liabilities	**29 832**	**-**	**29 832**	**-**

The contingent liability of GBP1.386 million initially recognised represents the present value of the groups estimate of the probable cash outflow.

At year-end, there has been no changes in the estimate of the probable cash outflow but the liability has increased to GBP1.387 million due to the change in fair value.

Refer to note 24.6 for additional disclosure on the contingent liability.

16 Deferred Taxation

	Group		Company	
	2019	2018	2019	2018
	R 000	R 000	R 000	R 000
The following deferred taxation balances are reflected on the statement of financial position:				
Deferred taxation assets	4 683	9 532	-	-
Deferred taxation liabilities	(51 883)	(43 364)	(553)	(188)
Total deferred taxation	**(47 200)**	**(33 832)**	**(553)**	**(188)**

Deferred taxation assets are recognised to the extent that realisation of the related tax benefit is probable.

A deferred tax asset of R5.4 million (2018 – R12.9 million) has been recognised in respect of tax losses, as future taxable income of sufficient amount is expected to be earned.

	Group		Company	
	2019	2018	2019	2018
	R 000	R 000	R 000	R 000
Reconciliation				
Balance at beginning of year	(33 832)	(76 268)	(188)	(348)
Adjustment from the adoption of IFRS 9	1 443	-	-	-
Acquisition of subsidiaries - capital allowances	(4 272)	-	-	-
Reversal of revaluation surplus due to impairment	-	11 648	-	-
Originating temporary difference	(10 539)	30 788	(365)	160
Capital allowances	(1 763)	33 913	-	-
Prepayments	209	(408)	209	(409)
Assessable losses	(7 484)	(1 654)	(604)	569
Provisions	(1 633)	(823)	-	-
Other temporary differences	132	(240)	30	-
Balance at end of year	**(47 200)**	**(33 832)**	**(553)**	**(188)**

	Group		Company	
	2019	2018	2019	2018
	R 000	R 000	R 000	R 000
Analysis				
Capital allowances	(53 109)	(47 074)	-	-
Adjustment from the adoption of IFRS 9	1 443	-	-	-
Prepayments	(583)	(792)	(583)	(792)
Assessable losses	5 442	12 926	-	604
Revaluation of land and buildings	(1 585)	(1 585)	-	-
Provisions	586	529	-	-
Provision for credit notes	-	1 690	-	-
Other temporary differences	606	474	30	-
	(47 200)	**(33 832)**	**(553)**	**(188)**

The deferred tax asset in Jetmaster Proprietary Limited arises on temporary differences, more specifically an assessed loss.

The directors have tested the deferred tax 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	
	2019	2018	2019	2018
	R 000	R 000	R 000	R 000
Trade payables	115 665	126 455	-	-
VAT	4 054	5 568	-	-
Accruals	33 663	15 513	-	-
Inter-company	-	-	1 082	1 002
Debtor prepayments	15 302	11 709	-	-
Contract liabilities	8 395	732		
Payroll accruals	15 582	23 738	-	-
Goods in transit	9 080	802	-	-
Provisions	2 093	1 889	-	-
Cash settled share based liability	321	4 400		
Other payables	12 040	3 800	21 592	15 139
Total trade and other payables	**216 195**	**194 606**	**22 674**	**16 141**

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

Provisions relate to leave pay and bonuses.

18 Revenue

	Group		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
Revenue by category:				
Manufacturing	1 199 290	1 251 892		
Steel trading	518 403	575 816		
	1 717 693	1 827 708		
Properties	3 885	699		
Total revenue by category	**1 721 578**	**1 828 407**		
Revenue by geographical location:				
South Africa	1 409 632	1 647 685		
Rest of world	308 061	180 722		
Total revenue by geographical location	**1 717 693**	**1 828 407**		

Rental income of R3.8 million is recognised over time and all other revenue is transferred at a point in time.

For 2019, revenue includes R0.7 million (R2018 - R nil) included in the contract liabilities balance at the beginning of the period, from performance obligations satisfied (or partially satisfied) in previous periods.

There has been significant changes in the contract liabilities balance during the reporting period due to the acquisition of Fuel Proof Limited. Refer to note 17.

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

19 Operating Profit/(Loss) before Finance Costs

are arrived at after taking into account:

	Group		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
Income				
Income from subsidiaries - dividends	-	-	110 538	201 400
Profit on disposal of property, plant and equipment	2 847	-	-	-
Profit on foreign exchange transactions	7 738	345	-	-
Reversal of impairment of intra-group loans	-	-	629	-
Expenses				
Auditors' remuneration				
- Audit fees current year	2 677	2 812	702	712
- Audit fees prior year	310	118	32	118
Loss on disposal of property, plant and equipment	1 090	69 602	12	1
Loss on foreign exchange transactions	-	2 848	-	-
Inventory write-down (included in cost of sales)	-	1 405	-	-
Impairment of property, plant and equipment	3 889	72 674	-	-
Impairment of intangible assets	-	130 395	-	-
Impairment of investment in subsidiaries	-	-	-	56 060
Impairment of intra-group loans	-	-	44	-
Retrenchment costs	3 540	5 114	-	-
Depreciation				
- Land and buildings	471	297	-	-
- Plant and equipment	16 254	14 925	-	-
- Motor vehicles	6 175	7 672	-	-

	Group		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
- Furniture, fittings and equipment	1 747	1 977	105	82
Amortisation of intangibles				
- Patents	293	195	-	-
Operating lease costs				
- Land and buildings	41 315	36 400	-	-
Research and development	75	99	-	-
Staff costs	156 856	158 093	-	-
Included in staff costs are:				
- Defined contribution plan expense	19 594	24 271	-	-
- Share-based payments	301	521	-	-

Executive directors' emoluments

	Basic R 000	*Fees R 000	Other benefits R 000	Bonus R 000	Prov contrib. R 000	Share options and benefits R 000	Total 2019 R 000
Ms SJ Cox	2 621	177	175	440	371	947	4 731
TR Hendry	2 861	235	537	650	422	1 157	5 862
AF Litschka	2 293	158	471	448	344	807	4 521
Total	**7 775**	**570**	**1 183**	**1 538**	**1 137**	**2 911**	**15 114**

Non-executive directors' emoluments

	Basic R 000	*Fees R 000	Other benefits R 000	Bonus R 000	Prov contrib. R 000	Share options and benefits R 000	Total 2019 R 000
CD Angus		62					62
P Christofides		62					62
K Mapasa		3					3
T Scharrighuisen		170					170
Total		**297**					**297**

