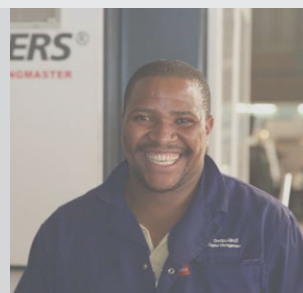
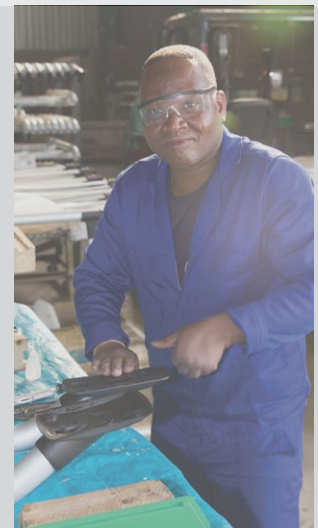
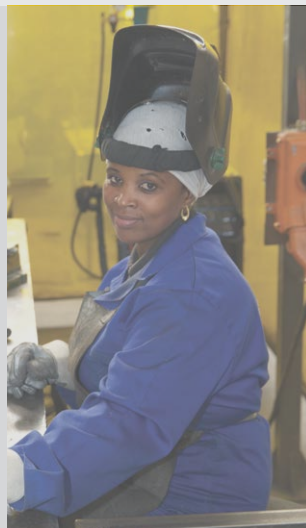
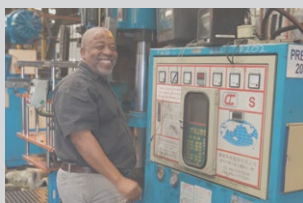




ARGENT Industrial Limited

ANNUAL REPORT

2015



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CORPORATE PROFILE

Argent Industrial Limited is largely a steel-based beneficiation group with a very diverse portfolio of businesses that include international brands. The business portfolio consists of Jetmaster, Xpanda Security, Excalibur Vehicle Accessories, Castor and Ladder, Cedar Paint, Sentech Industries, Toolroom Services, Atomic Office Equipment, Phoenix Steel, Gammid Trading, Tricks Wrought Iron Services, Cannock Gates & Burbage Iron Craft, Megamix, Argent Industrial Engineering and New Joules North America. These businesses cover a huge spectrum of products and services from manufacturing and steel-based trading, concrete building products and regional outlets that trade in a number of these products.

The company has 26 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.

- 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

Argent Industrial Engineering	Western Cape
Atomic Office Equipment	Western Cape
Castor and Ladder Jhb	Gauteng
Castor and Ladder Kzn	KwaZulu-Natal
Hendor Mining Supplies	Gauteng
Jetmaster	Gauteng
Koch's Cut and Supply Steel Centre	KwaZulu-Natal
Megamix	Western Cape
Paint & Ladders Klerksdorp	North West
Parlance Investments	North West
Toolroom Services	Gauteng
Tricks Wrought Iron Services	KwaZulu-Natal
Xpanda Security	KwaZulu-Natal, Gauteng and Western Cape

Steel trading

Gammid Cape	Western Cape
Gammid Kzn	KwaZulu-Natal
Gammid Trading	Gauteng
Phoenix Steel Gauteng	Gauteng
Phoenix Steel Natal	KwaZulu-Natal
Specialist Steel Profiles	KwaZulu-Natal

Automotive

Excalibur Vehicle Accessories	North West
Sentech Industries	Eastern Cape
Allan Maskew	Gauteng

Watch list

Cedar Paint	Free State, Gauteng, KwaZulu-Natal, Eastern and Western Cape
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Properties

Argent Industrial Investments	Gauteng, Mpumalanga and Western Cape
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UNITED STATES OF AMERICA

Manufacturing

New Joules Engineering North America	Kansas City
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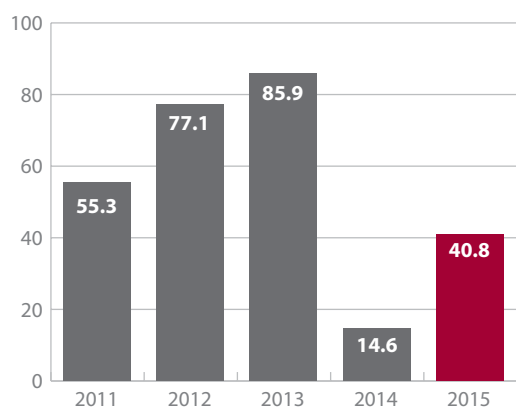
UNITED KINGDOM

Manufacturing

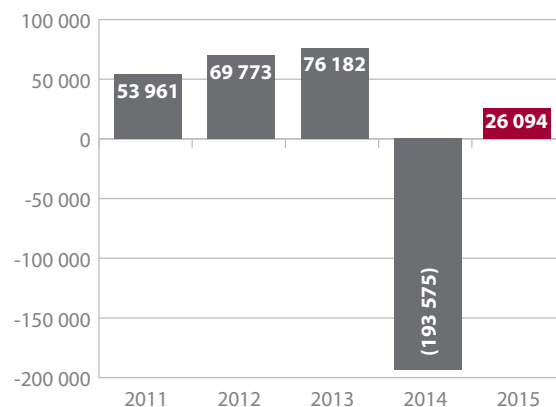
Cannock Gates and Burbage Iron Craft	Cannock
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FINANCIAL HIGHLIGHTS

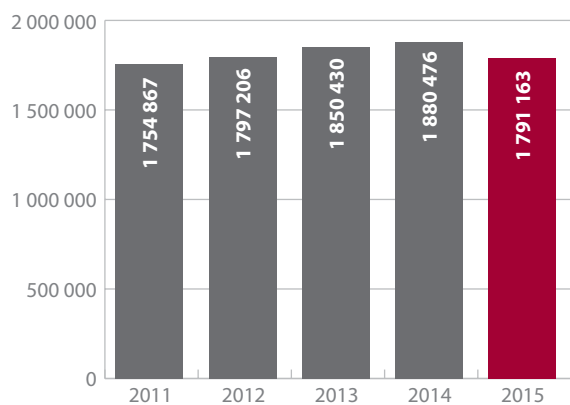
Headline earnings per share (cents)



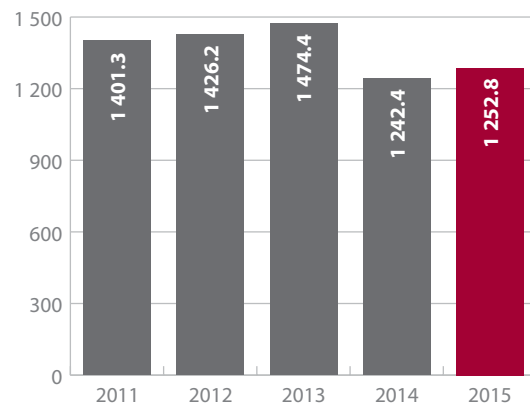
Attributable earnings/(loss) (R 000)



Revenue (R 000)



Net asset value per share (cents)



FIVE YEAR REVIEW

	2015	2014	2013	2012	2011
Revenue (R 000)	1 791 163	1 880 476	1 850 430	1 797 206	1 754 867
Attributable earnings/(loss) for the year (R 000)	26 094	(193 575)	76 182	69 773	53 961
Basic earnings/(loss) per share (cents)	28.5	(211.4)	83.2	76.2	59.0
Diluted earnings/(loss) per share (cents)	28.5	(211.4)	83.2	76.2	59.0
Headline earnings per share (cents)	40.8	14.6	85.9	77.1	55.3
Tax rate (%)	23.9	8.2	22.1	18.4	12.5
Dividends per share (cents)	15.0	14.0	12.0	7.0	4.0
- Final prior	7.0	7.0	6.0	3.0	
- Interim current	8.0	7.0	6.0	4.0	4.0
Dividend cover (times)	1.9	(15.1)	6.9	10.9	14.8
Net asset value per share (cents)	1 252.8	1 242.4	1 474.4	1 426.2	1 401.3
Net asset value per share (excluding intangibles) (cents)	1 064.5	1 053.6	1 152.5	1 104.3	1 086.2
Total assets employed (R 000)	1 672 687	1 731 329	2 055 169	1 985 740	2 030 419
Return on shareholders' equity (%)	2.2	(16.9)	5.6	5.3	4.2
Gearing (%)	6.8	12.1	12.8	17.3	23.7
Liquidity					
- current ratio	1.86	1.82	1.77	1.81	1.81
- current ratio excluding current portion of interest-bearing borrowings	2.08	2.03	2.01	2.20	2.23
- acid test ratio	0.72	0.76	0.72	0.74	0.76

ADMINISTRATION

ARGENT INDUSTRIAL LIMITED

Reg. No: 1993/002054/06

Secretary and registered office

Jaco Dauth
First floor, Ridge 63,
8 Sinembe Crescent,
La Lucia Ridge Office Estate, 4019
(PO Box 5108, Sinembe Park, La Lucia
Ridge Office Estate, 4019)
Tel: + 27 31 791 0061
Fax: + 27 86 510 4546
www.argent.co.za
Email: argent7@argent.co.za

Transfer secretaries

Link Market Services South Africa
13th floor,
Rennies House,
19 Ameshoff Street,
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)
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

Attorneys

Clyde & Co
6th floor, Katherine & West Building,
114 West Street, Sandton, 2196
(PO Box 786448, Sandton, 2146)
Tel: +27 10 286 0350
Fax: +27 10 286 0399

Auditors

Grant Thornton
Second floor, 4 Pencarrow Crescent,
Pencarrow Park,
La Lucia Ridge Office Estate,
4019
(PO Box 950, Umhlanga Rocks, 4320)
Tel: + 27 31 576 5500
Fax: + 27 31 576 5555

Sponsor

PSG Capital (Pty) Ltd
First floor, Building 8,
Inanda Greens Business Park,
54 Wierda Road West,
Sandton, 2196
(PO Box 650957, Benmore, 2010)
Tel: + 27 11 032 7400
Fax: + 27 11 784 4755

DIRECTORATE

TEUNIS SCHARRIGHUISEN (70) (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.

PATRICK ARTHUR DAY (73)

Lead independent non-executive director

Appointed 20 August 1999

Chairs the nomination committee and is also a member of the remuneration committee.

Pat was involved in the steel industry for over 32 years. He was the administration manager for Argent Steel Group (Pty) Ltd and was in control of Phoenix Steel Natal, Phoenix Steel Gauteng, Argent Industrial Engineering and Megamix. He has extensive knowledge in the operations of the group.

KHATHUTSHELO MAPASA (38)

Independent non-executive director

Appointed 18 August 2006

Member of the audit and risk committee.

K2 has a BSc Engineering (Chemical) from the University of Cape Town and has completed the Harvard Business School Management Development Programme. He is a senior manager in a multi-national corporation based in South Africa and has 14 years' experience with them.

JENNIFER ANN ETCHELLS CA (SA) (52)

Independent non-executive director

Appointed 23 January 2012

Member of the audit and risk committee, remuneration and social and ethics committees.

Jenny has a BCompt (Hons) and is a Chartered Accountant (SA). In addition, she has a HDip (Tax) and is a Master Tax Practitioner (SA). She worked in, and managed, various accounting practices including Deloitte and was a director of BDO Spencer Steward (KZN) Inc. She was the group financial director of Nutritional Holdings Limited, a JSE Alt-X company from March 2011 to May 2012. She also held the position of financial director at Argent from 1 April 2009 to 31 January 2011.

CLAYTON DEAN ANGUS CA (SA) (47)

Independent non-executive director

Appointed 25 March 2013

Chairs the audit and risk committee and remuneration committee and is a member of the nomination and social and ethics committee.

Clayton is a Chartered Accountant (SA) and is currently the group financial director of Nutritional Holdings Limited, a JSE Alt-X company. He was previously the chief financial officer of NOAH (Nurturing Orphans of Aids for Humanity). 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.

TREVE ROBERT HENDRY CA (SA) (48) (BRITISH)

Chief executive officer

Appointed 5 May 1997

Chairs the social and ethics committee.

SUE JOAN COX CA (SA) (49)

Financial director

Appointed 1 April 2002

Member of the social and ethics committee.

ALFRED FRANZ LITSCHKA BSC (METALURGY) MBA (49)

Executive director

Appointed 1 January 2004

CHAIRMAN'S STATEMENT

The Argent board of directors ("the board") believe that the group's core focus on branded manufactured products will create a sound base for both local and international sustainability and growth.

The success of the group is dependent on a number of factors, including but not limited to the human element, without which the group could not or would not exist. I would thus like to take this opportunity to express my genuine gratitude to the people who dedicate their time and efforts to the common goal of making the group a success.

To my fellow board members – and in particular Treve and his team of executive directors – your dedication, commitment and unwavering loyalty to the group are qualities that are admired and respected in the difficult world of business. Your ongoing efforts to achieve and maintain the success of the group is greatly appreciated. The employees of an organisation remain the most important resource within an organisation. Without the efforts and dedication of each and every employee of the Argent group, the continued growth and success of the group would not be achieved and I believe it is necessary to extend a heartfelt thank you. The goal of a group such as Argent is to make a profit whilst at the same time return value to those who have invested in the group. It is therefore necessary to pay particular tribute to our shareholders for their continued support and loyalty. To Argent's suppliers, customers and business associates both locally and internationally, thank you for your continued support and commitment to our group during the year.



