INSIMBI

INTEGRATED ANNUAL REPORT 2017

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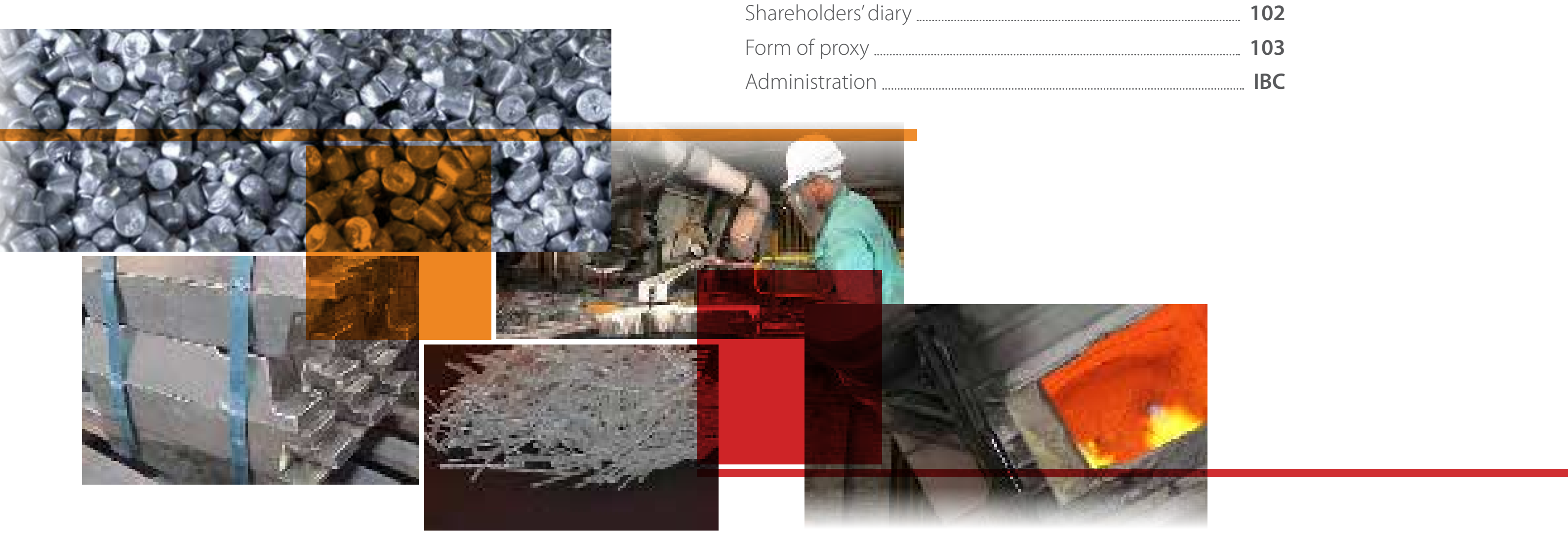


PROFILE

Insimbi is the Zulu word for metal and is taken from the saying "Insimbi Kayigobi". In this context, Insimbi is seen to be strong and able to withstand the hardships of nature and, in turn, the pressures of life.

This annual report is the eighth report to the public shareholders of Insimbi Refractory and Alloy Supplies Limited and outlines both financial and corporate issues.

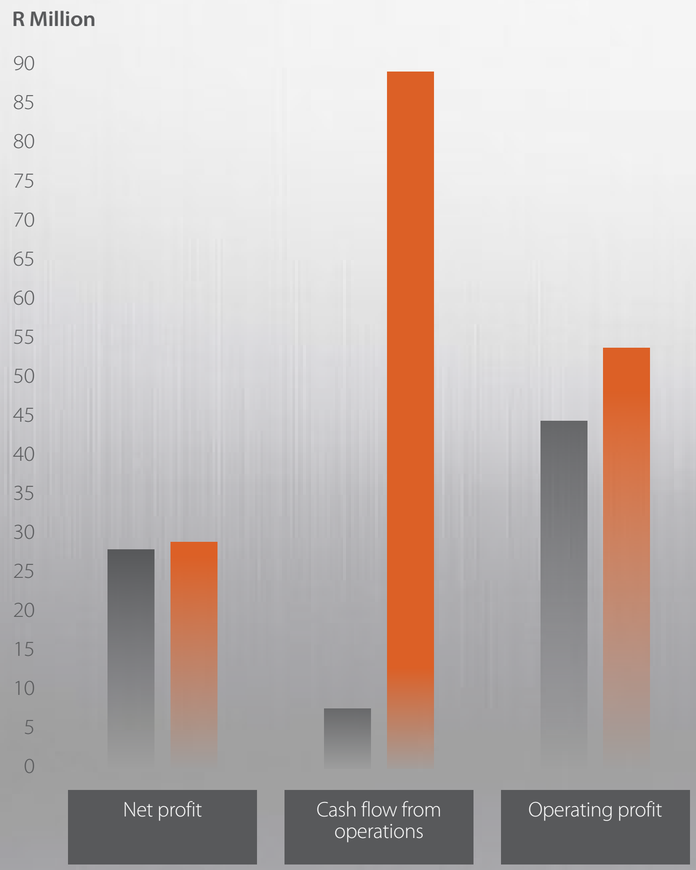
up 2% to R29,4 million
Net profit

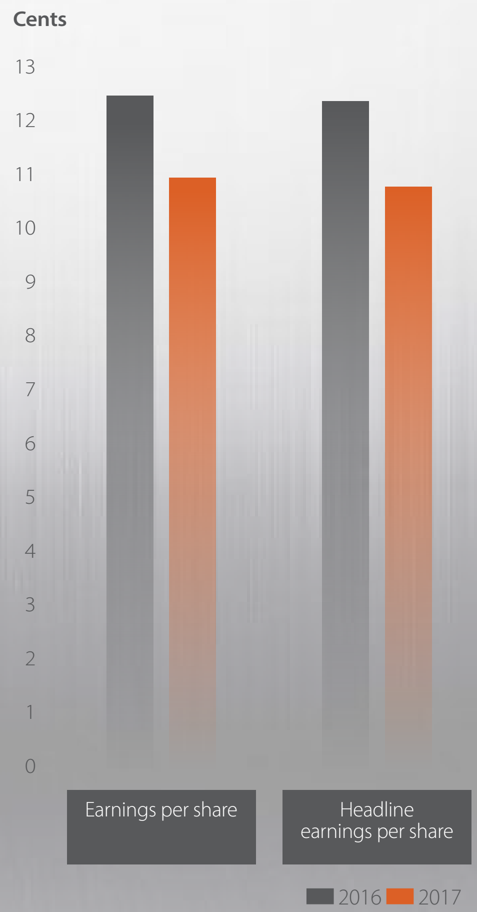
up to R88,9 million
Cash flow from operations