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

Executive directors' emoluments

	Basic R 000	* Fees R 000	Other benefits R 000	Bonus R 000	Prov contrib. R 000	Share options and benefits R 000	Total 2018 R 000
Ms SJ Cox	1 970	167	167	499	279	80	3 162
TR Hendry	2 139	232	723	750	318	80	4 242
AF Litschka	1 620	151	423	497	250	80	3 021
Total	**5 729**	**550**	**1 313**	**1 746**	**847**	**240**	**10 425**

Non-executive directors' emoluments

	Basic R 000	* Fees R 000	Other benefits R 000	Bonus R 000	Prov contrib. R 000	Share options and benefits R 000	Total 2018 R 000
CD Angus		57					57
P Christofides		57					57
K Mapasa		60					60
T Scharrighuisen		160					160
Total		**334**					**334**

Directors' emoluments paid by:

	Total 2019 R 000	Total 2018 R 000
Company	867	884
Subsidiaries	14 544	9 875
Total	**15 411**	**10 759**

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 2019
Ms SJ Cox	240 000	(240 000)	20 000	20 000
TR Hendry	300 000	(300 000)	20 000	20 000
AF Litschka	200 000	(200 000)	20 000	20 000
Total	**740 000**	**(740 000)**	**60 000**	**60 000**

On 7 November 2018, the board of directors approved the executive directors' purchase of the number of shares due as at 31 March 2018 for R3.50 per share. Fringe benefit tax was paid by the executive directors on the shares.

The liability relating to the continued cessation benefits, amounting to R321 000 (2018 – R4.4 million) is included in trade and other payables (note 17). The liability was calculated based on the closing share price as at 31 March 2019 of R5.35.

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 2019
Movement in the number of options granted					
CD Angus	-	-	-	-	-
P Christofides	-	-	-	-	-
Ms SJ Cox	1 275 984	705 990	-	(420 996)	1 560 978
TR Hendry	1 275 984	705 990	-	(420 996)	1 560 978
AF Litschka	1 275 984	705 990	-	(420 996)	1 560 978
K Mapasa	-	-	-	-	-
T Scharrighuisen	-	-	-	-	-
Total	**3 827 952**	**2 117 970**	**-**	**(1 262 988)**	**4 682 934**

	Balance at beginning of year	Options granted	Options exercised	Options lapsed	Balance at end of year 2018
Movement in the number of options granted					
CD Angus	-	-	-	-	-
P Christofides	-	-	-	-	-
Ms SJ Cox	434 500	1 424 980	-	(583 496)	1 275 984
TR Hendry	434 500	1 424 980	-	(583 496)	1 275 984
AF Litschka	434 500	1 424 980	-	(583 496)	1 275 984
K Mapasa	-	-	-	-	-
T Scharrighuisen	-	-	-	-	-
Total	**1 303 500**	**4 274 940**	**-**	**(1 750 488)**	**3 827 952**

	Options with exercise price R4.62	Options with exercise price R4.15	Balance at end of year 2019
Details of number of options			
CD Angus	-	-	-
P Christofides	-	-	-
Ms SJ Cox	705 990	854 988	1 560 978
TR Hendry	705 990	854 988	1 560 978
AF Litschka	705 990	854 988	1 560 978
K Mapasa	-	-	-
T Scharrighuisen	-	-	-
Total	**2 117 970**	**2 564 964**	**4 682 934**

	Options with exercise price R4.15	Options with exercise price R5.70	Balance at end of year 2018
Details of number of options			
CD Angus	-	-	-
P Christofides	-	-	-
Ms SJ Cox	1 139 984	136 000	1 275 984
TR Hendry	1 139 984	136 000	1 275 984
AF Litschka	1 139 984	136 000	1 275 984
K Mapasa	-	-	-
T Scharrighuisen	-	-	-
Total	**3 419 952**	**408 000**	**3 827 952**

Details of the options are disclosed in note 25.

20 Net Interest Expense

	Group		Company	
	2019	2018	2019	2018
	R 000	R 000	R 000	R 000
Interest expensed at amortised cost				
Instalment sale contracts	1 225	1 873		
Mortgage bonds and loans	1 800	4 301		
Bank overdraft*	3 022	6 532		
Other	29	344		
	6 076	13 050		
Interest income at amortised cost				
Other	(1 578)	(1 872)		
Bank overdraft*			(3 727)	(7 748)
Net interest expense	**4 498**	**11 178**	**(3 727)**	**(7 748)**

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

The company has net finance income.

21 Taxation

	Group		Company	
	2019	2018	2019	2018
	R 000	R 000	R 000	R 000
Current taxation				
- current year	19 378	11 864	298	-
- prior years	(14)	(1 558)	-	-
Deferred taxation				
- current year	14 811	(30 788)	365	(160)
- acquisition of subsidiaries	(4 272)	-	-	-
- prior years	(173)	(175)	-	-
Charge for the year	**29 730**	**(20 657)**	**663**	**(160)**
Comprising:				
South African normal taxation	22 337	(24 622)	663	(160)
Foreign taxes	7 393	3 965	-	-
Amount per statements of profit or loss	**29 730**	**(20 657)**	**663**	**(160)**
Deferred taxation recognised directly in other comprehensive income	**-**	**11 648**	-	-
Estimated taxation losses available for off set against future taxable income are as follows:				
Estimated taxation losses	21 595	46 220	-	-
Applied to reduce deferred taxation	(3 958)	(10 955)	-	-
Total	**17 637**	**35 265**	**-**	**-**

	Group		Company	
	2019	2018	2019	2018
	R 000	R 000	R 000	R 000
Reconciliation of rate of taxation	%	%	%	%
Normal taxation rate	28.0	28.0	28.0	(28.0)
Difference in rate of taxation due to:				
Impairments	-	(17.9)	(1.5)	(11.5)
Non-taxable income	0.8	(0.1)	(26.1)	39.7
Non-deductible expenses	0.1	(1.4)	0.2	(0.1)
Capital gains	0.1	-	-	-
Foreign taxes	(4.5)	1.2	-	-
Tax losses not recognised	1.3	-	-	-
Prior period adjustment	-	0.4	-	-
Effective rate of taxation	**25.8**	**10.2**	**0.6**	**0.1**