Teunis Scharrighuisen
(Non-executive chairman)

Umhlanga, Durban

24 June 2015

CORPORATE GOVERNANCE REPORT

Corporate governance requires the identification of the group's stakeholders and the agreement on and implementation of, policies to manage and advance the relationship with those stakeholders in the interests of the group. It also embraces the adoption and monitoring of sound and effective systems of internal control, the assessment and management of business risks and the definition and implementation of appropriate business procedures.

The directors of the Argent 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 practiced. 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 the King Code of Governance Principles and the King Report on Governance for South Africa 2009 ("the King Code") and the Listings Requirements of the JSE Limited ("JSE Listings Requirements") except as set out below. A summary of the extent of the company's compliance with the King Code is set out below:

Key – Level of compliance:

1 – Not applied/will not be applied

2 – In process/partially applied

3 – Full application

	Principle	Level of compliance	Comments
1.	Ethical Leadership and Corporate Citizenship		
1.1	The board should provide effective leadership based on an ethical foundation	3	Applied: Ethics form part of the values of the company and its board. The board provides effective leadership based on an ethical foundation.
1.2	The board should ensure that the company is, and is seen to be, a responsible corporate citizen	3	Applied: Projects applicable to corporate social (re)investment are considered and assessed on a continual basis while the board ensures that the company is, and is perceived to be, a responsible corporate citizen.
1.3	The board should ensure that the company's ethics are managed effectively	3	Applied: Ethical principles are applied, as a matter of course, during all decision-making processes.
2.	Board and Directors		
2.1	The board should act as the focal point for and custodian of corporate governance	3	Applied: The board as a whole is responsible for effective corporate governance.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	3	Applied: Strategy, risk, performance and sustainability are collectively considered by the board in all decision-making processes.
2.3	The board should provide effective leadership based on an ethical foundation	3	Applied: Ethics form part of the values of the company and the board.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	3	Applied: The board ensures that the company is a responsible corporate citizen in line with the image the company would like to project.
2.5	The board should ensure that the company's ethics are managed effectively	3	Applied: Ethics are the responsibility of the board as a whole.
2.6	The board should ensure that the company has an effective and independent audit committee	3	Applied: The audit and risk committee consists of three independent non-executive directors.
2.7	The board should be responsible for the governance of risk	3	Applied: The board as a whole is responsible for risk governance.
2.8	The board should be responsible for information technology (IT) governance	3	Applied: The board as a whole is responsible for IT governance in the company.

	Principle	Level of compliance	Comments
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	3	Applied: Compliance with all applicable laws and adherence to non-binding rules, codes and standards form part of the values of the company.
2.10	The board should ensure that there is an effective risk-based internal audit	3	Applied: An internal audit function exists.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	3	Applied: The board continually monitors stakeholders' perceptions in light of its importance to the company's reputation.
2.12	The board should ensure the integrity of the company's integrated report	3	Applied: Due care is applied during the generation and completion of the annual report to ensure its integrity.
2.13	The board should report on the effectiveness of the company's system of internal controls	3	Applied: The board reports on the effectiveness of the company's system of internal controls.
2.14	The board and its directors should act in the best interests of the company	3	Applied: The board acts in the best interests of the company.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act, 2008	3	Applied: This will be considered, if applicable.
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	3	Applied: The company has a CEO and a chairman and these roles are not fulfilled by the same person. The chairman of the board is, however, not an independent non-executive director because of his shareholding in the company. Mr PA Day was appointed as lead independent non-executive director.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	3	Applied: The board has appointed a CEO and a framework applicable to the delegation of power has been established.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	3	Applied: The majority of the board is non-executive and the majority of non-executive directors are independent.
2.19	Directors should be appointed through a formal process	3	Applied: New directors are appointed through a formal process.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	1	Not applied: The nature of the business does not warrant a formal induction process. New directors will have unlimited access to the company's resources in order to familiarise themselves with all matters related to the company.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	3	Applied: The board is assisted by a suitably qualified and experienced secretary.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	3	Applied: The board, its committees and its individual directors are evaluated on an annual basis.
2.23	The board should delegate certain functions to well-structured committees without abdicating its own responsibilities	3	Applied: Committees make recommendations, which are considered (and if deemed appropriate) approved at board level.
2.24	A governance framework should be agreed between the group and its subsidiary boards	3	Applied: Given that the directors who serve on the boards of the subsidiaries are also directors of the company, the board is of the view that it is not necessary to formulate a governance framework between Argent and its subsidiaries. The situation will be continuously monitored.
2.25	Companies should remunerate directors and executives fairly and responsibly	3	Applied: Non-executive directors are remunerated by the company. Executive directors are remunerated via the subsidiaries.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	3	Applied: The remuneration of each individual director is disclosed in the annual report.

	Principle	Level of compliance	Comments
2.27	Shareholders should approve the company's remuneration policy	1	Not applied: The remuneration committee reviews salary trends in the market place and recommends emolument structures and levels to the chairman for his consideration and approval. No one type of structure suites every company due to the different nature of each operation.
3.	Audit Committees		
3.1	The board should ensure that the company has an effective and independent audit committee	3	Applied: The audit and risk committee consists of three independent directors.
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors (subsidiary exemption)	3	Applied: Audit and risk committee members are suitably skilled and experienced.
3.3	The audit committee should be chaired by an independent non-executive director	3	Applied: The audit and risk committee is chaired by an independent non-executive director.
3.4	The audit committee should oversee the integrated reporting (integrated reporting, financial, sustainability and summarised information) The audit committee should be responsible for evaluating the significant judgements and reporting decisions affecting the integrated report The audit committee's review of the financial reports should encompass the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive financial information, trading statements, circulars and similar documents	3	Applied: These functions are performed by the audit and risk committee.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities	3	Applied: The audit and risk committee ensures that a combined assurance model is applied.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	3	Applied: The audit and risk committee has satisfied itself in this regard.
3.7	The audit committee should be responsible for overseeing of internal audit	3	Applied: Where applicable.
3.8	The audit committee should be an integral component of the risk management process	3	Applied: This forms part of the audit and risk committee's role and function.
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	3	Applied: This forms part of the audit and risk committee's roles and responsibilities.
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	3	Applied: Reported on at board level by the chairman of the audit and risk committee and to shareholders via the annual report.
4.	The Governance of Risk		
4.1	The board should be responsible for the governance of risk	3	Applied: Risk is governed by the board as a whole.
4.2	The board should determine the levels of risk tolerance	3	Applied: Risk tolerance levels are discussed and considered by the board.
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	3	Applied: Performed by the audit and risk committee.
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	3	Applied: The board has delegated to the executive committee the responsibility of designing, implementing and monitoring the risk management plan.

	Principle	Level of compliance	Comments
4.5	The board should ensure that risk assessments are performed on a continual basis	3	Applied: The board performs risk assessment on a continual basis.
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	3	Applied: All risk factors within the current business model are continually monitored.
4.7	The board should ensure that management considers and implements appropriate risk responses	3	Applied: Responses are continually monitored.
4.8	The board should ensure continual risk monitoring by management	3	Applied: Risk-monitoring forms part of all planning and decision making.
4.9	The board should receive assurance regarding the effectiveness of the risk management process	3	Applied: This assurance occurs at board level.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	3	Applied: Disclosed in the annual report. Further disclosures are assessed when needed.
5.	The Governance of Information Technology		
5.1	The board should be responsible for information technology (IT) governance	3	Applied: The board is responsible for IT governance.
5.2	IT should be aligned with the performance and sustainability objectives of the company	3	Applied: IT is aligned with the performance and sustainability objectives of the company.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	3	Applied: Management is responsible for the implementation of an IT governance framework.
5.4	The board should monitor and evaluate significant IT investments and expenditure	3	Applied: The board monitors and evaluates significant IT investments and expenditure.
5.5	IT should form an integral part of the company's risk management	3	Applied: IT is considered part of risk management.
5.6	The board should ensure that information assets are managed effectively	3	Applied: The board is comfortable with the current practice.
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	3	Applied: The audit and risk committee assists the board in carrying out its IT responsibilities.
6.	Compliance with Laws, Codes, Rules and Standards		
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	3	Applied: The board continually considers applicable laws, codes, rules and standards and changes applicable thereto.
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	3	Applied: The board and each individual director has a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its operations.
6.3	Compliance risk should form an integral part of the company's risk management process	3	Applied: Compliance forms part of all risk management processes.
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	3	Applied: This is performed by the company management with the assistance of the executive committee.
7.	Internal Audit		
7.1	The board should ensure that there is an effective risk-based internal audit	3	Applied: An internal audit function exists.
7.2	Internal audit should follow a risk-based approach to its plan	3	Applied: Internal audit follows a risk-based approach.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	3	Applied: A semi-annual risk assessment monitor is presented to the audit and risk committee for review.

	Principle	Level of compliance	Comments
7.4	The audit committee should be responsible for overseeing internal audit	3	Applied: Forms part of the audit and risk committee's roles and responsibilities.
7.5	Internal audit should be strategically positioned to achieve its objectives	3	Applied: Internal audit is an independent appraisal function and the head of internal audit has unrestricted access to the chairman of the audit and risk committee.
8.	Governing Stakeholder Relationships		
8.1	The board should appreciate that stakeholder perceptions affect a company's reputation	3	Applied: The board continually monitors stakeholder' perceptions as the company's reputation is considered important to its sustainable success.
8.2	The board should delegate to management to proactively deal with stakeholder relationships	3	Applied: Stakeholder relationships are critical to the success of the company and are maintained by the company's executive committee.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	3	Applied: All stakeholders are considered in the company's decision-making processes.
8.4	Companies should ensure the equitable treatment of shareholders	3	Applied: Equal treatment of stakeholders is considered vital to the board, which ensures the integrity, completeness, accuracy and usability of the company's annual report.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	3	Applied: Communication with stakeholders is the responsibility of the executive committee and the company secretary.
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	3	Applied: The board is informed of any disputes to ensure speedy and effective resolution thereof.
9.	Integrated Reporting and Disclosure		
9.1	The board should ensure the integrity of the company's integrated report	3	Applied: The board ensures the integrity, completeness and usability of the company's annual report.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	3	Applied: Sustainability reporting and disclosure are incorporated in the company's annual report.
9.3	Sustainability reporting and disclosure should be independently assured	3	Applied: Where appropriate, non-financial information disclosed in the company's annual report has been independently assured.

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 of 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 5 years effective from 1 September 2013 to 31 August 2018, renewable at the executive directors discretion for another 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 is reviewed annually by the board. Board committees are free to take independent outside professional advice as and when deemed necessary.

The board is constituted as follows:

Non-executive directors:

Independent

- PA Day* – appointed 20 August 1999
 - K Mapasa – appointed 18 August 2006
 - CD Angus – appointed 25 March 2013
 - JA Etchells – appointed 23 January 2012
- *Lead independent non-executive director*

Non-executive directors:

- T Scharrighuisen – appointed 12 May 1993 (Chairman)

Executive directors:

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

Attendance at meetings of the board (three held)

	Meetings attended
T Scharrighuisen	3
TR Hendry	3
CD Angus	3
PA Day	3
Mrs JA Etchells	3
Ms SJ Cox	3
AF Litschka	3
K Mapasa	3

CHAIRMAN/CEO

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

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.

The audit and risk committee considers, 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.

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.

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 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 audit and risk committee has reviewed the group financial statements and annual financial statements for the year ended 31 March 2015 and recommended to the board that the said financial statements be approved.

As at 31 March 2015, the audit and risk committee was constituted as follows:

CD Angus – appointed 25 March 2013 (Chairman)

K Mapasa – appointed 23 September 2011

JA Etchells – appointed 17 June 2014

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

	Meetings attended
CD Angus	3
K Mapasa	3
SJ Cox*	3
JA Etchells	3
TR Hendry*	3

* Attended as observer



CD Angus
Audit and risk committee chairman

Umhlanga, Durban
24 June 2015

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 market place and recommends emolument structures and levels to the chairman for his consideration and approval. No one type of structure suits every company due to the different nature of each operation.

The remuneration committee is constituted as follows:

CD Angus – appointed 25 March 2013 (Chairman)

PA Day – appointed 1 April 2010

JA Etchells – appointed 18 December 2013

Attendance at meetings of the remuneration committee (one held)

	Meetings attended
CD Angus	1
SJ Cox*	1
PA Day	1
JA Etchells	1
TR Hendry*	1

* Attended as observer

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:

PA Day – appointed 14 September 2010 (Chairman)

T Scharrighuisen – appointed 14 September 2010

CD Angus – appointed 25 March 2013

Attendance at meetings of the nomination committee (one held)

	Meetings attended
PA Day	1
CD Angus	1
T Scharrighuisen	1

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 social and ethics committee is constituted as follows:

TR Hendry – appointed 1 May 2012 (Chairman)

SJ Cox – appointed 1 May 2012

JA Etchells – appointed 1 May 2012

CD Angus – appointed 25 March 2013

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

	Meetings attended
TR Hendry	1
CD Angus	1
Ms SJ Cox	1
Mrs JA Etchells	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 committee charter, the head of internal audit has the responsibility of reporting to the audit 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 committee. The internal audit work plan is presented in advance to the audit 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 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 the light of 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 the light of claims experiences and changes within and outside the group.

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 minimize 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 annual 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. The board is also satisfied that the company secretary maintains an arms-length relationship with members of the board because the company secretary is not a director of the board.