up 23% to R54,4 million
Operating profit

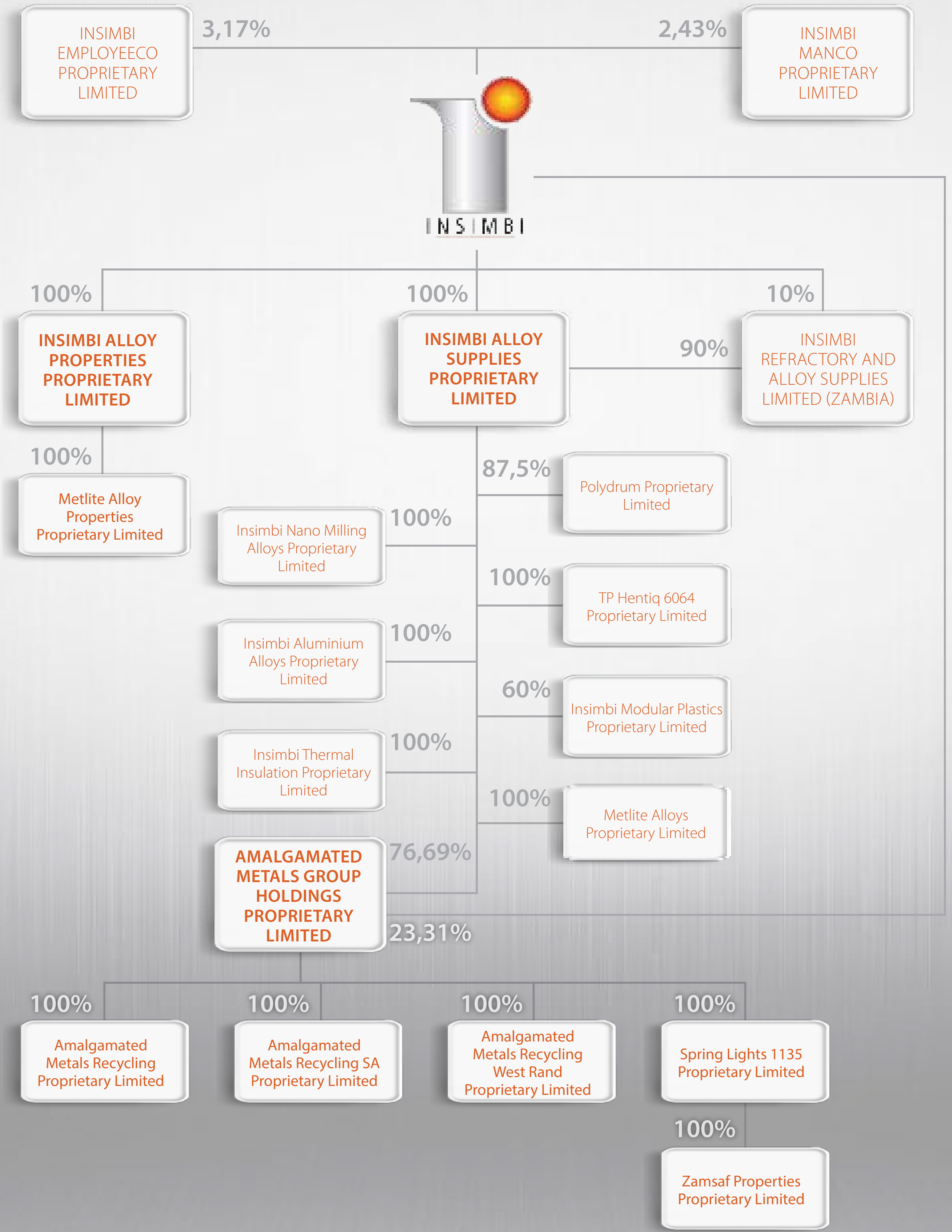
down 11% to 11,01 cents
Earnings per share from continuing operations

down 12% to 10,87 cents
Headline earnings per share from continuing operations





GROUP STRUCTURE



OPERATIONAL OVERVIEW

OPERATING FROM:

Johannesburg	Durban	Cape Town
INSIMBI, Amalgamated Metals Recycling, POLYDRUM	INSIMBI, POLYDRUM	METLITEALLOYS, INSIMBI

EXPORTING TO:

- Angola
- Argentina
- Australia
- Bahrain
- Botswana
- Brazil
- China
- Democratic Republic of the Congo
- Germany
- Ghana
- Hong Kong
- India
- Israel
- Ivory Coast
- Kenya
- Malawi
- Malaysia
- Mozambique
- Namibia
- Netherlands
- Nigeria
- Pakistan
- Rwanda
- Singapore
- Spain
- Swaziland
- Sweden
- Switzerland
- Taiwan
- Tanzania
- UAE
- Uganda
- USA
- Zambia
- Zimbabwe

ORGANISATIONAL OVERVIEW

OUR BUSINESS

Over the past decades, Insimbi has developed its core expertise through its ability to source and provide the industrial consumer globally with the required commodity. The group exposes itself to various risks in this process as a result of the nature of our extended services, being transport, financing and warehousing. These risks are monitored on an ongoing basis and to date we have been able to identify and eliminate or mitigate the risks in advance. Insimbi's philosophy generally has been risk averse and relatively conservative by insisting on back-to-back trades, thereby eliminating the speculative activity of warehousing, commodity price risk and foreign exchange fluctuations associated with trade in our range of commodities. Certain LME commodities are hedged, but the majority of our commodities are neither linked to any exchange nor hedged.

Experience has taught us to measure the profitability of a transaction against the costs of removing the risks. In the typical back-to-back trade, we provide a complete financial solution to the transaction and in so doing facilitate the transport, insurance, quality control, financing and hedging of the materials while in transit from the producer to the end user – in addition to our role as a marketing agent. With the tangible shift in the market in respect of the increase in demand from the Chinese and Indian countries, the group reviewed its strategy because it was becoming vitally important to Insimbi to focus on relationships with producers. The focus of the business is now on securing supply of products and diversification of the business.

Previously Insimbi reported on Steel, Foundry, Refractory and Plastic segments. However, the changing nature of the business has led the group to change its segmental reporting to include Ferrous, Non-ferrous, Refractory and Plastics. These distinct segments complement each other while providing Insimbi's business model with an inherent diversification which has proved to be resilient and sustainable through various commodity and trading cycles experienced over Insimbi's operational life.

Ferrous (which was formerly part of Steel): This segment focuses on the supply of ferrous alloys to the steel and stainless steel industry locally, regionally and globally; there is a specific focus on the needs of South African producers but with a growing customer base abroad and in emerging markets. The Foundry segment (which was formerly reported on separately) is now included in the Ferrous segment. This segment includes ferrous scrap material supplied by Amalgamated Metals Recycling (AMR).

Non-ferrous (which was formerly part of Foundry): This segment focuses on the supply of a variety of non-ferrous alloys to the steel and stainless steel industry locally and globally and includes non-ferrous scrap supplied by AMR.

Refractory: This segment specialises in the supply of high quality and highly specialised ceramic refractory linings to the cement, paper and pulp, steel and platinum industries.

Plastics: This segment specialises in the blow-moulding and roto-moulding of plastic containers for the chemical, agricultural and food industries. Several new products have been included in the past year and development of other products continues.

STAKEHOLDER RELATIONSHIPS

Our progress on sustainability commitments

In a previous Annual Report, we committed to several targets with regard to integrating sustainability into our business strategy.

Our progress report for 2017 towards those commitments is as follows:

- Our targets for formal engagement forums for each stakeholder grouping have been met and the formation of the two Employee Share Option Schemes (ESOPs), both of which are deemed to be 100% black-owned, have been concluded, supporting management's commitment towards transformation, succession planning and staff retention.
- The marketing teams continue to engage with all our customers on an ongoing basis and the same applies to our procurement team which strives to enhance the relationship with our suppliers. Engaging with our stakeholders will remain an ongoing organic process.
- BEE and transformation remains a challenge and our focus for the year-ended February 2017 was to align our transformation strategy with the revised codes. The board of directors continues to strive towards improving Insimbi's status and rating. Various projects have been initiated which, if successful, will have a positive impact on the group's BEE status in the future. The successful implementation of the two ESOPs underlines the board's commitment to transformation. A number of other initiatives have also been implemented, including a comprehensive learnership programme, a staff bursary scheme for employees and their children (at both secondary and tertiary levels), as well as a focus on skills upliftment and preferential procurement, where possible.
- Insimbi ventured into the realms of enterprise development for the first time during this period. Paint manufacturing

equipment has been made available to Khomotso Khumo Trading and Projects Proprietary Limited as well as some components for the manufacturing of paint. Insimbi will be reviewing the arrangement to identify the areas where it could provide assistance to enable the further development of the enterprise. These projects and initiatives take time and constant monitoring, to achieve our sustainability commitment, and our previous targets; these have therefore been extended into the next financial year.

MATERIAL ISSUES

In order to make informed decisions and take appropriate action the company and its stakeholders identify the issues material to the sustainability of the business. Stakeholders that could be affected by these issues include employees, shareholders, trade unions, customers, suppliers, the communities in which Insimbi operates and local government.

The following material issues were taken into account in presenting Insimbi's financial and non-financial information. They drive the group's sustainability and have potential to impact on Insimbi and its stakeholders.