22 Earnings/(Loss) Per Share

	Group		Company	
	2019	2018	2019	2018
	R 000	R 000	R 000	R 000
22.1 Basic earnings/(loss) per share (cents)				
The calculation of basic earnings/(loss) per share is based on earnings/(loss) of R83.7 million (2018 – (R184.1) million) and a weighted average of 82.741 million (2018 – 89.784 million) shares in issue	101.2	(205.2)		
22.2 Diluted earnings/(loss) per share (cents)				
The calculation of diluted earnings/(loss) per share is based on earnings/(loss) of R83.7 million (2018 – (R184.1) million) and a weighted average of 82.741 million (2018 – 89.784 million) shares in issue	101.2	(205.2)		
22.3 Headline earnings per share (cents)				
The calculation of headline earnings per share is based on net profit of R86.3 million (2018 – R68.9 million) and a weighted average of 82.741 million (2018 – 89.784 million) shares in issue	104.4	76.8		
22.4 Diluted headline earnings per share (cents)				
The calculation of diluted headline earnings per share is based on net profit of R86.3 million (2018 – R68.9 million) and a weighted average of 82.741 million (2018 – 89.784 million) shares in issue	104.4	76.8		
Reconciliation between earnings and headline earnings:				
Earnings/(loss) attributable to ordinary shareholders	83 763	(184 192)		
Adjusted for:				
(Profit)/loss on disposal of property, plant and equipment	(1 757)	69 602		
Impairment of property, plant and equipment	3 889	72 674		
Impairment of intangible assets	-	130 395		
Total tax effects of adjustment	492	(19 489)		
Headline earnings attributable to ordinary shareholders	**86 387**	**68 990**		

23 Dividends

	Group		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
Dividend No. 42 of 11 cents per share paid on 31 July 2017 to members recorded in the register on 28 July 2017	-	10 486	-	10 486
Dividend No. 43 of 10 cents per share paid on 26 March 2018 to members recorded in the register on 23 March 2018	-	8 889	-	8 889
Dividend No. 44 of 10 cents per share paid on 27 July 2018 to members recorded in the register on 24 July 2018	8 846	-	8 846	-
Total dividends before treasury shares	8 846	19 375	8 846	19 375
Less treasury shares	(375)	(787)		
Total dividends after treasury shares	**8 471**	**18 588**	**8 846**	**19 375**

No dividend has been approved and declared subsequent to 31 March 2019. Excess funds will be utilised for the share buy-back programme.

24 Notes to the Cash Flow Statement

	Group		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
24.1 Reconciliation of profit before taxation to cash generated from/(used in) operations				
Profit/(loss) before taxation	115 194	(203 247)	118 761	141 953
Adjustments:				
(Profit)/loss on disposal of property, plant and equipment	(1 757)	69 602	12	1
Effects of exchange rate changes	(6 561)	(1 422)	1	-
Impairment of property, plant and equipment	3 889	72 674	-	-
Impairment of intangible assets	-	130 395	-	-
Impairment of investment in subsidiaries	-	-	-	56 060
Share-based payment expenses	301	521	-	-
Depreciation and amortisation	24 940	25 066	105	82
Dividend received	-	-	(110 538)	(201 400)
Net interest expense	4 498	11 178	(3 727)	(7 748)
Operating profit/(loss) before working capital changes	140 504	104 767	4 614	(11 052)
Changes in working capital	23 883	94 882	6 438	(262 439)
Inventories	16 856	114 511	-	-
Trade and other receivables	5 819	21 022	(29 507)	16 630
Trade and other payables	1 208	(40 651)	6 533	(24 514)
Amount owing by/(to) subsidiaries	-	-	29 412	(254 555)
Cash generated from/(used in) operations	**164 387**	**199 649**	**11 052**	**(273 491)**
24.2 Dividends paid				
Dividends paid	(8 471)	(18 588)	(8 846)	(19 375)
Total	**(8 471)**	**(18 588)**	**(8 846)**	**(19 375)**

	Group		Company	
	2019	2018	2019	2018
	R 000	R 000	R 000	R 000
24.3 Taxation paid				
Taxation receivable/(unpaid) at beginning of year	14	(1 716)	-	-
Taxation charged to the statements of profit or loss and directly to other comprehensive income (excluding deferred taxation)	(19 407)	(10 088)	(298)	-
Acquisition of subsidiaries	(3 785)	-	-	-
Taxation unpaid/(receivable) at end of year	9 840	(14)	298	-
Total	**(13 338)**	**(11 818)**	**-**	**-**
24.4 Cash and cash equivalents, consisting of cash on hand and balance with banks				
Bank balance and cash	73 679	87 918	-	-
Bank overdraft	(53 802)	(81 063)	(47 319)	(40 240)
Total	**19 877**	**6 855**	**(47 319)**	**(40 240)**

The group and company consider that its cash and cash equivalents have a low credit risk based on the external ratings of the counterparties. Based on this there is no expected credit loss and hence no provision for impairment.

	Group		Company	
	2019	2018	2019	2018
	R 000	R 000	R 000	R 000
24.5 Interest-bearing borrowings				
Balance at beginning of year	43 473	68 972		
Acquisition	492	-		
Proceeds	4 878	8 270		
Repayments	(33 758)	(33 769)		
Balance at end of year	**15 085**	**43 473**		

	Fuel Proof	Roll-Tec Safety	Total
	R 000	R 000	R 000
24.6 Business combinations			
Property, plant and equipment	24 929	10 622	35 551
Inventory	24 199	-	24 199
Trade and other receivables	7 617	364	7 981
Bank balance and cash	10 965	101	11 066
Trade and other payables	(6 685)	(13 696)	(20 381)
Taxation liability	(3 252)	(533)	(3 785)
Deferred taxation liability	(2 178)	(2 094)	(4 272)
Interest-bearing borrowings	-	(1 860)	(1 860)
Goodwill/excess of fair value of assets and liabilities acquired over purchase price	54 591	15 231	69 822
Total purchase price	110 186	8 135	118 321
Deduct bank balance on acquisition	(10 965)	(101)	(11 066)
Cash flow on acquisition net of cash acquired	**99 221**	**8 034**	**107 255**

	R 000
Fair value of consideration transferred	
Amount settled in cash	88 598
Fair value of deferred consideration	3 620
Fair value of contingent consideration	26 103
Total fair value of consideration transferred	**118 321**

Goodwill on acquisition	**69 822**

The goodwill arising on the acquisition of these businesses are attributable to the anticipated profitability of these businesses.	
Revenue since acquisition date included in consolidated results for the year	118 284
Profit after tax (excluding foreign exchange adjustment) since acquisition date included in consolidated results for the year	12 257
Group revenue had the business combination been included for the entire period	1 770 416
Group profit after tax (excluding foreign exchange adjustment) had the business combination been included for the entire year	91 877

On 28 June 2018, Argent Industrial Limited acquired 100% of the business of Fuel Proof Limited (Fuel Proof) and Roll-Tec Safety Limited (Roll-Tec) for a cash purchase consideration of GBP4.8 million.