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the 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 annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual 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 annual 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 minimize 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 2016 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 annual financial statements. The annual financial statements have been examined by the group's external auditors and their report is presented on page 27.

The annual financial statements set out on pages 30 to 74, which have been prepared on the going concern basis, were approved by the board of directors on 24 June 2015 and were signed on its behalf by:



T Scharrighuisen
Non-executive chairman
Umhlanga, Durban
24 June 2015



TR Hendry
Chief executive officer
Umhlanga, Durban
24 June 2015

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 2015, 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, and that all such returns and notices, to the best of my knowledge and belief, appear to be true, correct and up to date.



J Dauth
Company secretary
Umhlanga, Durban
24 June 2015

PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The preparation of the annual financial statements in accordance with International Financial Reporting Standards for the year ended 31 March 2015, which appear on pages 30 to 74, has been supervised by the financial director of Argent Industrial Limited, Ms S.J. Cox.



Financial director
Umhlanga, Durban
24 June 2015

CHIEF EXECUTIVE OFFICER'S REVIEW

FINANCIAL OVERVIEW

Argent Industrial Limited has had an interesting and positive year. The group's core business, is manufactured brands with a metal trading and property investment support base.

OPERATIONS REVIEW

The groups operations were adversely affected by the NUMSA country wide industrial strike in July 2014, as well as the NUMSA induced closure of Giflo Engineering (Bophuthatswana) (Pty) Ltd ("Giflo") a company that already faced ongoing margin pressures.

The country wide strike is estimated to have cost the group R22.7 million, while the closure of Giflo cost the group R50.5 million in stock and asset write downs.

Calculation of Normalised Earnings R'000

	31 March 2015	31 March 2014
Profit/(loss) before taxation as reported	35 325	(210 416)
Loss on disposal of property, plant and equipment	8 711	2 532
Impairment of property	5 014	38 306
Impairment of plant and equipment		54 915
Impairment of intangible assets		121 803
Automotive stock losses	41 057	31 524
Retrenchments (continuing operations)	2 159	850
Closure of loss generating businesses		16 062
Specialist Steel Profiles foreign exchange loss		10 469
Effect of country-wide strikes	22 700	15 911
Normalised earnings	114 966	81 956

MANUFACTURING

This sector performed as planned despite performance being severely hampered by the July strike action, which cost the sector an estimated R15.1 million.

The group prepared the best they could for the expected strike, building up the required stock levels, however this did not go as planned as the strikers prevented stock being dispatched. This resulted in the sector still being stocked to capacity at the end of the strike action forcing it into post-strike short time and as a result, under-recoveries. NUMSA prevented all of our operations from opening up during the strike which included preventing salary-earning staff from entering the various premises and the intimidation of non-union members. The group is on track with its planned staff reductions via its automation and product import plans.

STEEL TRADING

This sector performed well and performance was in line with expectations, however we have seen a drop in the demand for carbon steel, coupled with mill price decreases in April and May 2015. The prices decreased by a total of 17% to the March 2015 cost. The July 2014 strike action cost the sector an estimated R1.5 million in profit.

AUTOMOTIVE

The sector made an overall loss of R64.9 million, of which R50.5 million is due to the closure of Giflo and R6.1 million attributable to the July 2014 strike action.

The board have taken the decision to conclude operations at Giflo.

The decision was made on the back of a history of poor margins and the current labour dispute with NUMSA which resulted in a labour strike starting on the 12th of January 2015 and is currently ongoing.

The strike has been incredibly violent with a number of our working staff and staff of our suppliers and customers being hospitalised. Our trucks, as well as those of our suppliers have been damaged, working staff houses have been set alight and the factory has been brought to a halt as a result of the strikers stoning all vehicles in the vicinity of the Giflo factory and cutting off the company's water supply.

The company has reserved its rights against NUMSA and has obtained a court interdict to allow it to operate unhindered, something which is easier documented in theory than it is in reality.

The closure of Giflo resulted in the following write down:

	R 000
Automotive stock	41 057
Impairment of property	5 014
Loss on disposal of plant and equipment	4 398
	<u>50 469</u>

WATCH LIST

Cedar Paint remains a concern due to ongoing margin pressures. We have managed to reduce the required overhead recovery rate and thereby reduced the annual loss from R6 million in the prior year to R4 million in the current year.

The company will remain on the watch list while the group continues to search for ways to improve margins or find a suitable solicitor.

PROPERTIES

The group has sold the following properties during the reporting period:

- Gammid JHB in Johannesburg for R5 million to a related party; and
- Atomic Office Equipment in Cape Town for R16 million.

The group sold the following properties after the reporting period:

- Gammid Cape in Cape Town for R31 million on 28 November 2014, transferred on 27 May 2015; and
- Phoenix Steel Mpumalanga in Middleburg for R10.5 million on 21 April 2015, not transferred yet.

The following properties are currently for sale:

- Giflo Engineering (Bophuthatswana) in Ga-Rankuwa via auction at a reserve price of R10.5 million. The auction was originally set for the 28th May 2015 but was postponed due to no registered buyers. The property has a stand size of 63 012 m² and a covered area of 28 583 m². We have received valuations ranging from R20 million to R35 million. The property is currently in our books for R13.5 million.
- Gammid George in George, which is currently vacant for R6 Million.

SEGMENT REVIEW

	Manufacturing R 000	Steel Trading R 000	Automotive R 000	Watch List R 000	Properties R 000
For the year ended 31 March 2015					
Revenue from external sales	954 443	567 710	202 123	65 740	1 147
Profit/(loss) before taxation	81 406	11 566	(64 879)	(4 151)	11 383
Net assets	641 685	283 471	68 295	25 157	189 160
For the year ended 31 March 2014					
Revenue from external sales	967 076	657 920	192 255	60 747	2 478
Profit/(loss) before taxation	60 655	(2 451)	(9 391)	(6 078)	10 309
Net assets	576 228	290 357	109 699	30 425	186 287

REPURCHASE OF ARGENT SHARES

Argent will commence with the repurchasing of the shares issued by the company in terms of its share buy-back approval given by the shareholders at the annual general meeting held on the 28th October 2014.

In terms of this special resolution, the company will commence repurchasing its shares in tranches of 3% of the number of shares in issue, pursuant to which an announcement providing details thereof will be released.

The authority to repurchase shares is limited to a maximum of 20% in aggregate, of the company's issued stated capital at the time the authority was granted.

OUTLOOK

The group has consolidated its core business around its branded manufacturing companies. Our main focus will be to build these brands whilst continuing with production automation. A key objective of the board is to increase the number of exports and offshore operations to further reduce exposure to South African labour issues and currency fluctuations.

TR Hendry CA (SA)
Chief executive officer

Umhlanga, Durban
24 June 2015

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

The King Code was adopted by the JSE Limited ("JSE") on 1 March 2010 as a listing requirement and integrated reporting is an ongoing responsibility that will need to be adapted and edited to achieve perfection. We acknowledge that Argent's integrated 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 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 claims experiences and changes within and outside the group.

SOCIAL RESPONSIBILITIES

The group acknowledges its social responsibilities towards the communities in which it operates and deserving institutions at large. Our programmes are mainly channelled through Argent and focus on support and contributions towards training, deserving welfares, HIV/AIDS and environmental foundations. Each year the board sets aside a specific amount for corporate social investment and various charitable institutions receive 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 about 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.

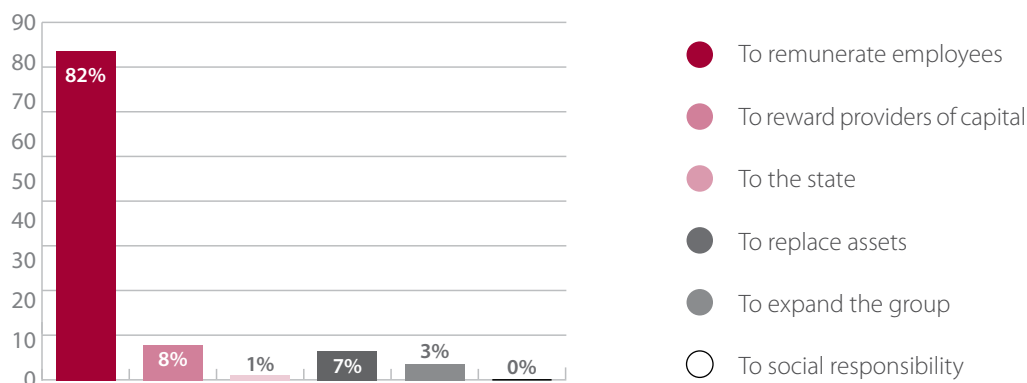
STAKEHOLDER ENGAGEMENT

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

VALUE-ADDED STATEMENT

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

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



	2015	2014
	R 000	R 000
Revenue	1 791 163	1 880 476
Purchased materials and services	1 308 028	1 568 889
	483 135	311 587
Non-operating income	1 529	987
Value-added	484 664	312 574
To remunerate employees:		
Salaries, wages, pensions, bonuses and other benefits	396 026	404 909
To reward providers of capital:	37 916	40 462
Interest on loans	24 340	27 246
Dividends to shareholders	13 576	13 216
To the state:	3 661	35 478
Company tax	8 426	(17 359)
Value-added tax	(4 765)	52 837
To replace assets:		
Depreciation and amortisation	34 400	38 388
To expand the group:		
Retained earnings	12 518	(206 791)
To social responsibility:		
Donations	143	128
	484 664	312 574

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ARGENT INDUSTRIAL LIMITED

We have audited the consolidated and separate financial statements of Argent Industrial Limited set out on pages 30 to 74, which comprise the statements of financial position as at 31 March 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these 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 are necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

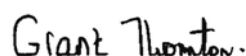
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Argent Industrial Limited as at 31 March 2015, 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.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2015, we have read the Director's Report, Audit and Risk Committee's Report and Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



Grant Thornton

Chartered Accountants (SA)
Registered Auditors

DD Nagar

Partner
Chartered Accountant (SA)
Registered Auditor

24 June 2015

Grant Thornton
Second 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 annual financial statements of the company and group for the year ended 31 March 2015.

NATURE OF BUSINESS

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

RESULTS OF OPERATIONS

Earnings attributable to ordinary shareholders in respect of the year ended 31 March 2015 was R26.1 million (2014 – loss of R193.6 million) and represents earnings of 28.5 cents per share (2014 – loss of 211.4 cents per share).

The earnings attributable to the various classes of business of the group are disclosed in note 25 to the financial statements.

DIVIDENDS

Details of dividends are reflected in note 22 to the financial statements. An interim ordinary dividend of 8 cents per share has been declared and paid. A final dividend of 9 cents per share has been proposed.

SHARE-BASED REMUNERATION SCHEME

Full details of the company's share-based remuneration scheme are set out in note 24 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 18 to the financial statements.

DIRECTORS

The names of the directors in office at the date of the report appear on page 6.

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 of the shareholders of Argent:

Mr PA Day, Mr K Mapasa, and Mrs JA Etchells.

Mr CD Angus being eligible for re-election will not be standing for re-election.

SECRETARY AND REGISTERED OFFICE

The address of the secretary and the registered office of the company is recorded on page 5.

DIRECTORS' SHAREHOLDINGS

The directors have a direct or indirect interest in 13 666 272 (2014 – 13 678 730) of the issued ordinary shares of the company. No material changes have been advised 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 74 of this report. The aggregate net profit of the subsidiaries attributable to shareholders of the company is as follows:

	2015 R 000	2014 R 000
Net profit (loss) (R 000)	22 081	(45 350)

ACQUISITIONS

There were no acquisitions during this financial period.

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

Subsequent to year end, the board of directors have taken the decision to conclude operations at Giflo Engineering (Bophuthatswana) (Pty) Ltd ("Giflo"), and decided to dispose of the Giflo property via auction.

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.



T Scharrighuisen
Non-executive chairman
Umhlanga, Durban
24 June 2015



TR Hendry CA (SA)
Chief executive officer
Umhlanga, Durban
24 June 2015

SHARE BUY-BACK PROGRAMME

Annually the directors seek, and obtain, the approval of the shareholders in the annual general meeting to repurchase Argent shares. This authority, valid until the following year's annual general meeting 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 2015.