Issue	Stakeholders that could be impacted by or have an impact on this issue	Possible impact	Our mitigating actions/opportunities this issue creates for the business and our response
Global economic environment	• Shareholders • Insimbi's management • Employees	• Positive/negative impact on – Demand for products – Rand/Dollar exchange rate – Shareholders as well as stakeholders – Profitability of the group's economic performance	• While we cannot influence the Rand/Dollar exchange rate or the global economy and market demand dictates the price of our products, Insimbi can take action to contain costs and remain as competitive as possible • We are always identifying ways to contain costs
Diversification	• Shareholders • Insimbi's management • Employees • Customers • Suppliers	• Diversification into commodities and/or the production of commodities and/or new product ranges	• Implementation of the diversification strategy is progressing well with the acquisition over the past few years of Polydrum and, more recently, the Amalgamated Metals Recycling group
Empowerment credentials	• Shareholders • Employees	• Low empowerment ratings could impact negatively on Insimbi's sustainability over time	• Identify strategies to increase Insimbi's empowerment ratings • The acquisition of 20% of Insimbi's shares by New Seasons Proprietary Limited, an empowerment partner, has significantly changed the nature of the company • The establishment of two ESOPs with majority black-owned interests contributes towards improved empowerment credentials
Safety, health and wellbeing of Insimbi's employees	• Employees • Contractors • Health and safety regulator • Trade unions	• Loss of skilled employees • Loss of production impacting on profitability • Negative impact on employee morale • Reputational damage	• The Health, Safety and Environment Committee provides training to create a culture where every employee takes responsibility for their own safety and that of their fellow employees

Issue	Stakeholders that could be impacted by or have an impact on this issue	Possible impact	Our mitigating actions/opportunities this issue creates for the business and our response
Industrial action in the mining industry	• Employees • Trade unions • Shareholders • Community • Suppliers • Customers	• Loss of product supply • Increased costs due to increased demands • Breakdown in business relationships – from supply and source side	• Insimbi has no influence in the mining sector, but is very dependent on the supply chain • Insimbi strives to secure sustainable relationships with its suppliers and customers
Environment	• Shareholders • Employees • Local municipalities • GDARD	• Delay in issuing of operational licences • Decreased production and profitability	• Insimbi continues to engage with the local and provincial authorities to ensure compliance with all current legislation to ensure sustainable production • Annual renewal of environmental licences to ensure continued operations
Energy price and the availability thereof	• Shareholders • Management and employees • Customers	• Loss of sales if increased costs make our product prices uncompetitive • Loss of source because of power not being available • Unable to grow market share	• Insimbi has no influence on the energy supply, generators have been installed in all the plants to continue production in times of power failures
Local economic environment	• Financial institutions • Suppliers • Customer	• Liquidity: Cash tied up in stock • Credit: A contracting entity defaults, resulting in a financial loss • Downgrade of South Africa's debt	• Insimbi manages the liquidity position of the group to ensure sufficient funds are available to meet financial commitments in a timely and cost-effective manner • We monitor customers, obtain external credit ratings and reports and in certain instances have credit

CAPITALS MODEL

A brief outline of the capitals model (natural, human, social, manufactured, financial and intellectual capital) is included below. The sustainability of all aspects of the model must be considered.

NATURAL CAPITAL

Natural capital includes the natural resources and processes needed by Insimbi to produce its products.

This includes renewable (such as water) and non-renewable (fossil fuels, minerals and metals) resources and processes such as energy consumption, waste creation, emissions, etc. Without access to the natural capital, Insimbi could not operate.

Insimbi maintains and enhances natural capital by:

- Reducing our dependence on fossil fuel;
- Eliminating waste by reusing or recycling wherever possible;
- Protecting biodiversity and eco-systems;
- Wherever possible using renewable resources for well managed and restorative eco-systems; and
- Managing resources and reserves efficiently.

HUMAN CAPITAL

Human capital includes health, safety knowledge, skills, intellectual outputs, motivation and the capacity for relationships of individuals.

Organisations depend on individuals to function. They need a healthy, motivated and skilled workforce. Intellectual capital and knowledge management is also recognised as a key intangible creator of wealth. Damaging human capital by abuse of human rights or labour rights or compromising health and safety has direct, as well as reputational costs.

HUMAN CAPITAL CONTINUED

Training and development

During the financial year under review, Insimbi continued to offer financial assistance to staff members to further their career and personal development plans. The various studies have included an Executive MBA, Bachelors of Business Administration in Marketing Management, Advanced Diploma in Accounting Science, Chartered Secretary, Technical Financial Accounting, Certificate in Bookkeeping, Certificate in Office Administration, BSC Software, Engineering and a Masters in Metallurgical Engineering.

A number of staff members were promoted following successful development supported by the company.

A total of R98 260 was allocated as bursaries to the children of staff members to assist them financially with the cost of their children's education and R131 620 for children's post school educational costs.

Insimbi has budgeted a further R100 000 towards learnerships for unemployed individuals during the balance of the 2017 academic year.

Current employee profile at the Insimbi group of companies (February 2017):

Occupational level	Group	Gender									
	White		African		Indian		Coloured		Foreign nationals		Total
Level	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Top management	6	1	1	2	0	0	2	1	0	0	13
Senior management	8	4	2	0	0	1	3	0	0	0	18
Middle management	8	10	7	3	0	1	5	0	3	0	37
Junior management	10	14	30	12	2	3	2	4	1	0	78
Semi-skilled	0	0	37	0	0	0	4	0	1	0	42
Unskilled	0	0	0	7	0	0	0	0	0	0	7
Grand total	**32**	**29**	**77**	**24**	**2**	**5**	**16**	**5**	**5**	**0**	**195**

The staff complement of AMR group of companies (at February 2017):

Occupational level	Group	Gender									
	White		African		Indian		Coloured		Foreign nationals		Total
Level	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Top management	2	0	0	0	0	0	0	0	0	0	2
Senior management	1	0	0	0	0	0	0	0	0	0	1
Middle management	0	1	0	0	0	0	0	0	0	0	1
Junior management	13	3	1	0	0	0	0	0	0	0	17
Semi-skilled	18	13	1	0	0	1	0	0	0	0	33
Unskilled	0	0	0	0	0	0	0	0	0	0	0
Grand total	**34**	**17**	**2**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**54**

SOCIAL AND RELATIONSHIP CAPITAL

Social capital is any value added to the activities and economic outputs of an organisation by human relationships, partnerships and cooperation. Organisations rely on social relationships and interactions to achieve their objectives. Externally, social structures help create a climate of consent or a licence to operate, in which trade and the wider functions of society are possible. Organisations also rely on wider socio-political structures to create a stable society in which to operate, e.g. government and public services, effective legal systems, trade unions and other organisations.

To enhance social capital we:

- Contribute to open, transparent and fair governance;
- Source material ethically, treat suppliers, customers and citizens fairly;
- Respect and comply with all governing legislation;
- Invest in social infrastructure;
- Provide communication; and
- Minimise any negative social impacts of our operations and maximise the positive impacts.

Socio-economic development

Insimbi remains committed to corporate social investment but, unfortunately, has been faced with a number of challenges in making tangible advances in this area in the past year.

Difficulty in identifying an appropriate cause and/or project in the areas where we are represented has resulted in the group continuing to support a number of worthy organisations unrelated to our trading activities.

Socio-economic development has been overseen by the Social and Ethics Committee which has been tasked with focusing on identifying reputable organisations in which the company could invest and which are aligned with the group's transformation initiatives.

MANUFACTURED CAPITAL

Manufactured capital in the trading context relates to the trading process and how it is conducted and the commodities which are being sourced and delivered to local and international customers.

Manufactured capital is important to an organisation's sustainability because its efficient application allows an organisation to be flexible and innovative and increases the speed at which it delivers.

We enhance our manufactured capital by:

- Employing our infrastructure, technologies and processes to use our resources most efficiently; and
- Devising technology and management systems that reduce our waste emissions.

FINANCIAL CAPITAL

Financial capital makes it possible for the other types of capital to be owned and traded and is representative of how successful the company has been at achieving the sustainable development of its natural, human, social or manufactured capital.

Sustainable organisations need a clear understanding of how financial value is created, in particular the dependence on other forms of capital. We enhance our financial capital by:

- Effective management of risk;
- Corporate governance structures;
- Assessing the wider economic impacts of our activities on society; and
- Constantly reviewing its processes and procedures to identify areas for possible improvement.

INTELLECTUAL CAPITAL

Insimbi's intellectual property is protected through employment contracts and confidentiality agreements and/or licence agreements with external parties. These agreements establish ownership of and rights to trademarks, copyright, trade secrets, innovations and inventions resulting from any dealings with the company. Where the company has identified potential infringements, it will not hesitate to take steps (including instituting legal proceedings) to protect its interests.

INTRODUCTION

The board of Insimbi Refractory and Alloy Supplies Limited (Insimbi or the company) acknowledges its responsibility for ensuring that the principles of good governance are observed and incorporated into the operational management of the Insimbi group. The directors, individually and collectively, acknowledge their responsibilities in terms of the JSE Listings Requirements (Listings Requirements).