The purchase consideration consists of:

- a cash purchase consideration of GBP4.8 million;
- a deferred purchase consideration of GBP200 000 payable in 24 months after the effective date; and
- a contingent purchase consideration to be recalculated twenty-four months after the effective date in that it will either reduce to a minimum of GBP4.08 million or increase to a maximum of GBP6.4 million.

An additional consideration is payable only if the average profits of Fuel Proof and Roll-Tec exceed a target level agreed by both parties.

The contingent consideration recognised is GBP1.4 million based on the fair value of the probable cash outflow.

It reflects managements estimate of a 100% probability that the targets will be achieved.

The deferred and contingent considerations were discounted using a rate of 0.75%.

Fuel Proof has an excellent reputation as leaders of fuel storage and supply systems that are designed to provide improved security, service life, reliability and ease of use. Roll-Tec is a specialist manufacturer of roll-over protection bars for construction machinery as well as being the rental agent for Fuel Proof, renting out its product into the European market.

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 group prior to the option maturity date, the shares will not be issued.

Payment will therefore not be required, and options will be cancelled.

	Group	
	2019 Number 000	2018 Number 000
Total number of shares available for utilisation as at beginning of the year	4 682	4 682
Issue of shares	-	-
Net movement in share options	-	-
Number of shares available for utilisation at end of the year	**4 682**	**4 682**

Summary of activity in share option plans:

	2019 Number 000	2018 Number 000	2019 Weighted exercise price R	2018 Weighted exercise price R
Outstanding at the beginning of the year	3 828	1 349	5.61	5.71
Granted during the year	2 118	4 275	4.62	4.93
Exercised during the year	-	-	-	-
Lapsed during the year	(1 263)	(1 796)	3.89	4.99
Outstanding at the end of the year	**4 683**	**3 828**	**4.96**	**5.61**

Outstanding options

	Exercise date within one year 000	Exercise date from two to five years 000	Exercise date after five years 000	Total 000
Options with exercise price R4.15	855	1 710	-	2 565
Options with exercise price R4.62	424	1 694	-	2 118
Outstanding at the end of the year	**1 279**	**3 404**	**-**	**4 683**

Total expenses of R0.301 million (2018 – 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	1 425
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		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
The amounts included in staff costs in respect of share-based payments	301	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 12 properties valued at R279 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 2019 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 2019

	Manufacturing R 000	Steel trading R 000	Properties R 000	Consolidated R 000
Revenue				
External sales	1 199 290	518 403	3 885	**1 721 578**
Inter-segment sales	67 119	125 375	26 336	
Total revenue	**1 266 409**	**643 778**	**30 221**	
Profit before taxation:				
Segment result	**86 691**	**18 551**	**9 952**	**115 194**
Taxation				**(29 730)**
Profit for the year				**85 464**
Other information				
Segment assets	931 038	257 104	225 598	**1 413 740**
Segment liabilities	239 091	45 259	96 768	**381 118**
Capital expenditure	9 150	16 629	18 733	**44 512**
Depreciation/amortisation	22 519	2 388	33	**24 940**
Net interest expense*	(4 923)	(1 739)	11 160	**4 498**

* As per the group policy, finance costs and finance income derived from primary banking is netted off. The company has net finance income and this is distorting the segment for finance costs.

Segment report for the year ended 31 March 2018

	Manufacturing R 000	Steel trading R 000	Properties R 000	Consolidated R 000
Revenue				
External sales	1 251 892	575 816	699	**1 828 407**
Inter-segment sales	111 742	150 641	29 546	
Total revenue	**1 363 634**	**726 457**	**30 245**	
Loss before taxation:				
Segment result	**(148 311)**	**(40 795)**	**(14 141)**	**(203 247)**
Taxation				**20 657**
Loss for the year				**(182 590)**

	Manufacturing R 000	Steel trading R 000	Properties R 000	Consolidated R 000
Other information				
Loss before taxation per above	(148 311)	(40 795)	(14 141)	(203 247)
Impairment of intangibles	127 842	2 553	-	130 395
Impairment of property, plant and equipment	68 049	48 630	27 687	144 366
Profit before taxation and impairments	**47 580**	**10 388**	**13 546**	**71 514**
Segment assets	803 205	296 401	243 086	**1 342 692**
Segment liabilities	226 460	38 659	99 046	**364 165**
Capital expenditure	50 174	3 057	24 410	**77 641**
Depreciation/amortisation	20 462	4 571	33	**25 066**
Net interest expense*	(4 462)	3 225	12 415	**11 178**

26.2 Geographical Segments

Segment report for the year ended 31 March 2019

	South Africa R 000	Rest of the world R 000	Consolidated R 000
Revenue			
External sales	1 413 517	308 061	**1 721 578**
Total revenue	**1 413 517**	**308 061**	
Profit before taxation:			
Segment result	**67 002**	**48 192**	**115 194**
Taxation			**(29 730)**
Profit for the year			**85 464**
Other information			
Segment assets	1 173 166	240 574	1 413 740
Segment liabilities	315 846	65 272	381 118
Capital expenditure	37 449	7 063	44 512
Depreciation/amortisation	18 200	6 740	24 940
Net interest expense *	4 782	(284)	4 498

* As per the group policy, finance costs and finance income derived from primary banking is netted off. The company has net finance income and this is distorting the segment for finance costs.

Segment report for the year ended 31 March 2018

	South Africa R 000	Rest of the world R 000	Consolidated R 000
Revenue			
External sales	1 647 685	180 722	**1 828 407**
Total revenue	**1 647 685**	**180 722**	
(Loss)/profit before taxation:			
Segment result	**(230 507)**	**27 260**	**(203 247)**
Taxation			**20 657**
Loss for the year			**(182 590)**
Other information			
Segment assets	1 210 034	132 658	1 342 692
Segment liabilities	350 567	13 598	364 165
Capital expenditure	72 460	5 181	77 641
Depreciation/amortisation	23 005	2 061	25 066
Net interest expense *	11 366	(188)	11 178

* As per the group policy, finance costs and finance income derived from primary banking is netted off. The company has net finance income and this is distorting the segment for finance costs.