During the year Argent did not repurchase any of its shares.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Note	Group		Company	
		2015 R 000	2014 R 000	2015 R 000	2014 R 000
ASSETS					
Property, plant and equipment	3	641 355	726 018	112	149
Intangible assets	4	172 866	172 866		
Long term loan	5	14 621	13 477		
Employee share incentive scheme	6			18 400	23 418
Deferred taxation	14	8 082	13 686		1 000
Interest in subsidiaries	7			251 649	281 004
Non-current assets		836 924	926 047	270 161	305 571
Inventories	8	489 741	471 353		
Trade and other receivables	9	311 965	338 881	23 400	25 817
Loans to subsidiaries	7				37 375
Taxation		596			
Bank balance and cash	23.4	196	234	21 038	
Current assets		802 498	810 468	44 438	63 192
Non-current assets held for sale	10	41 347	8 500		
TOTAL ASSETS		1 680 769	1 745 015	314 599	368 763
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	11	452 597	451 366	545 643	545 643
Reserves	12	29 705	30 626		
Retained earnings/(accumulated loss)		667 847	655 323	(275 944)	(242 721)
Attributable to owners of the parent		1 150 149	1 137 315	269 699	302 922
Non-controlling interest		10 574	9 769		
Total shareholders' funds		1 160 723	1 147 084	269 699	302 922
Interest-bearing borrowings	13	33 147	93 197		
Deferred taxation	14	55 127	59 598	290	
Non-current liabilities		88 274	152 795	290	
Trade and other payables	15	250 574	236 648	16 618	22 746
Loans from subsidiaries	7			27 992	
Taxation			159		
Bank overdraft	23.4	135 130	162 369		43 095
Current portion of interest-bearing borrowings	13	46 068	45 960		
Current liabilities		431 772	445 136	44 610	65 841
TOTAL EQUITY AND LIABILITIES		1 680 769	1 745 015	314 599	368 763
Net asset value per share (cents)		1 252.8	1 242.4		

INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

	Note	Group		Company	
		2015 R 000	2014 R 000	2015 R 000	2014 R 000
Revenue	16	1 791 163	1 880 476		
Operating profit/(loss) before finance costs and restructuring		58 136	79 303	(25 555)	60 964
Restructuring adjustments	17		(263 460)		(149 504)
Operating profit/(loss) before finance costs	18	58 136	(184 157)	(25 555)	(88 540)
Finance income		1 529	987	8 095	7 167
Finance costs	19	(24 340)	(27 246)		
Profit/(loss) before taxation		35 325	(210 416)	(17 460)	(81 373)
Taxation	20	(8 426)	17 359	(1 289)	413
Profit/(loss) for the year		26 899	(193 057)	(18 749)	(80 960)
Attributable to equity holders of the					
- Parent		26 094	(193 575)	(18 749)	(80 960)
- Non-controlling interest		805	518		
		26 899	(193 057)	(18 749)	(80 960)
Basic earnings/(loss) per share (cents)	21.1	28.5	(211.4)		
Diluted earnings/(loss) per share (cents)	21.2	28.5	(211.4)		
Dividends per share (cents)	22	15.0	14.0		
Final prior		7.0	7.0		
Interim current		8.0	7.0		
Shares in issue (000)					
- at end of period		91 808	91 540		
- weighted average for the year		91 669	91 561		

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Profit/(loss) for the year	26 899	(193 057)	(18 749)	(80 960)
Other comprehensive income for the year				
<i>Items that may be reclassified subsequently to profit and loss</i>				
Exchange differences on translating foreign operations	1 182	(529)		
<i>Items that will not be reclassified subsequently to profit and loss</i>				
Revaluation of land and buildings	(2 961)	(6 931)		
Tax effect of above transactions	534	1 334		
Total other comprehensive income/(loss) for the year	25 654	(199 183)	(18 749)	(80 960)
Attributable to equity holders of the				
- Parent	24 849	(199 701)	(18 749)	(80 960)
- Non-controlling interest	805	518		
	25 654	(199 183)	(18 749)	(80 960)

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

Group										
R 000	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 2013		545 643	(94 514)	2 034	45 045	(8 809)	860 225	1 349 624	9 251	1 358 875
Net treasury movement			237					237		237
Share-based payments				371				371		371
Transfer of reserve to retained earnings				(1 889)			1 889			
Total comprehensive loss					(5 597)	(529)	(193 575)	(199 701)	518	(199 183)
Dividends – current interim and prior final	22						(13 508)	(13 508)		(13 508)
Less dividend on treasury shares	22						292	292		292
Balance at 31 March 2014		545 643	(94 277)	516	39 448	(9 338)	655 323	1 137 315	9 769	1 147 084
Net treasury movement			1 231					1 231		1 231
Share-based payments				330				330		330
Transfer of reserve to retained earnings				(6)			6			
Total comprehensive income					(2 427)	1 182	26 094	24 849	805	25 654
Dividends – current interim and prior final	22						(14 474)	(14 474)		(14 474)
Less dividend on treasury shares	22						898	898		898
Balance at 31 March 2015		545 643	(93 046)	840	37 021	(8 156)	667 847	1 150 149	10 574	1 160 723
Note		11	11	12	12	12				

Company				
R 000	Note	Stated capital R 000	Accumulated loss R 000	Total R 000
Balance at 31 March 2013		545 643	(148 253)	397 390
Total comprehensive loss			(80 960)	(80 960)
Dividends – current interim and prior final	22		(13 508)	(13 508)
Balance at 31 March 2014	11	545 643	(242 721)	302 922
Total comprehensive loss			(18 749)	(18 749)
Dividends – current interim and prior final	22		(14 474)	(14 474)
Balance at 31 March 2015	11	545 643	(275 944)	269 699

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	Note	Group		Company	
		2015 R 000	2014 R 000	2015 R 000	2014 R 000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from/(used in) operations	23.1	128 699	102 780	58 932	(88 940)
Finance income		1 529	987	8 095	7 167
Finance costs		(24 340)	(27 246)		
Dividends received				6 593	67 265
Dividends paid	23.2	(13 576)	(13 216)	(14 474)	(13 508)
Normal taxation paid	23.3	(7 514)	(5 690)		
Net cash inflow/(outflow) from operating activities		84 798	57 615	59 146	(28 016)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	3	(39 068)	(62 889)	(31)	(59)
Proceeds on disposal of property, plant and equipment		41 326	21 765		
Long term loan		(1 144)	(981)	5 018	4 717
Net cash inflow/(outflow) from investing activities		1 114	(42 105)	4 987	4 658
CASH FLOWS FROM FINANCING ACTIVITIES					
Net movement in treasury shares		1 231	237		
Payment of interest-bearing borrowings		(59 942)	(34 614)		
Net cash outflow from financing activities		(58 711)	(34 377)		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		27 201	(18 867)	64 133	(23 358)
Cash and cash equivalents at beginning of year		(162 135)	(143 268)	(43 095)	(19 737)
Cash and cash equivalents at end of year	23.4	(134 934)	(162 135)	21 038	(43 095)

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of preparation

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

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

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

The accounting policies are the same as prior year.

The following standards and interpretations were adopted, but did not have an effect on the financial statements:

- IAS 39 – Novation of Derivatives and continuation of Hedge Accounting (Amendments to IAS 39) (effective from 1 January 2014)
- IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (effective from 1 January 2014)
- IFRS 10 – Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (effective from 1 January 2014)
- IAS 32 (Amendment) – Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014)

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

1.2 Significant judgments

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 and judgements are made in the following areas:

- Property, plant and equipment – Residual values and useful lives – note 1.4.
- Property, plant and equipment – Revaluation of land and buildings – note 3.
- Impairment of goodwill – note 4.
- Inventory – Allowance for slow moving, damaged and obsolete inventory – note 8.
- Trade receivables – allowance for doubtful debts – note 9.
- Deferred taxation – note 14.
- Contingent liabilities – note 27.
- Fair value of share based payments – note 24.
- Fair value of foreign exchange contracts – note 28.
- Fair value of financial liabilities – note 28.

1.3 Basis of consolidation

The group financial statements consolidate those of the parent company and all of its subsidiaries. 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.

All transactions and balances between the 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.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the group. The group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

1.4 Property, plant and equipment

Property, plant and equipment, except for land and buildings, are stated at cost less accumulated depreciation and accumulated impairment losses.

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 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 and equipment	3 to 10 years

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

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. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. 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.

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 Intangibles

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 income statement when incurred.

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

1.6 Goodwill

Goodwill is initially measured at cost, being the excess of the cost of 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. The excess of the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit and loss as a gain in bargain purchases.

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; plus
- any costs directly attributable to the purchase of the subsidiary.

1.8 Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the

production process or in the rendering of services.

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.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

Cost is determined on the following basis:

- Raw materials and consumable stores are valued at weighted average cost.
- Finished goods and work in progress are valued at raw material cost plus labour cost and a proportion of manufacturing overhead expenses based on normal capacity.

When inventories are sold, the carrying amount of those inventories are 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, are recognised as an increase in the amount of inventories and recognised as an income in the period in which the reversal occurs.

1.9 Stated capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity. If the company reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

1.10 Financial instruments

Initial recognition

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

Financial assets and financial liabilities are recognised on the group's statement of financial position when the group

becomes party to the contractual provisions of the instrument.

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.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans to/(from) group companies are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, 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 objective evidence that the asset is impaired. 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. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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 income statement 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 income statement.

Trade and other receivables are classified as loans and

receivables.

Trade and other payables

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

Other loans and receivables

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

These financial assets are not quoted in an active market and have fixed or determinable payments.

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.

1.11 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The group also earns rental income from operating leases on its properties. Rental income is recognised on a straight-line basis over the term of the lease.

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

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

1.12 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.

1.13 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, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in comprehensive income or equity, or
- a business combination.

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

1.14 Dividends

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

1.15 Impairments

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 1.13) 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 the group's receivables at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective rate computed at initial recognition of these financial assets).

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.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.16 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 rates at the dates of the transactions. 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.

1.17 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.

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 asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.18 Cash flows

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, investments in money market instruments and bank overdrafts.

1.19 Segments

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

1.20 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 income as incurred.

1.21 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.

1.22 Share-based payments

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

When the goods or 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 goods or services received, unless that fair value cannot be estimated reliably. If the fair value of the goods or 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.

1.23 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purposes of obtaining a qualifying asset less any temporary investment of those borrowings.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.24 Government grants

When the conditions attached to government grants have been met they are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related expenses.

1.25 Non-current assets held for sale

Non-current assets and disposal groups 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 (or disposal group) 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 (or disposal group) 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, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

1.26 Contingent assets and liabilities

A contingent asset is a possible asset 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. Contingent assets are not recognised as assets.

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 Definitions

1.27.1 Current ratio

Current assets divided by current liabilities. Current liabilities include current portion of interest-bearing borrowings and interest free liabilities other than deferred tax.

1.27.2 Dividend cover

Basic earnings per share divided by dividends per share.

1.27.3 Gearing

Interest-bearing debt, divided by capital and reserves and non-controlling interest.

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. Adoption of these standards by the group in future reporting periods is not expected to have a significant impact on the financial statements of the group or company.

Standard	Details of amendments	Annual periods beginning on or after
IFRS 2 Share-based payments	<ul style="list-style-type: none"> Annual Improvements 2010 – 2012 Cycle: amendments added the definitions of performance conditions and service conditions and amended the definitions of vesting conditions and market conditions. 	1 July 2014
IFRS 3 Business Combinations	<ul style="list-style-type: none"> Annual Improvements 2010 – 2012 Cycle: amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9. 	1 July 2014
	<ul style="list-style-type: none"> Annual Improvements 2011 – 2013 Cycle: amendments to the scope paragraph for the formation of a joint arrangement. 	1 July 2014
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	<ul style="list-style-type: none"> Annual Improvements 2012 – 2014 Cycle: Amends IFRS 5 to clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of IFRS 5 does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29. 	1 July 2016
IFRS 7 Financial Instruments: Disclosures	<ul style="list-style-type: none"> Annual Improvements 2012 – 2014 Cycle: The amendments provide additional guidance to help entities identify the circumstances under which a servicing contract is considered to be 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E – 42H of IFRS 7. Such circumstances commonly arise when, for example, the servicing fee is dependent on the amount or turning of the cash flows collected from the transferred financial asset or when a fixed fee is not paid in full due to non-performance of that asset. 	1 July 2016
	<ul style="list-style-type: none"> Annual Improvements 2012 – 2014 Cycle: These amendments clarify that the additional disclosure required by the recent amendments to IFRS 7 Disclosure: Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with IAS 34 Interim Financial Reporting when its inclusion would be necessary in order to meet the general principles of IAS 34. 	1 July 2016
IFRS 8 Operating Segments	<ul style="list-style-type: none"> Annual Improvements 2010 – 2012 Cycle: amendments to some disclosure requirements regarding the judgements made by management in applying the aggregation criteria, as well as those to certain reconciliations. 	1 July 2014
IFRS 9 Financial Instruments	<ul style="list-style-type: none"> IFRS 9 'Financial Instruments (2014)' replaces IAS 39 'Financial Instruments: Recognition and Measurement'. 	1 January 2018