The board is furthermore responsible for ensuring that principles of good governance permeate the organisation so that operations are conducted in an efficient, ethical and sustainable manner. Principles and policies of good governance are continuously assessed against the King Report on Corporate Governance, 2009 (King III) and corporate governance best practice changes are made as and when appropriate.

Insimbi complies with most of the principles of King III and, insofar as it is not fully compliant, strategies and plans are in place to address areas of concern. A register of compliance or, as the case may be, non-compliance, with the principles of King III can be found on Insimbi's website at www.insimbi-iras.co.za. Insimbi will be undertaking an analysis of King IV: Reports on Corporate Governance for South Africa, 2016 (King IV) during the 2018 financial year to ascertain what adjustments may be required to its governance structures and practices following the publication of King IV.

CORPORATE GOVERNANCE

During the year under review focus has been placed on areas in which the application of the King III principles can be improved, such as risk management, integrated reporting structure and processes and compliance. The year under review has resulted in considerable changes in the size and operations of the group's business. This will necessarily impact on its corporate governance structures and framework, which will require further review and, insofar as required, adjustment in the new financial year.

ETHICAL CODES AND VALUES

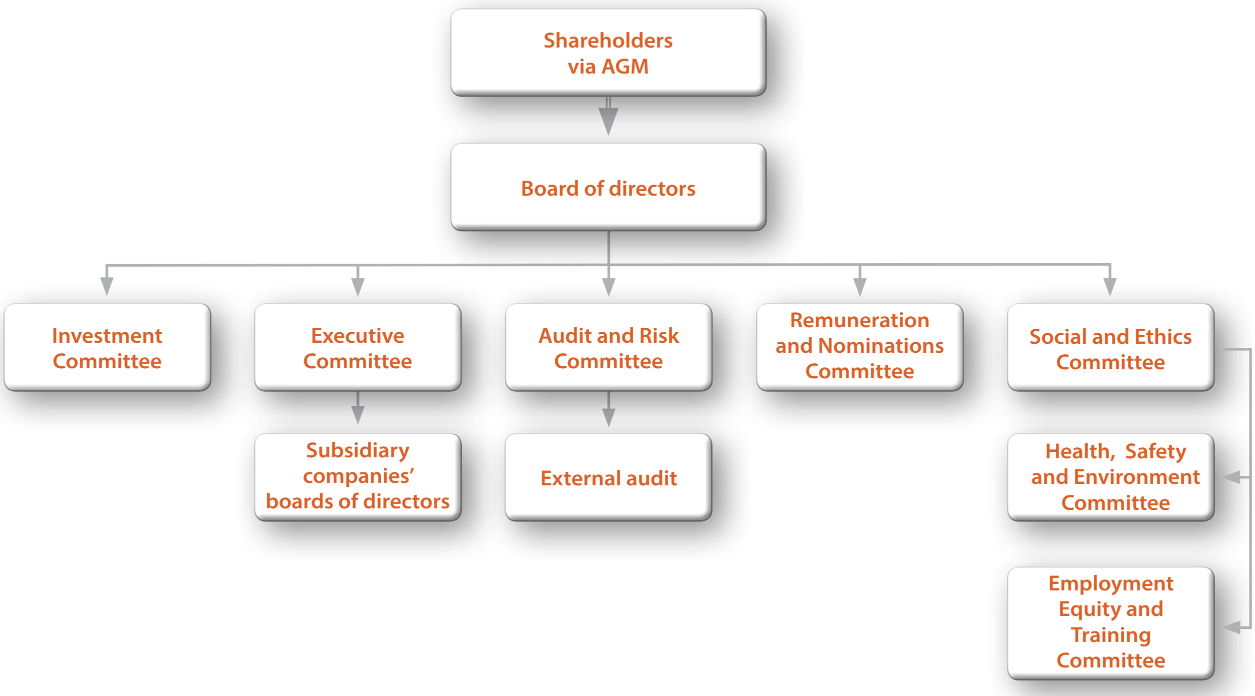
Insimbi's commitment to ethical practices is paramount and permeates all aspects of the business. The group has a clear set of values and behavioural code of conduct which requires staff to display integrity, mutual respect and openness at all times, and affords them the right and obligation to challenge others who are not adhering to these values.

A report from the Social and Ethics Committee appears on page 25 of this report. The committee is responsible for reviewing and updating the group's documented policies and practices to enhance and promote ethical conduct and good corporate citizenship.

GOVERNANCE STRUCTURE

Insimbi has a unitary board structure which oversees the management and control structures tasked with conducting

GOVERNANCE FRAMEWORK



business throughout the organisation. The board retains full and effective control over the group, and monitors the implementation of plans and strategies by management.

The board has delegated authority to run the day-to-affairs of the group to the Chief Executive Officer (CEO) and the Executive Committee (Exco). Exco provides effective control of the group's operational activities, acting as a decision-making body and facilitating communication and coordination between the various business units, companies and the board.

BOARD OF DIRECTORS

Board composition

There have been a number of changes to the board during the year under review:

- Dr GS Mahlati resigned as a member of the board with effect from 31 March 2016, and therefore also as member of the Audit and Risk Committee and of the combined Nominations and Remuneration Committee and as Chair of the Social and Ethics Committee.
- Following the investment by New Seasons Investment Holdings Proprietary Limited in Insimbi in the first half of 2016, Mr N Mwale and Mrs IP Mogotlane were appointed non-executive members of the board on 9 June 2016. Mr Mwale was appointed Chair of the Remuneration Committee and Mrs Mogotlane a member of the Audit and Risk Committee and Chair of the Social and Ethics Committee.
- Mr B Craig joined the board as an independent non-executive director with effect from 1 August 2016, and was appointed a member of the Audit and Risk Committee. On 16 January 2017, he was appointed as Chair and assumed the chairmanship of the Nominations Committee. He was also appointed a member of the Remuneration Committee.
- Following the conclusion of the Amalgamated Metals Recycling transaction, Mr C Coombs joined the board as an executive director and Mr RI Dickerson as a non-executive director with effect from 16 January 2017.
- Mrs LY Okeyo resigned as Chair of the company with effect from 24 November 2016 and as director with effect from 31 January 2017.

At year-end, the board comprised five non-executive directors, two of whom were regarded as independent in terms of King III's requirements, and five executive directors. Details of the directors with brief curricula vitae can be found on page 15 to 18.

The board did not comprise a majority of non-executive directors at year-end as required by King III. However, plans to restructure the board are currently underway and the imbalance will be addressed as part of the process.

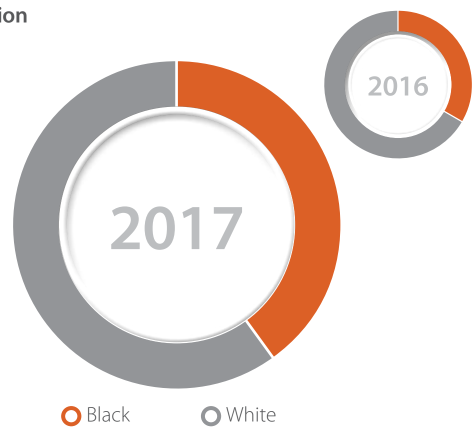
After year-end it was announced that, following a review of the board composition and balance, Mr EP Liechti and Mr C Botha would resign as executive directors. Furthermore, Mr PJ Schutte advised of his retirement and Mr F Botha was appointed CEO in his place.

Diversity

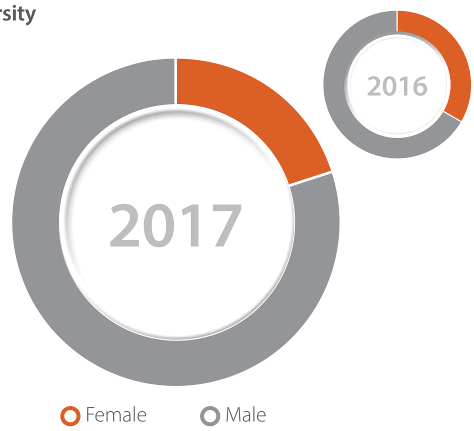
The directors are drawn from a variety of sectors and have a range of skills. Diversity is acknowledged as an essential ingredient in board composition and its effective functioning. The board therefore remains committed to appointing members with different skills from diverse backgrounds and groups, which will also include greater female representation in years to come.