27 Related Party Transactions

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	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
NWN Automotive Precision Engineering Proprietary Limited	13 224	12 879	-	-
Mercado Investments Proprietary Limited	1 330	1 194	1 330	1 194
CXT Manufacturing Proprietary Limited	2 057	1 870	-	-

Key management personnel compensation

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling activities of the group, directly or indirectly, and consist of all executive and non-executive directors.

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 pages 83 to 84.

28 Contingencies, Guarantees and Other Commitments

	Group		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 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 for the amount of R5.1 million (2018 – R4.4 million) in respect of performance bonds.				

	Group		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
28.3 Future minimum operating lease payments				
- Land and buildings within one year	10 540	5 147		
- Land and buildings within two to five years	28 102	4 545		
- Land and buildings within six to eight years	10 205	-		
The group leases a number of premises under operating leases. The leases typically run for a period of five years, with an option to renew the lease upon expiration. Exception is one new lease running for eight years with an option to renew the lease upon expiration for five years. None of the leases include contingent rentals.				
28.4 Letters of credit issued by the company's bankers	17 417	2 927		

28.5 Sentula/Megacube

During 2010, Megacube instituted action against Argent and several of its subsidiaries in respect of the alleged purchase of fuel, lubricants and other products from Engen by Megacube during the 2006–2008 financial years, allegedly on behalf of Argent and such subsidiaries.

The total amount claimed is in the region of R30 million plus interest and costs.

Argent has defended the action instituted by Megacube.

Argent denies that it is liable to pay the amount claimed, the interest and the costs.

Argent has not made any provisions against the above.

28.6 NUMSA / Hendor

On 30 March 2017, the Constitutional Court handed down judgment in an application for leave to appeal that concerned the nature of a claim for arrear-wages following an employee's reinstatement under section 193(1)(a) of the Labour Relations Act, 1995.

The full details were disclosed in note 25.7 of the 2017 Annual Report.

The calculation of the amount of the award is difficult to ascertain as any claim of an employee is dependent in value on certain factors such as whether the employees had been gainfully employed and/or capable of being employed during the above periods. Consequently, this would influence the rights the company would have in respect of the employees' claims given that it would have had more staff than required and would operationally be entitled to take legal steps in this regard. This would impact upon the values of the claims. The company has requested certain information from NUMSA in order to quantify the value of the claim, to date this information has not been forthcoming.

Notice was received that the matter had been set down for hearing on the Interlocutory Roll in the Labour Court on 17 August 2018. The application was dismissed, and the parties were directed to meet within 15 days to identify an independent third party to resolve the issue of benefits. We applied for leave to appeal and the order was granted on 6 March 2019. NUMSA was granted leave to cross appeal.

An offer of R8 million was made as full and final settlement of the case but NUMSA has to date not accepted this offer.

R5.4 million was paid to the Attorneys Trust Account and the remaining R2.6 million has been provided for in the accounts as an accrual on the above amount including interest and costs.

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:

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.

	Group		
2019	**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	-	11 597	11 597
BEE minority shareholder loan	12 316	-	12 316
Trade and other receivables	-	314 294	314 294
Forward exchange contracts	520	-	520
Cash and cash equivalents	-	73 679	73 679
	12 836	399 570	412 406
Financial liabilities			
Other financial liabilities	-	19 566	19 566
Other liabilities	29 832	-	29 832
Bank overdraft	-	53 802	53 802
Trade and other payables	-	181 257	181 257
	29 832	254 625	284 457

	Group			
2018	**Financial instruments at fair value R 000**	**Financial liabilities at amortised cost R 000**	**Loans and receivables R 000**	**Total carrying amount R 000**
Financial assets				
Long-term receivables	-	-	34 734	34 734
Trade and other receivables	-	-	312 652	312 652
Cash and cash equivalents	-	-	87 918	87 918
	-	-	435 304	435 304
Financial liabilities				
Other financial liabilities	-	45 132	-	45 132
Forward exchange contracts	346	-	-	346
Bank overdraft	-	81 063	-	81 063
Trade and other payables	-	189 860	-	189 860
	346	316 055	-	316 401

2019	Company Financial instruments at fair value R 000	Financial instruments at amortised R 000	Total carrying amount R 000
Financial assets			
Loans to subsidiaries	-	64 628	64 628
Employee share incentive scheme loan	20 425	-	20 425
Trade and other receivables	-	48 106	48 106
	20 425	112 734	133 159
Financial liabilities			
Other liabilities	29 832	-	29 832
Bank overdraft	-	47 319	47 319
Trade and other payables	-	22 674	22 674
	29 832	69 993	99 825

2018	Company Financial liabilities at amortised cost R 000	Loans and receivables R 000	Total carrying amount R 000
Financial assets			
Loans to subsidiaries	-	94 040	94 040
Employee share incentive scheme loan	-	14 478	14 478
Trade and other receivables	-	18 599	18 599
	-	127 117	127 117
Financial liabilities			
Bank overdraft	40 240	-	40 240
Trade and other payables	16 141	-	16 141
	56 381	-	56 381

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 mainly of cash deposits, cash equivalents, loans to related parties, other financial assets and trade receivables.

IFRS 9 was adopted effective 1 April 2018 and introduced the expected credit loss model for recognising a loss allowance on the group's trade and other receivables. The group applied IFRS 9 simplified approach in measuring expected losses for its trade receivables, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

At 31 March 2019 and 31 March 2018, 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, and not incurred losses, has been recognised.

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

	Group		Company	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
Financial instruments				
Loans to subsidiaries	-	-	64 628	94 040
Employee share incentive scheme loan	-	-	20 425	14 478
Long-term receivables	23 913	34 734	-	-
Trade and other receivables	314 294	312 652	48 106	18 599
Forward exchange contracts	520	-	-	-
Cash and cash equivalents	73 679	87 918	-	-

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 accounting policies for significant judgements 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 2019, the group had the following exposure to forward exchange contracts:

Amount in foreign currency purchased	Forward exchange rate	Maturity Date
USD 1 611 258	13.4768 – 14.4946	30 April 2019 – 25 July 2019
EURO 156 661	16.1009 – 16.9887	3 May 2019 – 19 Aug 2019

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	
	2019	2018
Closing exchange rates used for conversion of foreign balances were:		
USD	14.45	11.80
GBP	18.82	16.51
EUR	16.21	14.52
Average exchange rates used for conversion of foreign operations were:		
USD	13.72	13.10
GBP	17.84	17.20

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.