Standard	Details of amendments	Annual periods beginning on or after
IFRS 10 Consolidated Financial Statements	<ul style="list-style-type: none"> IFRS 10 exception to the principle that all subsidiaries must be consolidated. Entities meeting the definition of 'Investment Entities' must be accounted for at fair value under IFRS 9, Financial Instruments, or IAS 39, Financial Instruments: Recognition and Measurement. 	1 January 2014
	<ul style="list-style-type: none"> Amendments to address an acknowledged inconsistency between the requirements in IFRS 10 'Consolidated Financial Statements' and those in IAS 28 (2011) 'Investments in Associates' in dealing with the sale or contribution of a subsidiary. 	1 January 2016
	<ul style="list-style-type: none"> Amendments confirming that the IFRS 10.4(a) consolidation exemption is also available to parent entities which are subsidiaries of investment entities where the investment entity measures its investments at fair value in terms of IFRS 10.31. 	1 January 2016
	<ul style="list-style-type: none"> Amendments modifying IFRS 10.32 to state that the consolidation requirement only applies to subsidiaries who are not themselves investment entities and whose main purpose is to provide services which relate to the investment entity's investment activities. 	1 January 2016
	<ul style="list-style-type: none"> Amendments providing relief to non-investment entity investors in associates or joint ventures that are investment entities by allowing the non-investment entity investor to retain, when applying the equity method, the fair value measurement applied by the investment entity associates or joint ventures to their interests in subsidiaries. 	1 January 2016
IFRS 12 Disclosure of Interest in Other Entities	<ul style="list-style-type: none"> New disclosures required for Investment Entities (as defined in IFRS 10). 	1 January 2014
IFRS 13 Fair Value Measurement	<ul style="list-style-type: none"> Annual Improvements 2010 – 2012 Cycle: amendments to clarify the measurement requirements for those short-term receivables and payables. 	1 July 2014
	<ul style="list-style-type: none"> Annual Improvements 2011 – 2013 Cycle: amendments to clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9. 	1 July 2014
IFRS 15 Revenue from Contracts with Customers	<ul style="list-style-type: none"> New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. 	1 January 2017
IAS 1 Presentation of Financial Statements	<ul style="list-style-type: none"> Amendments clarifying IAS 1's specified line items on the statement(s) of profit and loss and other comprehensive income and the statement of financial position can be disaggregated. 	1 January 2016
	<ul style="list-style-type: none"> Additional requirements of how entities should present subtotals in the statement(s) of profit or loss and other comprehensive income and the statement of financial position. 	1 January 2016
	<ul style="list-style-type: none"> Clarification that entities have flexibility as to the order in which they present their notes to the financial statements, but also emphasising the need to consider fundamental principles of comparability and understandability in determining the order. 	1 January 2016
IAS 16 Property, Plant and Equipment	<ul style="list-style-type: none"> Annual Improvements 2010 – 2012 Cycle: amendments to the revaluation method – proportionate restatement of accumulated depreciation. 	1 July 2014
	<ul style="list-style-type: none"> Amendments to prohibit the use of a revenue-based depreciation method for property, plant and equipment, as well as guidance in the application of the diminishing balance method for property, plant and equipment. 	1 January 2016
	<ul style="list-style-type: none"> Amendments specifying that because the operation of bearer plants is similar in nature to manufacturing, they should be accounted for under IAS 16 rather than IAS 41. The produce growing on the bearer plants will continue to be within the scope of IAS 41. 	1 January 2016

Standard	Details of amendments	Annual periods beginning on or after
IAS 19 Employee Benefits	<ul style="list-style-type: none"> Amendments to Defined Benefit Plans: Employee Contributions whereby the requirements in IAS 19 for contributions from employees or third parties that are linked to service have been amended. Annual Improvements 2012–2014 Cycle: IAS 19.83 requires that the currency and term of the corporate or government bonds used to determine the discount rate for post-employment benefit obligations must be consistent with the currency and estimated term of the obligations. The amendments clarify that the assessment of the depth of the corporate bond market shall be made at the currency-level rather than the country-level. 	1 July 2014
		1 July 2016
IAS 24 Related Party Disclosures	<ul style="list-style-type: none"> Clarification of the definition of a related party. 	1 July 2014
IAS 27 Consolidated and Separate Financial Statements	<ul style="list-style-type: none"> Amendments to introducing a third option which allows entities to account for investments in subsidiaries, joint ventures and associates under the equity method in their separate financial statements. 	1 January 2016
IAS 32 Financial Instruments Presentation	<ul style="list-style-type: none"> Amendments providing clarity on the meaning of “currently has a legally enforceable right of set-off” i.e. the right must be in the ordinary course of business and must exist for all counterparties. The IASB has also clarified the principle behind net settlement and included an example of a “gross settlement system” with characteristics which would satisfy the IAS 32 criterion for net settlement. These amendments were made in conjunction with additional disclosure requirements of IFRS 7 on the effect of rights of set-off and similar arrangements. 	1 January 2014
		1 January 2014
		1 January 2014
IAS 34 Interim Financial Reporting	<ul style="list-style-type: none"> Annual Improvements 2012–2014 Cycle: The amendments clarify the meaning of disclosure of information elsewhere in the interim financial report and require the inclusion of a cross-reference from the interim financial statements to the location of this information. The amendments specify that this information must be available to users of the interim financial statements on the same terms as the interim financial statements and at the same time, or the interim financial statements will be incomplete. 	1 July 2016
IAS 36 Impairment Assets	<ul style="list-style-type: none"> The amendment to IAS 36 clarifies the required disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. 	1 January 2014
IAS 38 Intangible Assets	<ul style="list-style-type: none"> Annual Improvements 2010 – 2012 Cycle: Amendments to the revaluation method - proportionate restatement of accumulated depreciation. Amendments present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate except in two limited circumstances, as well as provide guidance in the application of the diminishing balance method for intangible assets. 	1 July 2014
		1 January 2016

3. PROPERTY, PLANT AND EQUIPMENT

	Group				Total 2015 R 000
	Land and buildings R 000	Plant and equipment R 000	Motor vehicles R 000	Furniture, fittings and equipment R 000	
2015					
Carrying amount at beginning of year	415 952	259 681	43 656	6 729	726 018
Gross carrying amount	460 585	499 367	89 743	26 648	1 076 343
Accumulated depreciation	(44 633)	(239 686)	(46 087)	(19 919)	(350 325)
Exchange difference on translation of foreign operation	1 061	414	30	24	1 529
Change in fair value of land and buildings – reversal of revaluation surplus due to impairment	(2 961)				(2 961)
Reclassification to non-current assets held for sale	(41 347)				(41 347)
Additions	24 819	8 312	4 118	1 819	39 068
Disposals	(21 209)	(18 000)	(1 957)	(372)	(41 538)
Impairments	(5 014)				(5 014)
Depreciation	(260)	(23 016)	(8 182)	(2 942)	(34 400)
Carrying amount at end of year	371 041	227 391	37 665	5 258	641 355
Gross carrying amount	418 643	397 725	85 338	22 695	924 401
Accumulated depreciation	(47 602)	(170 334)	(47 673)	(17 437)	(283 046)

The carrying amount would have been R370 million had land and buildings been accounted for using the cost model.

	Group				Total 2014 R 000
	Land and buildings R 000	Plant and equipment R 000	Motor vehicles R 000	Furniture, fittings and equipment R 000	
2014					
Carrying amount at beginning of year	454 486	314 137	45 438	6 329	820 390
Gross carrying amount	460 604	471 647	87 675	26 287	1 046 213
Accumulated depreciation	(6 118)	(157 510)	(42 237)	(19 958)	(225 823)
Exchange difference on translation of foreign operation	1 064	1 128	120	162	2 474
Change in fair value of land and buildings – reversal of revaluation surplus due to impairment	(6 931)				(6 931)
Reclassification to non-current assets held for sale	(5 783)	(2 717)			(8 500)
Additions	17 069	33 268	9 379	3 173	62 889
Disposals	(5 370)	(1 014)	(2 894)	(227)	(9 505)
Impairments	(38 306)	(58 107)			(96 413)
Depreciation	(277)	(27 014)	(8 387)	(2 708)	(38 386)
Carrying amount at end of year	415 952	259 681	43 656	6 729	726 018
Gross carrying amount	460 585	499 367	89 743	26 648	1 076 343
Accumulated depreciation	(44 633)	(239 686)	(46 087)	(19 919)	(350 325)

The carrying amount would have been R363 million had land and buildings been accounted for using the cost model.

2015	Company	
	Furniture, fittings and equipment R 000	Total 2015 R 000
Carrying amount at beginning of year	149	149
Gross carrying amount	341	341
Accumulated depreciation	(192)	(192)
Additions	31	31
Disposals	(20)	(20)
Depreciation	(48)	(48)
Carrying amount at end of year	112	112
Gross carrying amount	314	314
Accumulated depreciation	(202)	(202)

2014	Company	
	Furniture, fittings and equipment R 000	Total 2014 R 000
Carrying amount at beginning of year	144	144
Gross carrying amount	317	317
Accumulated depreciation	(173)	(173)
Additions	59	59
Disposals	(10)	(10)
Depreciation	(44)	(44)
Carrying amount at end of year	149	149
Gross carrying amount	341	341
Accumulated depreciation	(192)	(192)

Impairment of land and buildings and plant and equipment

The markets in which the group operates had been negatively affected by the poor economic environment in South Africa over the past number of years.

Although the diversified nature of the group was able to compensate for these negative influences to some extent, management thoroughly investigated various alternatives to enhance group performance. It was therefore decided to restructure the group in 2014 in order to ensure sustainability and an improved shareholder value in the medium to longer term.

The following segments were affected:

For impairment of land and buildings – automotive and properties

For impairment of plant and equipment – automotive and steel trading

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.

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 2015.

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 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 9.6% and 14%.

The directors assessed the useful lives of the buildings to be 50 years, and the residual values exceed their carrying values.

The Giflo Engineering (Bophuthatswana) (Pty) Ltd property located in Ga-Rankuwa is currently scheduled for auction, which decision was made subsequent to year end. Independent valuations ranging from R20 million to R35 million have been obtained. The directors are of the opinion that these valuations are not necessarily a reflection of the market value and considered it prudent to carry the property at R13.5 million, as the directors are unable to determine a definitive fair value.

4. INTANGIBLE ASSETS

	Group		
	Patents R 000	Goodwill R 000	Total 2015 R 000
2015			
Carrying amount at beginning of year		172 866	172 866
Gross carrying amount	2 255	172 866	175 121
Accumulated amortisation	(2 255)		(2 255)
Impairments			
Amortisation for the year			
Carrying amount at end of year		172 866	172 866
Gross carrying amount	2 255	172 866	175 121
Accumulated amortisation	(2 255)		(2 255)
	Patents R 000	Group Goodwill R 000	Total 2014 R 000
2014			
Carrying amount at beginning of year	2	294 669	294 671
Gross carrying amount	2 255	294 669	296 924
Accumulated amortisation	(2 253)		(2 253)
Impairments		(121 803)	(121 803)
Amortisation for the year	(2)		(2)
Carrying amount at end of year		172 866	172 866
Gross carrying amount	2 255	172 866	175 121
Accumulated amortisation	(2 255)		(2 255)

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 R173 million is represented by 14 CGUs. No individual CGU is significant in comparison to the groups total carrying amount of goodwill. The recoverable amounts of the CGUs are determined from value in use calculations.

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 14% and 17%.

The average projected growth rate used is 7%. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

5. LONG TERM LOAN

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Unsecured loans advanced to BEE minority shareholders for the purchase of interest in subsidiaries. Indefinite period of repayment at an interest rate of prime less 1%	14 621	13 477		

6. EMPLOYEE SHARE INCENTIVE SCHEME

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Employee share incentive trust loan			18 400	23 418
An analysis of the Argent Employee Share Incentive Scheme loan is as follows:				
Balance at the beginning of the year			23 418	28 135
Loan repaid – dividends			(898)	(292)
Issue of shares			(1 231)	(237)
Impairment of loan			(2 889)	(4 188)
			18 400	23 418

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.

7. INTEREST IN SUBSIDIARIES

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Opening balance			281 004	408 037
Impairment			(29 355)	(127 033)
Allan Maskew (Pty) Ltd				(51 405)
Atomic Office Equipment (Pty) Ltd				(80)
Excalibur Vehicle Accessories (Pty) Ltd				(21 911)
Gammid Trading (Pty) Ltd				(53 637)
Giflo Engineering (Bophuthatswana) (Pty) Ltd			(28 796)	
Parlance Investments (Pty) Ltd			(559)	
Shares at cost less impairments			251 649	281 004
Opening balance			37 375	(29 261)
Movement during the year			(65 367)	89 107
Impairment				(22 471)
Loans (from)/to subsidiaries included in current assets/(liabilities)			(27 992)	37 375
Loans owing by subsidiaries			157 543	259 806
Loans owing to subsidiaries			(185 535)	(222 431)
Loans (from)/to subsidiaries included in current assets/(liabilities)			(27 992)	37 375

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. For further details of interest in subsidiaries refer page 74.

8. INVENTORIES

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Raw materials	94 463	128 308		
Work in progress	31 779	59 937		
Goods in transit	5 467	11 109		
Finished goods	358 032	271 999		
	489 741	471 353		

An amount of R1.5 million (2014 – R4.7 million) of goods in transit relates to imported inventory still on the water at year end. The balance of R3.9 million (2014 – R6.4 million) is intercompany goods in transit.

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 with a carrying amount of R53.3 million (2014 – R41.031 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 (Pty) Ltd.

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Trade receivables *	276 514	291 714	7 043	6 945
VAT	4 149	251		
Other receivables	31 302	46 916	16 357	18 872
	311 965	338 881	23 400	25 817
Reconciliation of impairment allowance				
Opening balance	(18 188)	(30 600)		
Net amount (raised)/utilised	(1 288)	12 412		
Closing balance	(19 476)	(18 188)		

* The fair values of the trade receivables approximate their carrying values and are stated net of impairments. Trade receivables are reviewed for impairment on an individual basis and factors considered include the nature and credit quality of counterparties as well as disputes regarding price, delivery and quality.

Trade receivables have been ceded for facilities granted.

Refer to note 28.3 for additional disclosure on trade and other receivables.

10. NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Erf 3950, 10 Milli Street, Middelburg	10 500			
Erf 105668, 87 Bofors Circle, Epping, Cape Town	30 847			
Erf 1819, 63 Kabel Kring Road, Richards Bay (including plant and equipment)		8 500		
	41 347	8 500		

The assets included in this note were in the process of being sold at year end. The sale of Erf 105668 was concluded at the end of May 2015 and Erf 3950 will be concluded at the end of June 2015.