The board is committed to improving the representation of females at board level (to the extent feasible) during the proposed board restructure. The board has set itself a target of achieving a balance of male and female members, and a balance of black and white members by 2020. At year-end, the board consisted of four black and six white members. The transformation and gender diversity

Transformation



Gender diversity



aspects of board appointments will be monitored, *inter alia,* by the Social and Ethics Committee, which will make recommendations to the board regarding changes as and when required.

Chair of the board

In line with best practice, the roles of chair and CEO are separate, each with clearly defined responsibilities. Mrs L Okeyo acted as Chair until 24 November 2016. Mr B Craig was appointed as Chair on 16 January 2017. Both Mrs Okeyo and Mr Craig are independent non-executive directors.

Independence and performance

The board reviews the independence of directors on an ongoing basis and remains satisfied that they all demonstrate sound, independent judgement and mind. It is satisfied that, other than as disclosed, there are no relationships or circumstances likely to affect their independence or judgement.

Assessments of the performance of the board collectively and the directors individually are conducted on an ongoing basis. In light of the number of changes to the board during the year under review, it was deemed premature to undertake a formal evaluation. However, the Chairperson has addressed the board members on expectations, and a formal assessment will be scheduled towards the end of 2017.

Appointments to the board

The board, assisted by the Remuneration and Nominations Committee, is responsible for the appointment of new directors. The Remuneration and Nominations Committee evaluates potential candidates and submits nominations to the board.

Newly appointed directors go through an induction process to introduce them to the business of the company. The board is encouraged to update members' knowledge and skills by attendance at courses and discussions on relevant matters. Where issues are of concern to the whole board, specialists are requested to address the board.

One third of the non-executive directors retire annually by rotation, and any director appointed during the year is subject to re-election at the first annual general meeting held after their initial appointment.

No director or prescribed officer holds any fixed-term contract and the executive directors and prescribed officers have standard employment contracts requiring no more than three months' notice on termination.

Board responsibilities

The board is ultimately responsible for the company's performance and affairs, which includes protecting and enhancing the company's wealth and resources, timely and transparent reporting and acting at all times in the best interest of the company bearing in mind its responsibilities to its stakeholders. In fulfilling this responsibility, the board oversees the strategy, acquisition and disinvestment policy, risk management, financing and corporate governance policies of the company.

The board considers the extent, if any, of the director's interest in the business in terms of direct or indirect shareholding and/or any interests in contracts with the company. Where practicable to do so, the board assesses the materiality of the director's interest, but considers holdings of less than 5% as immaterial.

The board reserves specific powers for itself, delegating other matters with the necessary authority to management and board committees.

The board has established a number of statutory and other committees to assist in fulfilling its duties and responsibilities more effectively, which are identified in the Governance Framework on page 9 of this report.

The board seeks to identify the group's key risk areas and key performance indicators and updates and reviews them regularly. Full and timely information is supplied to the board and committee members and they have unrestricted access to all company information, records, documents and property.

Largely as a result of conclusion of the AMR transaction, the board met nine times during the year under review. Attendance at these meetings is reflected in the table below.

Attendance at board and committee meetings:

	Board	Audit and Risk	Remuneration and Nominations	Social and Ethics	Investment*
CF Botha	7	n/a	n/a	n/a	n/a
F Botha	6	2***	n/a	n/a	n/a
C Coombs**	n/a	n/a	n/a	n/a	n/a
B Craig	2	1	n/a	n/a	n/a
RI Dickerson**	n/a	n/a	n/a	n/a	n/a
EP Liechti	7	n/a	n/a	3***	n/a
IP Mogotlane	4	1	n/a	1	n/a
N Mwale	5	n/a	2	n/a	n/a
CS Ntshingila	5	1	4	3	n/a
LY Okeyo	6	2	4	3	n/a
PJ Schutte	6	n/a	3***	3	n/a

* *Investment Committee held its first formal meeting after the end of the year under review.*

** *Attended first board meeting after end of year under review.*

*** *Attended by invitation.*

BOARD COMMITTEES

The Audit and Risk Committee

Terms of reference and functions

The Audit and Risk Committee consists of three non-executive directors, all of whom comply with the requirements of section 94 of the Companies Act, 2008 (Companies Act), and was established as a statutory committee with additional functions allocated to it by the board of directors. Its role is to assist the board in discharging its duties relating to the safeguarding of assets, reviewing the operating systems and control processes and the preparation of accurate financial reporting and statements in compliance with all legal requirements and accounting standards. The committee does not perform any management functions or assume any management responsibilities. The committee provides a forum for discussing business risk and control issues and developing relevant recommendations for consideration by the board.

The Audit and Risk Committee has carried out its responsibilities for the year in compliance with formal terms of reference as adopted, which functions include:

- Consider and nominate the external auditor for appointment as such;
- Consider and make recommendations in connection with the provision of non-audit services by the external auditors;
- Prior to the commencement of the audit, determine the auditor's terms of engagement, the nature and scope of the audit and the audit fee;
- Evaluate the independence and effectiveness of the auditors and consider the extent to which, if at all, the provision of any non-audit services impaired their independence;
- Oversee and report on the integrated reporting processes; and
- Oversee and deal appropriately with any concerns regarding accounting practices, the content of the annual financial statements or any financial controls of the company, and make recommendations to the board in appropriate circumstances.

The composition of the Audit and Risk Committee changed during the year under review, with Dr Mahlati resigning, and Mrs Mogotlane and Mr Craig being appointed.

Internal controls

The Audit and Risk Committee acknowledges that King III recommends that the board of directors should ensure that an effective risk-based internal audit function is in place. The board has elected to delegate this function to management, but reviews its decision in this regard on an annual basis. Management completed a financial and internal control combined assurance effectiveness assessment and provided a written report to the Audit and Risk Committee. The Audit and Risk Committee has satisfied itself that the company's internal controls are designed to provide reasonable assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. In carrying out its tasks, the Audit and Risk Committee has a wide range of powers to consult both internally and externally in order to acquire the necessary resources and information to complete its duties and make an assessment in this regard.

Risk management

During the year under review the board delegated the task of overseeing the risk management processes to the Audit and Risk Committee.

Management is committed to maintaining and monitoring the best possible strategies to minimise the risks and to ensure the growth of the company in the interest of all stakeholders. Insimbi is committed to creating safe and healthy working environments to minimise the risk of injury or disease to its employees, to prevent the loss of property and to conserve the environment. The Health, Safety and Environment Committee is responsible for ensuring that employees' working conditions are safe and healthy.

Insimbi has not taken any undue, unexpected or unusual risks in the pursuit of reward and there is no current, imminent or envisaged risk that may threaten the long-term sustainability of the company. Unfortunately, notwithstanding the implementation of effective risk strategies, the company will recognise a R10 million loss in full following the liquidation of a major customer.

The Audit and Risk Committee is also responsible for ensuring that, where possible, the group takes appropriate steps to mitigate any losses, such as concluding insurance cover where possible.

The Audit and Risk Committee's terms of reference provide that the Financial Director and other members of the executive management be invited to attend meetings of the Audit and Risk Committee, and provide for members of the Audit and Risk Committee to meet with the external auditors without members of the executive management being present. The terms of reference provide further that at least two meetings be held each year. The committee met twice during the year, on 11 May 2016 and 24 November 2016.

Information technology governance

Information and communication technology has been recognised by the board as being an essential component in the management of the group's businesses on a sustainable basis. Accordingly, an information policy, supported by the electronic communications policy, governs the use and safeguarding of information systems and networks throughout the company.

During the year under review, the Audit and Risk Committee was responsible for assisting the board to assess and evaluate the company's overall exposure to information technology risks.

The risks regarding the security, back-up, conversion and update of the information technology systems are continually addressed. Disaster recovery plans are regularly reviewed as disruptions to critical management information would have a detrimental effect on continuing operations.

The Audit and Risk Committee considers the results of these reviews on a regular basis and confirms the appropriateness and satisfactory nature of these processes, while ensuring that breakdowns involving material loss, if any, together with remedial actions, are reported to the board.

The Audit and Risk Committee report is set out on page 32.

Pension Fund Management Committee

The Pension Fund Management Committee was established to ensure the effective management of the pension fund in line with the instructions of the trustees.

The members of the committee for the year under review were Mr PJ Schutte, Mr F Botha and Mrs K Holtzhausen (resigned with effect from 31 January 2017), representing the employer, and Mr L Hutton, Mrs N Mohamed and Mrs M Samons, representing the employees. Two meetings were held during the year under review, on 19 April 2016 and 6 December 2016.