	2019			2018		
	USD R 000	GBP R 000	EUR R 000	USD R 000	GBP R 000	EUR R 000
Financial assets:	2 648	-	245	1 282	313	127
Financial liabilities:	-	-	(5 185)	-	-	(3 680)
Total exposure	**2 648**	**-**	**(4 940)**	**1 282**	**313**	**(3 553)**

Sensitivity analysis:

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

	2019			2018		
Net exposure	USD R 000	GBP R 000	EUR R 000	USD R 000	GBP R 000	EUR R 000
+ 10%	263	-	(494)	127	31	(355)
- 10%	(263)	-	494	(127)	(31)	355

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.

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				
	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%	216 195	-	-	-
Overdraft facilities used	10.05%	53 802	-	-	-
Interest-bearing borrowings	10.225%	5 171	-	-	-
Instalment sale agreements	10.00 – 12.5%	7 968	4 416	566	2
Other liabilities	0%	-	29 832	-	-

	Company				
	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%	22 674	-	-	-
Overdraft facilities used	10.05%	47 319	-	-	-
Other liabilities	0%	-	29 832	-	-

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 R0.9 million (2018 – R2.3 million). This analysis assumes that all other variables remain constant.

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	
	2019 R 000	2018 R 000	2019 R 000	2018 R 000
Interest-bearing borrowings	16 945	43 473	-	-
Total equity	1 032 622	978 527	431 903	351 631
Ratio of interest-bearing borrowings to total equity	1.6%	4.4%	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:

2019	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	-	-	12 316	12 316
Forward exchange contracts	-	520	-	520
Total recurring financial assets	**-**	**520**	**12 316**	**12 836**
Non-financial assets:				
Land and buildings	-	-	279 053	279 053
Total recurring non-financial assets	**-**	**-**	**279 053**	**279 053**
Non-recurring fair value measurements				
Land and buildings held for sale	-	-	10 500	10 500
Total non-recurring fair value measurements	**-**	**-**	**10 500**	**10 500**
Recurring fair value measurements				
Financial liabilities:				
Contingent consideration	-	-	29 832	29 832
Total recurring financial liabilities	**-**	**-**	**29 832**	**29 832**

2018	Level 1 R 000	Level 2 R 000	Level 3 R 000	Total R 000
Recurring fair value measurements				
Financial liabilities:				
Forward exchange contracts	-	346	-	346
Total recurring financial liabilities	**-**	**346**	**-**	**346**
Non-financial assets:				
Land and buildings	-	-	279 367	279 367
Total recurring non-financial assets	**-**	**-**	**279 367**	**279 367**
Non-recurring fair value measurements				
Land and buildings held for sale	-	-	23 288	23 288
Total non-recurring fair value measurements	**-**	**-**	**23 288**	**23 288**

The group has measured land and buildings at fair value on a non-recurring basis as a result of the reclassification of land and buildings as held for sale.

There have been no transfers between Level 1 and Level 2 recurring fair value measurements during 2018 and 2019.

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 5) was based on unobservable inputs.

The fair value has been calculated by discounting the loan at a market related interest rate going forward 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:

BEE minority shareholder loan	R 000
Balance at 1 April 2018	17 051
Adjustment from the adoption of IFRS 9	(5 155)
Recognised in profit or loss	
Interest income	420
Balance at 31 March 2019	**12 316**

Contingent consideration (Level 3)

The fair value of the contingent consideration related to the acquisition of Fuel Proof Limited (note 24.6 and note 15) based on unobservable 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 referred and contingent considerations were discounted using a rate of 0.75%.

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

Contingent consideration	R 000
Balance at 1 April 2018	-
New business combination	29 832
Balance at 31 March 2019	**29 832**

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 assumptions about vacancy levels and the discount rate. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if discount rates (market yields) decline. Management considers the range of reasonably possible alternative assumptions is greatest for rental values and vacancy levels and that there is also an interrelationship between these inputs. The assumed discount rates applied for the future income streams range between 9.5% and 10.7% (2018 – 9.2% and 11.6%).

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

Land and buildings	R 000
Balance at 1 April 2018	279 367
New business combinations	1 207
Additions	19 260
Disposals	(8 008)
Reclassification to non-current assets held for sale	(10 500)
Recognised in other comprehensive income	
Exchange difference on translation of foreign operation	2 087
Recognised in profit or loss	
Impairments	(3 889)
Depreciation	(471)
Balance at 31 March 2019	**279 053**

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

2019	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	-	-	20 425	20 425
Total recurring financial assets	**-**	**-**	**20 425**	**20 425**

Employee share incentive scheme loan (level 3)

The fair value of the loan (note 6) is linked to the market price of shares in Argent Industrial Limited.

The fair value of the employee share incentive scheme loan have been fair valued based on observable market share prices of Argent Industrial Limited.

Employee share incentive scheme loan	R 000
Balance at 1 April 2018	14 478
Recognised in profit or loss	
Loan repaid - dividends	(375)
Restatement of loan	6 322
Balance at 31 March 2019	**20 425**

30 Comparative figures

Certain comparative figures have been reclassified. The effects of the reclassification is as follows:

	R 000
Statement of Financial Position	
Trade receivables previously recorded	318 263
Decrease in trade receivables	5 611
Trade receivables after adjustment	312 652
Current portion of long-term receivables previously recorded	-
Increase in current portion of long-term receivables	5 611
Current portion of long-term receivables	5 611