11. STATED CAPITAL

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Authorised stated capital				
200 000 000 ordinary shares of no par value (2014 – 200 000 000 ordinary shares of no par value)				
Issued stated capital				
96 490 604 ordinary shares of no par value (2014 – 96 490 604 ordinary shares of no par value)	545 643	545 643	545 643	545 643
Treasury shares	(93 046)	(94 277)		
Balance at the beginning of the year	(94 277)	(94 514)		
Issue of shares	1 231	237		
Total stated capital and treasury shares	452 597	451 366	545 643	545 643

The unissued shares are under the control of the directors until the next annual general meeting.

There are no unlisted securities.

Refer to note 24 for additional disclosure on the movement of the number of treasury shares.

12. RESERVES

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Revaluation reserve	37 021	39 448		
Foreign currency translation reserve	(8 156)	(9 338)		
Employee share incentive reserve	840	516		
	29 705	30 626		

13. INTEREST-BEARING BORROWINGS

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Secured				
Instalment sale obligations	28 927	36 310		
Secured by property, plant and equipment with a net book value of R47.4 million (2014 – R46.8 million) (refer note 3)				
Repayments are made in equal monthly instalments.				
Aggregate repayments are due as follows:				
Year ending 31 March	R 000			
- 2016	17 266			
- 2017	11 348			
- 2018 and later	2 869			
The effective average interest rate applicable to these liabilities is 1% below prime to 0.3% above prime.				
Mortgage bonds	3 753	21 787		
Repayments are due as follows:				
Year ending 31 March	R 000			
- 2016	1 740			
- 2017	1 641			
- 2018 and later	759			
Secured by fixed property bearing interest at 0.25% above prime.				
Loan facility owing by the group to Investec Bank Limited	46 535	81 060		
Repayments are due as follows:				
Year ending 31 March	R 000			
- 2016	32 063			
- 2017	17 400			
The loan bears an average interest rate of 0.108% above prime and repayable in quarterly instalments of R 9 million				
	79 215	139 157		
Less: Portion payable within twelve months reflected under current liabilities	46 068	45 960		
Non-current portion	33 147	93 197		

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

14. DEFERRED TAXATION

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
The following deferred taxation balances are reflected on the statement of financial position:				
Deferred taxation assets	8 082	13 686		1 000
Deferred taxation liabilities	(55 127)	(59 598)	(290)	
	(47 045)	(45 912)	(290)	1 000

Deferred taxation assets are recognised to the extent that realisation of the related tax benefit is probable. A deferred tax asset of R28.144 million (2014 – R60.177 million) has been recognised in respect of tax losses, as future taxable income of sufficient amount is expected to be earned.

Reconciliation				
Balance at beginning of year	(45 912)	(68 181)	999	586
Realisation of revaluation reserve	534			
Reversal of revaluation surplus due to impairment		1 334		
Originating temporary difference	(1 667)	20 935	(1 289)	413
Capital allowances	15 703	5 310		
Prepayments	(69)	(77)	(69)	(495)
Assessable losses	(32 033)	15 702	(1 220)	908
Provision stock impairment	14 296			
Other temporary differences	436			
Balance at end of year	(47 045)	(45 912)	(290)	999
Analysis				
Capital allowances	(76 822)	(92 525)		
Prepayments	(564)	(495)	(564)	(495)
Assessable losses	28 144	60 177	274	1 494
Revaluation of land and buildings	(12 535)	(13 069)		
Provision stock impairment	14 296			
Other temporary differences	436			
	(47 045)	(45 912)	(290)	999

The deferred tax asset in Jetmaster (Pty) Ltd and Paint and Ladders (Pty) Ltd arises on temporary differences, most 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 and the closure of loss making divisions;
- Continued cost control;
- Introduction of additional revenue streams which are reasonably and broadly achievable.

A deferred tax asset of R8.8 million (2014 – R4.6 million) in Giflo Engineering (Bop) (Pty) Ltd will not be raised due to the fact that it is not probable that the company will generate profits in the future to utilise this loss.

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Trade payables	164 380	141 236		
Other payables	86 194	95 412	16 618	22 746
	250 574	236 648	16 618	22 746

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

16. REVENUE

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Revenue from goods sold.	1 791 163	1 880 476		

17. RESTRUCTURING ADJUSTMENTS

The markets in which the group operates had been negatively affected by the poor economic environment in South Africa over the past number of years. Although the diversified nature of the group was able to compensate for these negative influences to some extent, management thoroughly investigated various alternatives to enhance group performance. It was therefore decided to restructure the group in 2014 in order to ensure sustainability and an improved shareholder value in the medium to longer term.

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
The effect of the restructuring resulted in the following adjustments:				
Impairment of property, plant and equipment		93 221		
Impairment of intangible assets		121 803		
Impairment of investment in subsidiaries				149 504
Automotive stock losses		31 524		
Retrenchments		850		
Closure of loss generating businesses		16 062		
Impairment of plant and equipment		3 192		
Stock losses		9 507		
Retrenchments		3 363		
		263 460		149 504

18. OPERATING PROFIT/(LOSS) BEFORE FINANCE COSTS

are arrived at after taking into account:

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Income				
Income from subsidiaries - dividends			6 593	67 265
Profit on foreign exchange transactions	2 103			
Government grants	631	4 956		
Expenses				
Cost of sales	1 398 847	1 464 253		
Auditors' remuneration				
- Audit fees current year	2 850	2 850	428	377
Loss on disposal of property, plant and equipment	8 711	2 532	14	10
Loss on foreign exchange transactions		7 111		
Inventory write down (included in cost of sales)	53 289	41 031		
Impairment of property, plant and equipment	5 014	96 413		
Impairment of intangible assets		121 803		
Retrenchment costs	2 159	4 213		
Depreciation				
- Land and buildings	260	277		
- Plant and equipment	23 016	27 014		
- Motor vehicles	8 182	8 387		
- Furniture, fittings and equipment	2 942	2 708	48	44
Amortisation of intangibles				
- Patents		2		
Operating lease costs				
- Land and buildings	26 295	25 365		
Research and development	689	29 049		
Staff costs	396 026	404 909		
Included in staff costs are:				
- Defined contribution plan expense	25 722	26 964		

2015	Basic R 000	Fees R 000	Other benefits R 000	Bonus R 000	Prov contrib. R 000	Share options and benefits R 000	Total 2015 R 000
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Executive directors' emoluments

Cox SJ	1 381	100	136	122	195	176	2 110
Hendry TR	1 682	100	380	177	254	177	2 770
Litschka AF	1 141	100	328	118	180	177	2 044
Total	4 204	300	844	417	629	530	6 924

Non-executive directors' emoluments

Angus CD		40					40
Day PA		40					40
Etchells JA		40					40
Mapasa K		40					40
Scharrighuisen T		100					100
Total		260					260

2014	Basic R 000	Fees R 000	Other benefits R 000	Bonus R 000	Prov contrib. R 000	Share options and benefits R 000	Total 2014 R 000
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Executive directors' emoluments

Allen MP	2 126		73		68	5	2 272
Cox SJ	1 283	100	118	83	181	103	1 868
Hendry TR	1 576	100	374	128	240	104	2 522
Litschka AF	1 148	100	217	80	164	103	1 812
Total	6 133	300	782	291	653	315	8 474

Non-executive directors' emoluments

Angus CD		40					40
Day PA		40					40
Etchells JA		40					40
Mapasa K		40					40
Scharrighuisen T		100					100
Total		260					260

	Total 2015 R 000	Total 2014 R 000
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Directors' emoluments paid by:

Company	560	560
Subsidiaries	6 624	8 174
Total	7 184	8 734

Executive directors have employment contracts for 5 years effective from 1 September 2013 to 31 August 2018, renewable at the executive directors discretion for another 5 years. Six months written notice of intention to renew is required.

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

	Balance at beginning of year	Yearly accrual	Balance at end of year
Cox SJ	160 000	20 000	180 000
Hendry TR	220 000	20 000	240 000
Litschka AF	120 000	20 000	140 000
Total	500 000	60 000	560 000

The liability relating to cessation benefits, amounting to R3.3 million (2014 – R2.5 million) is included in trade and other payables (note 15).

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

2015	Balance at beginning of year	Options granted	Options exercised*	Options forfeited	Balance at end of year
Movement in the number of options granted					
Angus CD					
Cox SJ	707 500	680 000	(64 640)	(291 360)	1 031 500
Day PA	10 000			(10 000)	
Etchells JA					
Hendry TR	714 500	680 000	(85 000)	(278 000)	1 031 500
Litschka AF	707 500	680 000		(356 000)	1 031 500
Mapasa K	10 000			(10 000)	
Scharrighuisen T	10 000			(10 000)	
Total	2 159 500	2 040 000	(149 640)	(955 360)	3 094 500

* Shares granted at R5.55 per share and the strike price at date of exercise was R5.70.

2014	Balance at beginning of year	Options granted	Options exercised	Options forfeited	Balance at end of year
Movement in the number of options granted					
Allen MP (resigned 17 September 2013)	115 000			(115 000)	
Angus CD					
Cox SJ	115 000	812 500		(220 000)	707 500
Day PA	20 000			(10 000)	10 000
Etchells JA					
Hendry TR	129 000	812 500		(227 000)	714 500
Litschka AF	115 000	812 500		(220 000)	707 500
Mapasa K	20 000			(10 000)	10 000
Scharrighuisen T	20 000			(10 000)	10 000
Total	534 000	2 437 500		(812 000)	2 159 500

	Options with exercise price R 5.55	Options with exercise price R 5.80	Options with exercise price R 5.70	Balance at end of year
2015				
Details of number of options				
Angus CD				
Cox SJ	480 000	7 500	544 000	1 031 500
Day PA				
Etchells JA				
Hendry TR	480 000	7 500	544 000	1 031 500
Litschka AF	480 000	7 500	544 000	1 031 500
Mapasa K				
Scharrighuisen T				
Total	1 440 000	22 500	1 632 000	3 094 500

	Options with exercise price R 9.01	Options with exercise price R 5.55	Options with exercise price R 5.80	Balance at end of year
2014				
Details of number of options				
Allen MP (resigned 17 September 2013)				
Angus CD				
Cox SJ	57 500	640 000	10 000	707 500
Day PA	10 000			10 000
Etchells JA				
Hendry TR	64 500	640 000	10 000	714 500
Litschka AF	57 500	640 000	10 000	707 500
Mapasa K	10 000			10 000
Scharrighuisen T	10 000			10 000
Total	209 500	1 920 000	30 000	2 159 500

Details of the options are disclosed in note 24.

19. FINANCE COSTS

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Interest paid				
Instalment sale contracts	2 894	2 632		
Mortgage bonds and loans	8 685	11 028		
Bank overdraft and other	12 761	13 586		
	24 340	27 246		

20. TAXATION

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Current taxation				
- current year	6 767	3 577		
- prior years	(8)	(1)		
Deferred taxation				
- current year	1 667	(20 935)	1 289	(413)
Charge for the year	8 426	(17 359)	1 289	(413)
Comprising:				
South African normal taxation	6 992	(18 603)	1 289	(413)
Foreign taxes	1 434	1 244		
Amount per income statement	8 426	(17 359)	1 289	(413)
Deferred taxation recognised directly in other comprehensive income	534	1 334		
Estimated taxation losses available for set off against future taxable income are as follows:				
Estimated taxation losses	131 769	214 921		
Applied to reduce deferred taxation	(30 126)	(65 258)		
	101 643	149 663		
Reconciliation of rate of taxation	%	%	%	%
Normal taxation rate	28.0	28.0	28.0	28.0
Difference in rate of taxation due to:				
Impairments	(6.7)	(23.9)	(4.4)	(27.6)
Non-taxable income	(1.7)	2.2		
Non-deductible expenses	0.9	(0.3)	3.5	(0.1)
Capital gains	(0.4)			
Foreign taxes	(0.6)	0.2		
Tax losses	4.4	2.0		
Effective rate of taxation	23.9	8.2	27.1	0.3

21. EARNINGS/(LOSS) PER SHARE

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
21.1 Basic Earnings/(loss) per share (cents)				
The calculation of basic earnings/(loss) per share is based on earnings of R26.1 million (2014 – net loss of R193.6 million) and a weighted average of 91.669 million (2014 – 91.561 million) shares in issue	28.5	(211.4)		
21.2 Diluted earnings/(loss) per share (cents)				
The calculation of diluted earnings/(loss) per share is based on earnings of R26.1 million (2014 – net loss of R193.6 million) and a weighted average of 91.669 million (2014 – 91.561 million)	28.5	(211.4)		
21.3 Headline earnings per share (cents)				
The calculation of headline earnings per share is based on net profit of R37.4 million (2014 – R13.4 million) and a weighted average of 91.669 million (2014 – 91.561 million) shares in issue	40.8	14.6		
21.4 Diluted headline earnings per share (cents)				
The calculation of diluted headline earnings per share is based on net profit of R37.4 million (2014 – R13.4 million) and a weighted average of 91.669 million (2014 – 91.561 million)	40.8	14.6		
Reconciliation between earnings and headline earnings:				
Earnings/(loss) attributable to ordinary shareholders	26 094	(193 575)		
Adjusted for:				
Loss on disposal of property, plant and equipment	8 711	2 532		
Impairment of property, plant and equipment	5 014	96 413		
Impairment of intangible assets		121 803		
Total tax effects of adjustment	(2 439)	(13 770)		
Headline earnings attributable to ordinary shareholders	37 380	13 403		

22. DIVIDENDS

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Dividend No. 34 of 7 cents per share paid on 7 October 2013 to members recorded in the register on 27 September 2013		6 754		6 754
Dividend No. 35 of 7 cents per share paid on 31 March 2014 to members recorded in the register on 20 March 2014		6 754		6 754
Dividend No. 36 of 7 cents per share paid on 27 October 2014 to members recorded in the register on 17 October 2014	6 754		6 754	
Dividend No. 37 of 8 cents per share paid on 30 March 2015 to members recorded in the register on 20 March 2015	7 720		7 720	
	14 474	13 508	14 474	13 508
Less treasury shares	(898)	(292)		
	13 576	13 216	14 474	13 508

A final dividend of 9 cents per share has been declared subsequent to 31 March 2015, payable on 5 October 2015 to shareholders recorded in the register at close of business on 25 September 2015. This dividend has not been included as a liability in these financial statements.