The Remuneration and Nominations Committee

The combined Remuneration and Nominations Committee was responsible for assisting the board with identifying new members for appointment to the board and also for ensuring that the group's remuneration structures and policies adequately attract and retain talented individuals who are able to make a contribution to Insimbi's long-term sustainability. It recommends compensation strategies, policies and remuneration packages, which support the group's strategic objectives and reward employees for their contribution to the operating and financial performance of the organisation with due regard to performance criteria.

The Remuneration and Nominations Committee met four times during the year under review, on 19 April 2016, 23 June 2016, 19 July 2016, and 22 September 2016.

The chairmanship of the committee in respect of its Nominations and Remuneration Committee responsibilities continued to be split, with Mr Mwale assuming responsibility for its remuneration responsibilities while Mrs Okeyo continued responsibility for Nominations Committee responsibilities. Subsequent to year-end, Mr Craig replaced Mrs Okeyo as chair of the Nominations Committee.

The report of the Remuneration and Nominations Committee, which contains a summary of the group's remuneration policy, is set out on page 27.

Social and Ethics Committee

The Social and Ethics Committee (SEC) is a statutory organ of the company and has an independent role with accountability directly to the board.

It is established to assist the company in overseeing and monitoring the company's activities in relation to social and economic development, good corporate citizenship, corporate social responsibility, ethical behaviour and managing environmental impacts; consumer relations and labour and employment development; transformation and employment equity.

The committee provides a forum for discussing social and ethical matters and for developing relevant recommendations for consideration by the board.

The committee reports, through one of its members, to the shareholders at Insimbi's annual general meeting on the matters within its mandate.

Membership

The membership of this committee changed during the year with Mrs Mogotlane assuming chairmanship after her appointment to the board during the course of the year. Dr Mahlati and Mrs Okeyo were members at the commencement of the year under review, but ceased to be members after their resignation as directors. Mrs Ntshingila and Mr Schutte remained members of SEC. All directors, the Human Resources Manager, Health and Safety Manager and an employee representative may attend by invitation. The committee met three times during the year, on 19 April 2016, 23 June 2016 and 22 September 2016.

ACCOUNTING AND AUDITING

The board is responsible for ensuring that Insimbi group companies maintain adequate records and report accurately and reliably on the financial position of the group and the results of its business activities. The external auditors are responsible for independently auditing and reporting on the financial statements in accordance with International Financial Reporting Standards (IFRS).

The preparation of the annual financial statements has been supervised by Mr F Botha CA(SA), Group Financial and Commercial Director, and audited by PricewaterhouseCoopers Inc. in terms of the Companies Act, IFRSs and the Listings Requirements.

INSIDER TRADING AND PRICE SENSITIVE INFORMATION

The group has a written policy on insider trading, adopted by the board, which requires that no trading in shares by directors or senior executive management may take place without clearance first having been obtained from the Chairperson or the Chief Executive Officer, as the case may be. The Company Secretary retains records of such dealings and approvals.

Furthermore, no employee who comes into possession of potentially price sensitive information may deal, directly or indirectly in Insimbi's shares during any closed period. As required by the Listings Requirements, Insimbi observes at least two closed periods in each financial year (from the half year until publication of its half year results, and from the year-end until publication of its full year results). Further closed periods may be declared as and when the situation arises. The policy on price sensitive information will be reviewed during the year.

COMPANY SECRETARY

The Company Secretary is accountable to the board on all governance and statutory matters and in this respect all directors have access to the services of the Company Secretary. The appointment and removal of the Company Secretary is a matter for the board as a whole.

Mrs K Holtzhausen resigned as Company Secretary with effect from 31 January 2017 and Mrs SK Saunders was appointed with effect from 1 February 2017. The board assessed Mrs SK Saunders' competence, qualifications and experience and is of the view that, as an admitted attorney with over 25 years' experience as a company secretary, she is sufficiently qualified, competent and experienced to hold the position of group company secretary. The Company Secretary fulfils no executive management function and is not a director. Therefore, the board is satisfied that the Company Secretary maintains an arm's length relationship with the executive team, the board and individual directors as required by the Listings Requirements.

Further details of the Company Secretary appear in the directors' report.

GOVERNING STAKEHOLDER RELATIONSHIPS

The board strives to present a balanced and understandable assessment of the group's position, addressing material matters of significant interest and concern to stakeholders. The board is responsible for formalising strategies to enhance stakeholder relations with the company. Shareholders are encouraged to attend the annual general meeting, to be held on 26 June 2017 at 10:00 at Insimbi's offices in Wadeville. Details of the annual general meeting are included in the notice of the meeting on page 95.

INTEGRATED REPORTING AND CONTINUOUS DISCLOSURE

The company has a policy of continuous disclosure in place for directors to ensure that timely and accurate information is provided to all stakeholders. Members of the board are required to disclose any conflicts of interest which they may have at board meetings and, as a matter of good practice, are required to make a general disclosure of potential conflicts on an annual basis.

The Company Secretary is responsible for liaising with the board to ensure that the company complies with its legal obligations. No requests for information were lodged with the company in terms of the Promotion of Access to Information Act, 2000, during the year under review.

The board acknowledges its responsibility to ensure the integrity of the integrated report and its responsibility statement authorising the release of the integrated report appears on page 30 of this report.

EXECUTIVE DIRECTORS

PIETER JACOBUS SCHUTTE (58)

Chief Executive Officer

Member of the Social and Ethics Committee, Pension Fund Management Committee and Executive Committee

National Diploma in Ceramic Technology (Pretoria Technikon)

Prior to joining Insimbi in 1996, Pieter worked for Vereeniging Refractories Proprietary Limited in its Research Technical Department and later as a Technical Sales Representative and at Cullinan Refractories Proprietary Limited as its Export Sales Manager. Pieter was appointed Chief Executive Officer on 1 March 2008.

Subsequent to year-end, Pieter announced his intention to retire in November 2017, and Fred takes over as Chief Executive Officer from 1 June 2017.

FREDERIK BOTHA (53)

Financial and Commercial Director

Member of the Executive Committee and the Investment Committee

BCom (UCT), BCompt (Hons) (UNISA), Chartered Accountant (South Africa)

Fred completed his articles with Coopers & Lybrand (now PricewaterhouseCoopers). Fred's experience includes both financial and operational positions in South Africa, Malawi and Zambia. He joined Insimbi in 2002 and assumed the role of Financial Director on 1 April 2014. Fred currently retains his commercial role but he has also assumed responsibility for the newly acquired business operations of Polydrum Proprietary Limited while retaining responsibility for the operations of both secondary aluminium smelters (Insimbi Aluminium Alloys Proprietary Limited and Metlite Alloys Proprietary Limited). He is also integrally involved in vetting of investment opportunities, due diligences and making proposals to the board regarding acquisitions which meet the company's investment strategy criteria.

Subsequent to year-end, Fred was appointed Chief Executive Officer with effect from 1 June 2017.

COLIN FRANCIS BOTHA (49)

Executive Procurement Director

Member of the Executive Committee

Higher National Diploma in Metallurgical Engineering (Technikon Witwatersrand)

Colin commenced employment with Insimbi in 1992 as a Technical Sales Representative and has been promoted during his tenure to Divisional Director. He was appointed to the board on 11 June 2004.

Colin stepped down as a director with effect from 31 May 2017 following a review of the composition and structure of the board. This will have no impact on his role or executive function within the group or his directorships of group companies at a subsidiary level.

EXECUTIVE DIRECTORS

CHRISTIAAN COOMBS (43)

Executive Director

Chief Executive Officer – Amalgamated Metals Recycling group

Member of the Executive Committee

Over the past 20 years, Chris has gained experience in the scrap metal trading industry with a focus on international commodity trading. He is a co-founder of the Amalgamated Metals Recycling group (AMR), which was established in 2002. He also serves on the board of the industry body, Metal Recyclers Association of South Africa.

Having established a strong relationship with Insimbi as a business partner in the past, the transaction concluded at the end of 2016 resulted in Chris joining the board of Insimbi Refractories and Alloy Supplies Limited. He will focus on growing the AMR business as part of the larger Insimbi group. Chris joined the board on 16 January 2017.