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 2019	Shares at cost less impairments 2019 R 000	% held by Argent 2018	Shares at cost less impairments 2018 R 000	Owing to Argent by subsidiary 2019 R 000	Owing by Argent to subsidiary 2019 R 000	Owing to Argent by subsidiary 2018 R 000	Owing by Argent to subsidiary 2018 R 000	Main business
Allan Maskew	100	100	-	-	-	-	9 085	-	-	A
Argent Industrial Engineering	100	55	-	55	-	-	-	-	-	A
Argent Industrial Investments	3 300	100	1 912	100	1 912	36 051	-	34 784	-	C
Argent Steel Group	20 136 169	100	12 786	100	12 786	-	6 358	-	35 598	A B
Atomic Office Equipment	100	100	-	100	-	-	-	-	-	A
Burbage Iron Craft (incorporated in England)	GBP 100	100	11 790	100	11 790	-	-	-	-	A
Cannock Gates (incorporated in England)	GBP 100	100	21 240	100	21 240	-	16 761	448	-	A
Castor and Ladder	100	100	13 798	100	13 798	-	-	-	142	A
Fuel Proof (incorporated in England)	GBP 100	100	110 186	-	-	1 142	-	-	-	A
Gammid Group	1 000	100	-	100	-	-	-	-	-	B
Giflo Engineering (Bop)	100	100	-	100	-	-	-	-	-	A
Jetmaster	11 960	100	25 100	100	25 100	16 118	-	37 618	-	A
Koch's Cut & Supply Steel Centre	100	100	5 300	100	5 300	-	742	1 257	-	A
Lifting Online	100	75	-	75	-	-	-	-	-	A
Megamix	100	100	-	100	-	7 313	-	7 313	-	A
Mngou Suppliers*	1 000	49	-	49	-	-	-	-	-	A
New Joules Engineering North America Inc. (incorporated in America)	USD 1 000	100	13 873	100	13 873	-	6 242	16 506	-	A
OSA Door Parts (incorporated in England)	GBP 100	100	54 674	100	54 674	-	179	101	-	A
Parlance Investments	120	100	-	100	-	-	-	2 814	-	A
Phoenix Steel Group	100	100	-	100	-	-	-	-	-	B
Pro Crane Services	100	75	6 757	75	6 757	7 823	-	4 950	-	A
Roll-Tec Safety (incorporated in England)	GBP 12	100	8 135	-	-	650	-	-	-	A
Rifumo Concepts*	300	49	-	49	-	1	-	1	-	A
SA Furnquip	100	100	-	100	-	-	-	17	-	A
Toolroom Services	90	100	28 876	100	28 876	16 070	-	5 132	-	A
Tricks Wrought Iron Services	100	100	34 672	100	34 672	-	345	-	333	A
Xpanda Security	51 300	100	50 108	100	50 108	19 172	-	19 172	-	A
TOTAL			**399 207**		**280 886**	**104 340**	**39 712**	**130 113**	**36 073**	

* 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

Analysis of Shareholders/Beneficial Holders

as at 31 March 2019

	Number of shares held		% of total issued shares	
	2019	2018	2019	2018
Directors' direct	2 394 525	1 491 035	2.91	1.68
Directors' indirect	11 986 239	13 954 239	14.55	15.73
Pension, provident funds, insurance companies and other corporate bodies	61 300 762	65 193 563	74.42	73.51
Individuals				
- holders of 5 000 or more shares	5 595 440	6 547 359	6.79	7.38
- holders of less than 5 000 shares	1 091 968	1 501 919	1.33	1.70
Total	**82 368 934**	**88 688 115**	**100**	**100**

Shareholders in Excess of Five Percent

as at 31 March 2019

	Number of shares	%
Morgan Stanley and Company	14 883 366	18.07
Sanlam Life Insurance Limited	12 631 249	15.33
Rand Merchant Bank Collateral Receiver	11 153 418	13.54
Giflo Trading Proprietary Limited	8 639 353	10.49
Argent Employee Share Option Scheme	4 682 941	5.69

Directors' Shareholding

as at 31 March 2019

	2019			2018		
	Number of shares held			Number of shares held		
	Direct	Indirect	Total	Direct	Indirect	Total
CD Angus	-	-	-	-	-	-
Ms SJ Cox	1 033 918	274 854	1 308 772	743 828	269 254	1 013 082
PA Christofides	-	-	-	-	-	-
TR Hendry	789 263	2 494 064	3 283 327	446 063	2 473 263	2 919 326
AF Litschka	316 244	274 854	591 098	101 144	269 255	370 399
K Mapasa	5 100	-	5 100	-	-	-
T Scharrighuisen	250 000	8 942 467	9 192 467	200 000	10 942 467	11 142 467
Total	**2 394 525**	**11 986 239**	**14 380 764**	**1 491 035**	**13 954 239**	**15 445 274**

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

JSE Limited Performance

as at 31 March 2019

	2019	2018	2017	2016	2015
Number of shares traded (000)	24 913	30 918	28 050	19 894	24 695
% of total issued shares	30.2	34.9	29.4	20.7	25.6
Value of shares traded (R 000)	100 907	124 090	119 197	80 711	133 231
Prices quoted (cents per share)					
highest	590	500	520	510	615
lowest	307	360	356	302	400
closing	535	400	450	440	436
Market capitalisation at year-end (R 000)	440 674	354 752	428 962	421 894	420 699
Price earnings ratio	5.3	(1.9)	6.6	7.3	15.3
Earnings yield	18.9	(51.3)	15.1	13.7	6.5
Dividend yield	1.9	5.3	4.2	4.1	3.4

Summary of Shareholder Spread

as at 31 March 2019

	2019				2018			
	Members		Shares		Members		Shares	
Shareholder Type	Number	%	Number	%	Number	%	Number	%
Public	1 672	99.35	63 305 229	76.85	1 949	99.49	68 559 900	77.30
Directors	10	0.59	14 380 764	17.46	9	0.46	15 445 274	17.42
Share option scheme	1	0.06	4 682 941	5.69	1	0.05	4 682 941	5.28
Total	1 683	100	82 368 934	100	1 959	100	88 688 115	100

Shareholders' Diary

Financial year-end	March
Annual general meeting	20 August 2019

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 Tuesday, 20 August 2019 at 10:00.

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 2019. 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: Appointment of Mr K Mapasa as an independent non-executive director

"Resolved that Mr K Mapasa be and is hereby appointed 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, 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, 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 SNG Grant Thornton be and is hereby re-appointed as the independent auditor of the company and its subsidiaries (the group) and that Mr EY Lakhi, 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 2019, 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 2019.

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 pages 90 to 97 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.