23. NOTES TO THE CASH FLOW STATEMENT

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
23.1 Reconciliation of profit before taxation to cash generated from/(used in) operations				
Profit/(loss) before taxation	35 325	(210 416)	(17 460)	(81 373)
Adjustments:				
Loss on disposal of property, plant and equipment	8 711	2 532	14	10
Effects of exchange rate changes	(346)	(3 001)	7	(1)
Impairment of property, plant and equipment	5 014	96 413		
Impairment of intangible assets		121 803		
Impairment of investment in subsidiaries			29 355	127 033
Share based payment expenses	330	371		
Depreciation and amortisation	34 400	38 388	48	44
Dividend received			(6 593)	(67 265)
Finance income	(1 529)	(987)	(8 095)	(7 167)
Finance costs	24 340	27 246		
Operating profit/(loss) before working capital changes	106 245	72 349	(2 724)	(28 719)
Changes in working capital	22 454	30 431	61 656	(60 221)
Inventories	(18 388)	71 596		
Trade and other receivables	26 916	30 641	2 417	469
Trade and other payables	13 926	(71 806)	(6 128)	5 946
Amount owing by/(to) subsidiaries			65 367	(66 636)
Cash generated from/(used in) operations	128 699	102 780	58 932	(88 940)

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
23.2 Dividends paid				
Dividends paid	(13 576)	(13 216)	(14 474)	(13 508)
	(13 576)	(13 216)	(14 474)	(13 508)
23.3 Taxation paid				
Taxation unpaid at beginning of year	(159)	(2 272)		
Taxation charged to the income statement and directly to other comprehensive income (excluding deferred taxation)	(6 759)	(3 577)		
Taxation (receivable)/unpaid at end of year	(596)	159		
	(7 514)	(5 690)		
23.4 Cash and cash equivalents, consisting of cash on hand and balance with banks				
Bank balance and cash	196	234	21 038	
Bank overdraft	(135 130)	(162 369)		(43 095)
	(134 934)	(162 135)	21 038	(43 095)

24. 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		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Total number of shares available for utilisation as at beginning of the year	4 907	4 951		
Issue of shares	(72)	(44)		
Net movement in share options	(153)			
Number of shares available for utilisation at end of the year	4 682	4 907		
	2015 Number 000	2014 Number 000	2015 Weighted exercise price R	2014 Weighted exercise price R
Summary of activity in share option plans:				
Outstanding at the beginning of the year	2 698	1 153	6.23	9.01
Granted during the year	2 040	2 825	5.70	5.68
Exercised during the year	(152)		4.99	
Forfeited during the year	(1 342)	(1 280)	7.28	5.41
Outstanding at the end of the year	3 244	2 698	5.93	6.23

Number (000)	Exercise date within one year	Exercise date from two to five years	Exercise date after five years	Total
Outstanding options				
Options with exercise price R5.55	480	960		1 440
Options with exercise price R5.70	408	1 224		1 632
Options with exercise price R5.80	57	115		172
Outstanding at the end of the year	945	2 299		3 244

Total expenses of R0.326 million (2014 – R0.371 million) related to equity-settled share-based payments transactions were recognised.

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 14 Aug 2013	Grant date 14 Aug 2013	Grant date 2 Dec 2013
Number of options granted ('000)	85	480	408
Fair value at measurement date (R)	0.96	1.11	1.77
Share price at grant date (R)	5.80	5.55	5.70
Expected option lifetime (years)	5	5	5
Volatility %	7.00	7.00	5.60
Risk free % rate (based on national government bonds)	8.31	8.31	8.00

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

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
The amounts included in staff costs in respect of share-based payments	330	371		

25. SEGMENTS

25.1 Business Segments

For management purposes the group is organised into five major operating divisions, namely manufacturing, steel trading, automotive, watch list 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 watchlist segment is a manufacturer of a wide range of decorative and industrial paint and coatings sold through national retailers and our branches. Specialised products include steel coatings, varnishes, road marking paint, mine mark spray and urethane coatings.

The group also has an extensive property portfolio with 17 properties valued at R371 million. Income is generated for the group by charging the companies market related rental for the properties.

Segment report for the year ended 31 March 2015

	Manufacturing R 000	Steel trading R 000	Automotive R 000	Watch list R 000	Properties R 000	Restructuring Adjustments R 000	Consolidated R 000
Revenue							
External sales	954 443	567 710	202 123	65 740	1 147		1 791 163
Inter-segment sales	141 878	358 966	28 088	26 792	32 198		
Total Revenue	1 096 321	926 676	230 211	92 532	33 345		
Profit/(loss) before taxation:							
Segment result	81 406	11 566	(64 879)	(4 151)	11 383		35 325
Taxation							(8 426)
Profit for the year							26 899
Other information							
Segment assets	748 962	437 408	105 691	34 489	346 137		1 672 687
Segment liabilities	107 277	153 937	37 396	9 332	156 977		464 919
Capital expenditure	11 502	9 352	8 636	1 748	7 830		39 068
Depreciation/ amortisation	19 013	7 398	7 032	955	2		34 400
Finance costs*	(1 814)	4 041	1 940	2 114	18 059		24 340
Finance income	1 193				336		1 529

* 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 2014

	Manufacturing R 000	Steel trading R 000	Automotive R 000	Watch list R 000	Properties R 000	Restructuring Adjustments R 000	Consolidated R 000
Revenue							
External sales	967 076	657 920	192 255	60 747	2 478		1 880 476
Inter-segment sales	179 684	470 600	27 403	40 470	33 225		
Total Revenue	1 146 760	1 128 520	219 658	101 217	35 703		
Profit/(loss) before taxation:							
Segment result	60 655	(2 451)	(9 391)	(6 078)	10 309	(263 460)	(210 416)
Taxation							17 359
Loss for the year							(193 057)
Other information							
Segment assets	733 929	414 479	163 738	57 810	361 373		1 731 329
Segment liabilities	157 701	124 122	54 039	27 385	175 086		538 333
Capital expenditure	31 815	3 993	9 335	121	17 625		62 889
Depreciation/ amortisation	18 484	8 284	10 596	949	75		38 388
Finance costs	2 343	4 967	856	645	18 435		27 246
Finance income	987						987

25.2 Geographical Segments

Segment report for the year ended 31 March 2015

	South Africa R 000	Rest of the world R 000	Consolidated R 000
Revenue			
External sales	1 714 948	76 215	1 791 163
Total Revenue	1 714 948	76 215	
Profit before taxation:			
Segment result	29 473	5 852	35 325
Taxation			(8 426)
Profit for the year			26 899
Other information			
Segment assets	1 612 320	60 367	1 672 687
Segment liabilities	459 655	5 264	464 919
Capital expenditure	38 446	622	39 068
Depreciation/amortisation	31 754	2 646	34 400
Finance costs	24 302	38	24 340
Finance income	1 529		1 529

Segment report for the year ended 31 March 2014

	South Africa R 000	Rest of the world R 000	Consolidated R 000
Revenue			
External sales	1 816 887	63 589	1 880 476
Total Revenue	1 816 887	63 589	
(Loss)/Profit before taxation:			
Segment result	(216 577)	6 161	(210 416)
Taxation			17 359
Loss for the year			(193 057)
Other information			
Segment assets	1 695 188	36 141	1 731 329
Segment liabilities	517 803	20 530	538 333
Capital expenditure	60 853	2 036	62 889
Depreciation/amortisation	35 746	2 642	38 388
Finance costs	27 149	97	27 246
Finance income	987		987

26. 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	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
NWN Automotive Precision Engineering (Pty) Ltd	6 789	7 594		
Mercado Investments (Pty) Ltd	908	826	908	826
CXT Manufacturing (Pty) Ltd	3 333	3 030		

During the current year, the 8 Borax Road portion of the Gammid Trading property was sold at fair value to NWN Automotive Precision Engineering, a company controlled by certain of the directors, for an amount of R5 million. This has been settled in cash.

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 18 and details of shareholdings in the company are disclosed on page 75.

27. CONTINGENCIES, GUARANTEES AND OTHER COMMITMENTS

	Group		Company	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
27.1 The company's bankers hold guarantees issued by the company for facilities granted to its subsidiary companies.				
27.2 The group's bankers hold letters of guarantee for the amount of R3.6 million (2014 – R3.7 million) in respect of performance bonds.				
27.3 Future minimum operating lease payments				
- Land and buildings within 1 year	8 476	9 065		
- Land and buildings within 2–5 years	7 227	15 348		
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. None of the leases include contingent rentals.				
27.4 Letters of credit issued by the company's bankers	31 930	21 493		
27.5 In this legal matter, the liquidators of the Golden Autumn Trust ("Plaintiffs") have claimed an amount of R8.8 million from Argent Industrial Limited ("Defendant") as a voidable disposition in terms of Section 26 of the Insolvency Act and/or on the basis that such amount was paid to the Defendant without authorisation. The matter was heard in the Durban High Court and judgment was granted in the Plaintiff's favour for payment of the amount of R8.8 million, interest thereon at the rate of 15.5% from 27 June 2008 to 31 July 2013 and at the rate of 9% from 1 August 2014 to date of payments, and costs. The judgment of the Durban High Court has been taken on appeal and such appeal is currently pending. The directors have not provided for this claim based on advice provided by the group's legal counsel. Group's legal counsel who have reviewed the previous judgment, are of the opinion that the judgment was flawed and will be overturned on appeal.				
27.6 The group is defending a claim brought against it for events that supposedly occurred more than five years ago. The directors are confident that the case is without merit and as such have not provided for the matter.				

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

28.1 Categories of financial assets and liabilities

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

2015	Group			Total carrying amount R 000
	Financial instruments at fair value R 000	Financial liabilities at amortised cost R 000	Loans and receivables R 000	
Financial assets				
Loans			14 621	14 621
Trade and other receivables			307 816	307 816
Forward exchange contract assets	1 285			1 285
Cash and cash equivalents			196	196
	1 285		322 633	323 918
Financial liabilities				
Other financial liabilities		79 215		79 215
Bank overdraft		135 130		135 130
Trade and other payables		246 526		246 526
		460 871		460 871

2014	Group			Total carrying amount R 000
	Financial instruments at fair value R 000	Financial liabilities at amortised cost R 000	Loans and receivables R 000	
Financial assets				
Loans			13 477	13 477
Trade and other receivables			338 630	338 630
Cash and cash equivalents			234	234
			352 341	352 341
Financial liabilities				
Other financial liabilities		139 157		139 157
Forward exchange contract liability	720			720
Bank overdraft		162 369		162 369
Trade and other payables		236 648		236 648
	720	538 174		538 894

	Group	
	2015 R 000	2014 R 000
The ageing of amounts past due but not impaired is as follows:		
1 month past due	26 782	24 008
2 months past due	12 894	10 212
3 months past due	23 146	18 113

28.4 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 the 31 March 2015, the group had the following exposure to forward exchange contracts:

Amount in foreign currency purchased	Forward exchange rate	Maturity Date
USD 3 387 198	11.21 – 12.58	7 April 2015 – 19 August 2015
EURO 217 025	11.30 – 14.62	13 April 2015 – 26 May 2015

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	
	2015 R 000	2014 R 000
Exchange rates used for conversion of foreign items were:		
USD	12.00	10.60
GBP	17.90	17.60
EUR	13.00	14.55

28.5 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.

28.6 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		250 574			
Overdraft facilities used	9.25 – 11.56%	135 130			
Interest-bearing borrowings	3.0 – 9.5%	30 644	18 906	738	
Instalment sale agreements	8.25 – 9.55%	15 422	10 718	2 787	

	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		16 618			
Overdraft facilities used	9.25 – 11.56%				

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 R3.6 million (2014 – R4.3 million). This analysis assumes that all other variables remain constant.