EDUARD PHILIP LIECHTI (55)

Executive Sales Director

Member of the Executive Committee

National Diploma in Metallurgical Engineering (Wits Technikon)

Prior to joining Insimbi in 1988, Eddie worked as a trainee metallurgist at Haggie Rand Germiston. Over the past 28 years Eddie has gained extensive knowledge of Insimbi's product range and has worked in and sold products to the foundry, non-ferrous, refractory and steel industries. He is responsible for the marketing of all exports as well as maintaining local sales to the powder coating, steel and speciality industries. Eddie was appointed to the board on 11 June 2004 and was appointed as the Chairperson of the Group Health and Safety and Environment Committee on 12 March 2014.

Eddie stepped down as a director with effect from 31 May 2017 following a review of the composition and structure of the board. This will have no impact on his role or executive function within the group or his directorships of group companies at a subsidiary level.

NON-EXECUTIVE DIRECTORS

BRIAN CRAIG (52)

Independent Non-executive Director

Chairperson of the board, Chairperson of Nominations and Investment Committees, member of Remuneration and Audit and Risk Committees

BEc (cum laude) (UWC), BEc (Hons) (cum laude) (UWC), MSc (Finance) (University of Illinois)

Brian has accumulated experience over 25 years in the financial services industry in both the public and private sectors, dealing with a diverse array of issues ranging across applied policy research, sourcing and application of development finance, facilitating foreign direct investment, corporate and merchant banking and black economic empowerment deal-making. His banking career has included senior executive positions at Absa Corporate and Merchant Bank (the forerunner of Absa Capital), Deutsche Bank, Commerzbank and Credit Agricole SA. He is an experienced deal-maker, having taken leadership roles in a number of cross-border debt and equity transactions in the Telecommunications, Power, Financial Services, Mining and Manufacturing sectors.

Furthermore, Brian was the Chairperson of the KZN Growth Fund Board of Trustees, a R1 billion limited recourse debt fund, for five years. He was directly involved in the application of the PFMA, Treasury Regulations, Companies Act and King III Code of Corporate Governance. He has served as a non-executive director of a major black-owned and managed property and construction group, and chaired their Audit and Risk Committee and Investment Committee.

Brian was appointed as a non-executive director of the company on 1 August 2016 and as Chairperson on 16 January 2017.

ROBERT IAN DICKERSON (64)

Non-executive Director

BCom (UNISA)

Robert is a seasoned businessman with experience spanning some 40 years. He is the founder of Dickerson Investments Proprietary Limited and is the former Chief Executive Officer and Group Chairperson of the Fidelity Services Group. He has previously held senior financial, sales and marketing, and CEO positions at the Chubb group of companies. He is currently a non-executive director of the Fidelity Security Group as well as a non-executive director of a number of other non-listed companies, including New Seasons Investment Holdings Proprietary Limited. Robert joined the Insimbi board on 16 January 2017.

Subsequent to year-end, Robert was nominated for appointment to the Audit and Risk Committee.

NON - EXECUTIVE DIRECTORS CONTINUED

INGIPHILE PAMELA MOGOTLANE (49)

Non-executive Director

Chairperson of Social and Ethics Committee, Member of Audit and Risk Committee

BCom (University of Johannesburg)

Pamela has experience in the financial industry spanning some 15 years. She began her career as a Junior Accountant at Fabcos Investments Holdings before moving on to a leading travel agency as Finance Manager. Pamela is the Finance Director for New Seasons Investment Holdings, a black-owned investment company, and serves on the boards and committees of numerous companies within the New Seasons portfolio of investments. Pam joined the board of Insimbi on 9 June 2016.

NELSON MWALE (56)

Non-executive Director

Chairperson of Remuneration Committee, member of the Nominations and Investment Committees

HDip (Mech Eng) (Technikon Witwatersrand), Diploma in Management (Henley), Management Advancement Programme (Wits Business School), MBA (Brunel, UK)

Nelson's experience over more than 30 years has been varied and includes both manufacturing and, more recently, general management positions. He was a project engineer at Barlows Earthmoving Equipment Company, a technical engineer at Dorbyl Structures and a packaging manager (and general project manager) at South African Breweries.

Nelson is the former operations director and a shareholder of Namitech, the secure technology and solutions provider to key market focus areas. Nelson has vast experience in the West and East African markets and was instrumental in setting up the Namitech West Africa operation in Nigeria. Nelson is the Chief Operating Officer of New Seasons Investment Holdings, a black-owned investment company, and serves on the boards and committees of numerous companies within the New Seasons investment portfolio.

CLEOPATRA SALAPHI NTSHINGILA (previously Shiceka) (52)

Independent Non-executive Director

Chairperson of Audit and Risk Committee, member of Social and Ethics and Nominations and Remuneration Committees

BA (Law) LLB (University of Swaziland), H Dip Tax (Wits)

Cleopatra studied Intermodal Logistics, brokering and chartering, as well as port and terminal operations at the Global Maritime school in New York and has completed a number of leadership development courses, including Advanced Strategic Management (IMD, Switzerland), Advanced Project Finance (Institute of Euromoney, London) and Advanced Leadership Development Programme (GIBS).

Cleopatra is currently General Manager to the Office of the Chief Executive of Transnet Freight Rail. She has served on several legal committees, as well as acting as General Counsel on the Executive Board of the Union of African Railways and as the African Region representative that advised the Executive Board of the International Association of Railways in Paris. Her experience includes positions as non-executive director and/or chairperson of various listed and unlisted companies and board committees. She was appointed to the board of Insimbi on 7 July 2015.

PRESCRIBED OFFICERS

DUDLEY DE BEER (60)

Executive Sales Director

Member of the Executive Committee

Higher National Diploma in Metallurgical Engineering (Technikon Witwatersrand)

Diploma in Business Management (Damelin Business School)

Dudley commenced employment in the metals industry with Denver Metal Works in 1977 and has, since then, held a number of technical and management positions in the metals industry. He joined Insimbi in 2006 and is currently the Sales Director for the Foundry and Non-ferrous divisions. He was appointed a director of Insimbi Alloy Supplies Proprietary Limited on 30 June 2014.

SHAUN GREEN (37)

Executive Director: Aluminium Alloys and Metlite Alloys, Sales Manager Steel division

Member of the Executive Committee

BTech Engineering: Metallurgy (University of Johannesburg); Management Advancement Programme from Wits Graduate School of Business Management

Since completing his Metallurgy qualification, Shaun has spent 14 years working in the foundry and steel industries in both a technical and managerial capacity. He has completed the Management Advancement Programme offered by Wits Graduate School of Business and is currently studying towards an MBA. He joined Insimbi in 2011 and currently fills the role of Manager of the Steel Division and Director of Insimbi Aluminium Alloys, Metlite Alloys and Amalgamated Metal Group Holdings.

NADIA WINDE (29)

Financial Director

Member of the Executive Committee

BCom (Acc)(UJ), BCom Hons (Acc)(UJ), Chartered Accountant (South Africa)

Nadia completed her articles at KPMG Inc. in the Energy and Natural Resources division, and worked as a supervisor until March 2014. She joined Insimbi in April 2014, where she has filled various roles in finance, including her most recent appointment as Financial Director of Insimbi Alloy Supplies Proprietary Limited in February 2017.

CHAIRPERSON'S REPORT

"Notwithstanding the challenges of a slowing economy, volatile currency and slowing commodity prices, the group has produced an admirable set of results for 2016/17."

The 2016/17 financial year has been a seminal one for the group in many respects. The dictionary defines seminal as "a specific moment in time or series of events that strongly influences later developments". At the risk of understatement, this accurately describes the 2017 financial year for the Insimbi group.

A SEMINAL YEAR FOR THE GROUP

During the course of the year we have experienced the retirement of board members and the addition of several new directors; we welcomed our BEE partners New Seasons who bought an equity stake in the listed company; we concluded the Amalgamated Metals Recycling (AMR) group acquisition (our largest to date), which almost doubled our market capitalisation; after the new issue of 150 million shares; dealt with the liquidation of a key client in Steloy Castings (following that of Evraz Highveld Steel reported last year) who owe us R10 million, as well as difficult and volatile trading conditions in the legacy steel sector; and to top it all felt the impact of a sovereign credit ratings downgrade on our local economy, the full impact of which will only be felt later in 2017 and 2018. This series of events is likely to have a material impact on the future of the group as they will direct our attention to new areas of opportunity and growth, whilst compelling us to find synergies and efficiencies in the legacy business. The board has resolved to work intensely to maintain the consistency of our profit and dividend history, and to ensure we deliver on the promise of diversification along our value chain.