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				
		Committee member			
	Board member R 000	Audit and risk R 000	Remuneration R 000	Nomination R 000	Total R 000
Non-executive directors					
CD Angus	59	1	1	1	62
PA Christofides	59	1	1	1	62
K Mapasa	-	-	-	-	-
T Scharrighuisen	170	-	-	-	170

	Proposed annual remuneration with effect from 1 April 2019				
		Committee member			
	Board member R 000	Audit and risk R 000	Remuneration R 000	Nomination R 000	Total R 000
Non-executive directors					
CD Angus	64	1	1	1	67
PA Christofides	64	1	1	1	67
K Mapasa	64	1	1	1	67
T Scharrighuisen	182	-	-	-	182

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 83 to 84 of the annual report.

2. The directors, whose names are reflected on page 7 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 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, 21 June 2019.
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 Thursday, 8 August 2019. The last date to trade will be Monday, 5 August 2019.
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 wishes 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 10:00 on Friday, 16 August 2019.
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
27 June 2019
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

Link Market Services South Africa 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 2019. 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 on the 2018 remuneration policy (99.78% 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 2019 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 sub-committee 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 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 2019 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 participates in the vote process nor is present at meetings of the committee when his own remuneration is 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 responsible 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 the 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
- Ensuring 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 in 2019
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 in 2019
Short-term Executives and senior managers	Short Term 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 2020 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

Application	Incentive	Objective	Link to Strategy	Policy Elements	Changes in 2019
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
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.	Proposed

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 comparator 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 2019 are shown below in the implementation section as well as details of the proposed non-executive directors' fees for the year ended March 2020.

Part 3 – Implementation of Remuneration Policy

1. Guaranteed pay – base pay and benefits

Guaranteed pay increases for the financial years ending 2019 and 2020

In 2019, a 7% increase to the basic salary component for the executive directors was applied. This increase was determined by the remuneration committee and was found to be a fair increase taking into account the inflationary environment in South Africa and overall increase in the cost of living for the executives.

Details of each executive director's remuneration are disclosed in note 19 of the annual report (refer to page 60).

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 2018 for the performance of each company against target. The table below sets out the targets as set in 2018 and the achievement against these targets in 2019. From the table below, the companies highlighted in grey have exceeded their set targets and therefore the executives qualify for 1/9th 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
Castor and Ladder Proprietary Limited	R2 824 000	R3 500 000						
Gammid Group Proprietary Limited Gammid KZN	R4 620 000	R5 620 000	R6 620 000	R7 620 000				
Argent Steel Group Proprietary Limited Hendor Mining Supplies	R7 672 000	R8 372 000						
Phoenix Steel Group Proprietary Limited Phoenix Steel Gauteng	R5 450 000	R6 750 000						
Phoenix Steel Group Proprietary Limited Phoenix Steel Natal	R6 000 000	R6 800 000	R7 800 000					
Jetmaster Proprietary Limited	R2 900 000							

Company / Division	Target	Target	Target	Target	Target	Target	Target	Target
Koch's Cut and Supply Steel Centre Proprietary Limited	R1 030 410	R1 946 330	R2 996 000	R5 142 000	R6 100 000	R7 200 000	R8 300 000	R9 000 000
Megamix Proprietary Limited	R5 560 000	R6 650 000	R7 650 000					
Pro Crane Services Proprietary Limited	R4 200 000	R5 400 000						
Toolroom Services Proprietary Limited	R4 450 000	R5 700 000						
Tricks Wrought Iron Services Proprietary Limited	R4 516 000	R6 516 000						
Xpanda Security Proprietary Limited	R13 000 000	R14 500 000	R16 000 000					
Xpanda Security Proprietary Limited Xpanda Cape	R1 240 000	R1 590 000						
One ninth of a monthly basic salary for every target achieved	6	5	2	1	-	-	-	-
Total	**14/9**							
%	**155.6%**							

Company / Division	Yearly Target	Yearly Incentive	Profit	Excess	0.71% per participant
Allan Maskew Proprietary Limited	R3 000 000	0.71% above	Not achieved		
Argent Steel Group Proprietary Limited Hendor Mining Supplies	R8 400 000	0.71% above	R13 225 509	R4 825 509	R34 468
Phoenix Steel Group Proprietary Limited Phoenix Steel Natal	R7 800 000	0.71% above	R9 317 151	R1 517 151	R10 837
Megamix Proprietary Limited	R8 500 000	0.71% above	Not achieved		
Xpanda Security Proprietary Limited	R18 880 000	0.71% above	Not achieved		
Total					**R45 305**

Company / Division	Target	Fixed incentive per participant	Target	Fixed incentive per participant	Target	Fixed incentive per participant
Argent Industrial Engineering Proprietary Limited	R1 960 000	R3 333	R2 760 000	R6 667		
Castor and Ladder Proprietary Limited	R1 524 000	R2 778	R2 124 000	R2 778		
Pro Crane Services Proprietary Limited	R2 200 000	R2 222	R3 200 000	R2 222	R4 000 000	R2 222
Total		**R6 666**				

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

TR Hendry 155.6% of a basic salary plus R45 305 plus R6 666.

SJ Cox 155.6% of a basic salary plus R45 305 plus R6 666.

AF Litschka 155.6% of a basic salary plus R45 305 plus R6 666.

3. Medium-term incentive

The share option scheme (SOS) has been put in place to drive an incentive to the executive to grow shareholder wealth. In 2019 the executives took up their SOS as per the table below:

Director	Price per share	Number of shares	Value of Transaction
TR Hendry	R3.50	300 000	R1 050 000
SJ Cox	R3.50	240 000	R840 000
AF Litschka	R3.50	200 000	R700 000

Director share options granted on the same terms as the Argent Employee Share Option Scheme as per the table below:

Director	Price per share	Number of share options granted
TR Hendry	R4.62	705 990
SJ Cox	R4.62	705 990
AF Litschka	R4.62	705 990

4. Long-term incentive

It is proposed that 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 company valuation as determined by the board, paid as an incentive to the directors, either in shares or a cash award.

Part 4 – Non-executive remuneration

Non-executive directors' fees paid

Proposed non-executive directors' fees for 2020

Refer to special resolution number 1 on page 87 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 2019 are based on an inflationary increase of 7%.

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 Tuesday, 20 August 2019 at 10:00.

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 of	**Against**	**Abstain**
2.1 Ordinary resolution number 1: To appoint 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, SNG Grant Thornton			
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__________________2019.

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, Link Market Services South Africa Proprietary Limited (PO Box 4844, Johannesburg, 2000), by no later than 10:00 on Friday, 16 August 2019.
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.

Notes

ARGENT
Industrial Limited

www.argent.co.za