28.7 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	
	2015 R 000	2014 R 000	2015 R 000	2014 R 000
Interest-bearing borrowings	79 215	139 157		
Total equity	1 160 723	1 147 084	269 699	302 922
Ratio of interest-bearing borrowings to total equity	6.8%	12.1%	0.0%	0.0%

28.8 Fair value measurement

Fair value measurement of financial and non-financial instruments

Financial assets and financial 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;
- 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:

2015	Level 1 R 000	Level 2 R 000	Level 3 R 000	Total R 000
Recurring fair value measurements				
Financial assets:				
Forward exchange contracts		1 285		1 285
Total recurring financial assets		1 285		1 285
Non-financial assets:				
Land and buildings			371 041	371 041
Total recurring non-financial assets			371 041	371 041
Non-recurring fair value measurements				
Land and buildings held for sale			41 347	41 347
Total non-recurring fair value measurements			41 347	41 347
2014	Level 1 R 000	Level 2 R 000	Level 3 R 000	Total R 000
Recurring fair value measurements				
Financial liabilities				
Forward exchange contracts		720		720
Total recurring financial liabilities		720		720
Non-financial assets:				
Land and buildings			415 952	415 952
Total recurring non-financial assets			415 952	415 952
Non-recurring fair value measurements				
Land and buildings held for sale			5 783	5 783
Plant and equipment held for sale			2 717	2 717
Total non-recurring fair value measurements			8 500	8 500

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 levels 1 and level 2 recurring fair value measurement during 2014 and 2015.

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 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 Levels 2 and 3 are described below.

Measurement of fair value of financial instruments

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.

Land and buildings (Level 3)

The group's land and buildings and plant and equipment 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 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 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 9.6% and 14%.

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 2014	415 952
Additions	24 819
Disposals	(21 209)
Reclassification to non-current assets held for sale	(41 347)
<i>Recognised in other comprehensive income</i>	
Exchange difference on translation of foreign operation	1 061
Change in fair value of land and buildings – reversal of revaluation surplus due to impairment	(2 961)
<i>Recognised in profit or loss</i>	
Impairments	(5 014)
Depreciation	(260)
Balance at 31 March 2015	371 041

29. SUBSEQUENT EVENTS

Subsequent to year end, the board of directors have taken the decision to conclude operations at Giflo Engineering (Bophuthatswana) (Pty) Ltd ("Giflo"), and decided to dispose of the Giflo property via auction.

SUBSIDIARY COMPANIES

	Issued stated capital in Rands unless otherwise stated	% held by Argent 2015	Shares at cost less impairments 2015 R 000	% held by Argent 2014	Shares at cost less impairments 2014 R 000	Owing to Argent by subsidiary 2015 R 000	Owing by Argent to subsidiary 2015 R 000	Owing to Argent by subsidiary 2014 R 000	Owing by Argent to subsidiary 2014 R 000	Main business
Allan Maskew	100	100		100						C
Argent Industrial Engineering	100	55		55						A
Argent Industrial Investments	3 300	100	1 911	100	1 911	50 469		50 469		E
Argent Steel Group	150	100	12 786	100	12 786		79 403		120 123	A B C
Atomic Office Equipment	100	100		100						A
Burbage Iron Craft (incorporated in England)	GBP 100	100	11 790	100	11 790		6 956		6 956	A
Cannock Gates (incorporated in England)	GBP 100	100	5 000	100	5 000	7 098		7 090		A
Excalibur Vehicle Accessories	100	100		100			40 473		40 412	C
Gammid Trading	1 000	100		100						B
Giflo Engineering (Bop)	100	100		100	28 796	24 006		100 496		C
Jetmaster	11 960	100	25 100	100	25 100	56 088		46 088		A
Koch's Cut and Supply Steel Centre	100	100	5 300	100	5 300	2 596		2 596		A
Megamix	100	100		100						A
New Joules Engineering North America Inc. (incorporated in America)	USD 1 000	100	293	100	293		4 460	7 774		A
New Joules Engineering	4 000	100	5 954	100	5 954		944		944	A
Non-operating subsidiaries	5 000	100	1	100	1					A
Paint and Ladders	410	100	19 839	100	19 839		44 460		44 460	D
Palisade Trading	100	100		100						B
Parlance Investments	120	100		100	559		703		1 400	A
Toolroom Services	90	100	55 904	100	55 904	16 109		14 059		A
Tricks Wrought Iron Services	100	100	57 663	100	57 663	1 177		31 234		A
Xpanda Security	3 028	100	50 108	100	50 108		8 136		8 136	A
Total			251 649		281 004	157 543	185 535	259 806	222 431	

Main Business

- A Manufacturing
- B Steel trading
- C Automotive
- D Watch list
- E Properties

ANALYSIS OF SHAREHOLDERS/BENEFICIAL HOLDERS AS AT 31 MARCH 2015

	Number of shares held		% of total issued shares	
	2015	2014	2015	2014
Directors' direct	920 603	745 661	0.95	0.77
Directors' indirect	12 745 669	12 933 069	13.21	13.40
Pension, provident funds, insurance companies and other corporate bodies	74 744 905	70 935 841	77.46	73.53
Individuals				
- holders of 5 000 or more shares	6 559 757	10 134 754	6.80	10.50
- holders of less than 5 000 shares	1 519 670	1 741 279	1.58	1.80
Total	96 490 604	96 490 604	100	100

SHAREHOLDERS IN EXCESS OF FIVE PERCENT AS AT 31 MARCH 2015

	Number of shares	%
Giflo Trading (Pty) Ltd	10 639 353	11.03
Sanlam Life Insurance Limited	8 032 632	8.32
SBSA ITF SIM BAL FND	5 079 514	5.26

DIRECTORS' SHAREHOLDING AS AT 31 MARCH 2015

	2015 Number of shares held			2014 Number of shares held		
	Direct	Indirect	Total	Direct	Indirect	Total
Cox SJ	525 397	42 157	567 554	450 757	45 479	496 236
Day PA	63 980		63 980	63 980		63 980
Etchells JA				9 000	9 000	18 000
Hendry TR	211 200	1 718 888	1 930 088	153 198	2 021 340	2 174 538
Litschka AF	64 926	42 157	107 083	63 626	45 479	109 105
Mapasa K	5 100		5 100	5 100		5 100
Scharrighuisen T	50 000	10 942 467	10 992 467		10 811 771	10 811 771
Total	920 603	12 745 669	13 666 272	745 661	12 933 069	13 678 730

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 2015

	2015	2014	2013	2012	2011
Number of shares traded (000)	24 695	25 943	16 755	34 119	27 268
% of total issued shares	25.6	26.9	17.4	35.4	28.3
Value of shares traded (R 000)	133 231	142 342	111 417	228 606	242 449
Prices quoted (cents per share)					
highest	615	640	790	910	1 000
lowest	400	452	560	590	790
closing	436	500	585	774	850
Market capitalisation at year-end (R 000)	420 699	482 453	564 470	746 837	820 170
Price earnings ratio	15.3	(2.4)	7.0	10.2	14.4
Earnings yield	6.5	(42.3)	14.2	9.8	6.9
Dividend yield	3.4	2.8	2.1	0.9	0.5

SUMMARY OF SHAREHOLDER SPREAD

AS AT 31 MARCH 2015

Shareholder Type	2015				2014			
	Members		Shares		Members		Shares	
	Number	%	Number	%	Number	%	Number	%
Public	2 183	99.40	78 141 391	80.98	2 398	99.46	77 904 513	80.74
Directors	12	0.55	13 666 272	14.16	12	0.50	13 678 730	14.17
Share option scheme	1	0.05	4 682 941	4.86	1	0.04	4 907 361	5.09
Total	2 196	100	96 490 604	100	2 411	100	96 490 604	100

DIARY

SHAREHOLDERS' DIARY

Financial year-end: 31 March
Annual General Meeting: 20 August 2015

REPORTS AND PROFIT STATEMENT

Half year interim report: September
Annual financial statements published: June

website address: www.argent.co.za
email address: argent7@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 Thursday, 20 August 2015 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 2015. 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 8 to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof.

2.1 Ordinary resolution number 1: Re-election of Mr PA Day as an independent non-executive director

"Resolved that Mr PA Day, 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 Day's abbreviated curriculum vitae can be viewed on page 6 of the annual report.

2.2 Ordinary resolution number 2: Re-election of Mr K Mapasa as an independent non-executive director

"Resolved that Mr K Mapasa, who retires by rotation in terms of the Memorandum of Incorporation and, being eligible and offering himself for re-election, be and is hereby re-elected as an independent non-executive director."

Mr K Mapasa's abbreviated curriculum vitae can be viewed on page 6 of the annual report.

2.3 Ordinary resolution number 3: Re-election of Mrs JA Etchells as an independent non-executive director

"Resolved that Mrs JA Etchells, who retires by rotation in terms of the Memorandum of Incorporation and, being eligible and offering herself for re-election, be and is hereby re-elected as an independent non-executive director."

Mrs JA Etchells's abbreviated curriculum vitae can be viewed on page 6 of the annual report.

The reason for ordinary resolution numbers 1 to 3 is that the Memorandum of Incorporation and the Listings Requirements of the JSE Limited ("JSE") ("JSE Listings Requirements"), require that a component of the non-executive directors rotate at the AGM and, being eligible, may offer themselves for re-election as directors.

2.4 Ordinary resolution number 4: 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."

2.5 Ordinary resolution number 5: Appointment of Mrs JA Etchells as a member of the audit and risk committee of the company

"Resolved that, Mrs JA Etchells, 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."

2.6 Ordinary resolution number 6: Appointment of Mr PA Day as a member of the audit and risk committee of the company

"Resolved that, Mr PA Day, 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 is that the company, being a public listed company, must appoint an audit committee and the Companies Act (No. 71 of 2008), as amended ("the Companies Act") requires, in terms of section 94, 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 Grant Thornton be and is hereby re-appointed as the independent auditor of the company and its subsidiaries ("the group") and that Mr A Timol, 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 section 90 of 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 10% of the number of shares in issue as at 31 March 2015, 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 10% 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 10% of the number of shares in issue as at 31 March 2015.

2.9 Ordinary resolution number 9: Directors' authority to give effect to resolutions

"Resolved that any one director, or the company secretary, of Argent be and is hereby authorised to do all such things and sign all documents and take all such action as they consider necessary to implement the resolutions set out in this notice of AGM."

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 directors

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

	Current annual remuneration				Total R 000
	Board member R 000	Committee member		Total R 000	
		Audit and risk R 000	Remuneration R 000		
Non-executive directors					
T Scharrighuisen	99	-	-	1	100
PA Day	38	-	1	1	40
JA Etchells	38	1	1	-	40
K Mapasa	39	1	-	-	40
CD Angus	37	1	1	1	40
	Proposed annual remuneration with effect from 1 April 2016				
	Board member R 000	Committee member		Total R 000	
		Audit and risk R 000	Remuneration R 000		Nomination R 000
Non-executive directors					
T Scharrighuisen	104	-	-	1	105
PA Day	39	1	1	1	42
JA Etchells	40	1	1	-	42
K Mapasa	41	1	-	-	42

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 directors without requiring further shareholder approval until the next AGM.

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: Financial assistance for the subscription and/or purchase of shares in the company or a related or inter-related company

"Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the board of the company 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 sections 44(1) and 44(2) of the Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related to the company ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the company or any company or corporation that is related or inter-related to the company, on the terms and conditions and for amounts that the board of the company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the company or a related or inter-related company or corporation, or for the purchase of any

shares or securities of the company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next AGM of the company.

The reason for and effect of special resolution number 3 is to grant the directors the authority, until the next AGM of the company, to provide financial assistance to any company or corporation which is related or inter-related to the company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the company or any related or inter-related company or corporation. This means that the company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the company or its subsidiaries. A typical example of where the company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the company, that immediately after providing any financial assistance as contemplated in special resolution numbers 2 and 3 above:

- the assets of the company (fairly valued) will equal or exceed the liabilities of the company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the company);
- the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months;
- the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the company as contained in the company's Memorandum of Incorporation have been met."

3.4 Special resolution number 4: Share repurchases by the company and its subsidiaries

"Resolved 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 understanding or 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 4 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. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

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.

4. Other business

To transact such other business as may be transacted at an AGM or raised by shareholders with or without advance notice to the company.

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 4, 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 75 and 76 of the annual report.

2. The directors, whose names are reflected on page 6 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, 19 June 2015.
2. The date on which shareholders must be recorded in the share register for purposes of being entitled to attend and vote at this AGM is Friday, 14 August 2015. The last date to trade will be Thursday, 6 August 2015.
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 Tuesday, 18 August 2015.
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.



J Dauth
Company secretary

30 June 2015

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 (Pty) Ltd
13th floor, Rennie House
19 Ameshoff Street
Braamfontein
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

FORM OF PROXY

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")

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 Thursday, 20 August 2015 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 re-elect Mr PA Day as an independent non-executive director			
2.2 Ordinary resolution number 2: To re-elect Mr K Mapasa as an independent non-executive director			
2.3 Ordinary resolution number 3: To re-elect Mrs JA Etchells as an independent non-executive director			
2.4 Ordinary resolution number 4: To appoint Mr K Mapasa as a member of the audit and risk committee			
2.5 Ordinary resolution number 5: To appoint Mrs JA Etchells as a member of the audit and risk committee			
2.6 Ordinary resolution number 6: Appointment of Mr PA Pay as a member of the audit and risk committee of the company			
2.7 Ordinary resolution number 7: To re-appoint the auditor, Grant Thornton			
2.8 Ordinary resolution number 8: Unissued shares placed under control of the directors			
2.9 Ordinary resolution number 9: Directors' authority to give effect to resolutions			
3.1 Special resolution number 1: Remuneration of directors			
3.2 Special resolution number 2: Inter-company loans			
3.3 Special resolution number 3: Financial assistance for the subscription and/or purchase of shares in the company or a related or inter-related company			
3.4 Special resolution number 4: 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 _____ 2015.

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 Tuesday, 18 August 2015.
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.