GROUP RESULTS

Notwithstanding the challenges of a slowing economy, volatile currency and declining commodity prices, the group has produced an admirable set of results for 2016/17. Revenue, gross profit and EBITDA have all shown notable gains over the period, partly due to the impressive contributions of Polydrum and AMR. Both businesses are showing impressive volume and operating margin growth, and with a renewed focus on the ferrous, non-ferrous and refractory segments, where we maintain our market leadership position, we are confident that our real growth in top and bottom line performance will continue into 2017/18. The group will absorb the legacy costs associated with the AMR acquisition and the Steloy write-off in the 2016/17 results. The full positive effect will be evident in the interim and full year results for 2017/18 as the combined impact of revenue and profit margin take effect.

The board has also resolved to improve the quality of our investor relations and corporate communication to the investment community. Given that the nature of our business has changed materially after the AMR transaction and that we will continuously broaden our scope of diversification, it is vital that the market understands the evolution of our business. We have already begun the process of engaging with strategic investors and other stakeholders to address areas where we need to improve, both in the measurement of our financial performance and the way we present our results. In this respect, the new skill-set of the board has already been used to good effect.

PROSPECTS FOR 2017/18

The board has approved the budget for the new financial year and confirmed the capex required to maintain the growth in the new higher margin businesses, and to exploit our leadership in the ferrous, non-ferrous and refractory segments. The executive has developed a pipeline of projects and potential deals which seek to improve processing volumes, enhance cost recoveries and ultimately boost profits. The board has recognised that it needs to access key raw materials, commodities and minerals at source if we wish to improve turnover and margins, and in this regard several interesting options are being considered. If these meet the investment hurdles set by the Investment Committee, it is likely we will make further announcements in due course.

We anticipate that the Polydrum plastics business will grow its product range and increase its market share, with expansion into the group's existing Durban and Cape Town operations under consideration. AMR continues to perform strongly, by increasing market share and recycling volumes, and maintains its position as one of the largest metal recycling operations in the country. In due course, we will evaluate the possibility of expanding the AMR operations into our regional markets in Durban and Cape Town as well as ensuring continued volume growth by using our existing locations.

DEVELOPMENT OF OUR B-BBEE STATUS

If Insimbi is to make a positive contribution to our country during these challenging times, the board acknowledges that more must be done to enhance our broad-based economic empowerment initiatives, and, following on the implementation of the staff empowerment schemes adopted last year, we have begun an assessment of all our group activities to find ways to improve our B-BBEE status. This process will apply across the entire group procurement chain and be driven by the Social and Ethics Committee of the board, ensuring that it secures the full attention and commitment of the board.

BOARD RENEWAL

Mrs Lerato Okeyo retired from the board after more than eight years of careful and diligent stewardship, first as director then as chairperson, at the end of 2016. She was more than ably supported by Dr Gil Mahlati who also retired midway through 2016. Together, these two independent non-executive directors, together with Mrs Cleopatra Ntshingila (formerly Shiceka), who joined in 2015, shouldered the burden of corporate governance and leadership of the group since its listing on the JSE AltX in 2008 and subsequent move to the main board in early 2012. They are owed a massive debt of gratitude by their fellow directors. I joined the board in August 2016 and was nominated to serve as Chairperson after the retirement of Mrs Okeyo in December.

With the conclusion of the New Seasons BEE deal in early 2016, two new directors joined the board. We welcomed Mr Nelson Mwale and Mrs Pam Mogatlane in June 2016 and have already felt the impact of their input and guidance in board and committee meetings. Then, with the conclusion of the AMR transaction in December 2016, we also welcomed the arrival of Mr Rob Dickerson, a new shareholder in the group, and Mr Chris Coombs, representing the AMR vendors, to the board. This is an immensely exciting time for the new board of Insimbi as we are now able to draw upon the financial, commercial and technical skills of our new members, particularly as we enter a phase of uncertainty and opportunity.

Pieter Schutte, the CEO of Insimbi since its IPO in 2008, has advised the Board of his retirement effective 30 November 2017 and Fred Botha, the Financial and Commercial Director, has been appointed as CEO effective 1 June 2017. Pieter and Fred have worked closely together over the 9 years since the IPO in March 2008 and the transition is expected to be seamless. The appointment of an internal candidate means that the new CEO is familiar with the business, and as a Chartered Accountant with some 15 years with the Group, is well qualified to take over this position. He has been instrumental in the company's expansionary strategy, including the IPO in 2008, and was the driving force behind the conclusion of the acquisition of the Amalgamated Metals group of companies in 2016.

During his remaining tenure, Pieter will be focusing on the consolidation of Insimbi's position as a leading refractory supplier and will be involved in the recruitment, induction and mentorship of skilled technical people to ensure that the refractory segment of the Company continues to be a leader in its field in the future. Although there will be more appropriate times to thank Pieter for his service to the group, I wish to take this opportunity, on behalf of my colleagues on the board, to acknowledge the role played by Pieter in the company since joining the business in 1996, but especially since its IPO in 2008. We wish him well in his retirement. Fortunately, this will not be goodbye, as Pieter has agreed to provide consulting services after the end of the year.

Colin Botha, Eddie Liechti and Pieter Schutte have agreed to step down off the Insimbi board at the end of this month but will retain their executive roles within the group, and directorships at subsidiary levels. This change will have no impact on their operational roles and they will continue to play the same executive role within the company. It has, however, enabled the company to make great strides towards achieving a more balanced board in line with corporate governance best practice.

OUTLOOK

We fully anticipate that the local economy – and in particular the manufacturing sector – will continue to struggle throughout 2017 and into 2018. Consolidation will likely continue – the possible merger of PPC/Afrisam will be closely watched as it may impact on our refractory business. We will be monitoring our global and domestic clients and competitors in the steel sector very closely for opportunities to recover sales volumes and improve margins.

The full effects of the credit rating downgrade are still to be felt and properly understood, notwithstanding the fact that elements of our business may at times benefit from a weaker currency and volatile commodity prices on certain export products. We have strengthened the group balance sheet with the recent acquisitions which are all highly cash generative, and we fully expect to gradually reduce debt levels and gearing into the future.

Despite the persistently negative macro-economic sentiment affecting our country at present, we will focus our attention on exploiting the synergies identified in the AMR business (aluminium and copper processing at our existing smelting operations, expansion to regional offices with surplus capacity), growing market share increasing margins in the Polydrum plastics business, and better capacity utilisation in the legacy ferrous, non-ferrous and refractory business.

APPRECIATION

Much effort was exerted in the latter half of 2016 and much accomplished. Most of this was due to the combined efforts of the executive team led by Mr Pieter Schutte, as well as the support of both the outgoing and incoming board members – sometimes under very tight deadlines. I must extend my heartfelt thanks and appreciation to the board members for their support and teamwork – as well as the vote of confidence in me as Chair of the board.

At the same time the very dedicated and hardworking staff of the Insimbi group – now including the AMR team as well – kept the wheels turning and maintained their work ethic and professionalism during this period of change. The board wishes to thank all staff members and shareholders for their continued support and commitment.

The board and I are very confident that the hard work of the past year will be evident in the results to follow, and that the platform for a more diversified growth path has been established.

B Craig
Chairperson
26 May 2017

CHIEF EXECUTIVE OFFICER'S REVIEW

"Cash flow is consistently strong, and has been matched by Insimbi's profitability. Our intention is to continue in this vein and this is a key consideration when reviewing new opportunities."

2017 has created an inflection point for the growth, diversity and sustainability of Insimbi in an environment fraught with challenges but creating opportunities at the same time. Insimbi has positioned itself to maximise the opportunities and recognise the challenges as presented.

South Africa has been downgraded by both Standard and Poor's and Fitch Ratings to sub-investment grade. The impact of these downgrades for the country include higher borrowing costs for all South Africans, a weaker exchange rate, higher inflation, lower investor confidence and slower economic growth. Insimbi has managed consistently and proactively to manage the impact of these market conditions and will continue to do so.

We have continued the diversification of the group with the successful acquisition of Amalgamated Metals Recycling group (AMR) in December 2016, the growth in the relatively new plastic segment and the continued improvement in our overall margins. This has resulted in significant improvement in certain key performance indicators most notably revenue, which increased by 40% to R1,3 billion, gross profit, which increased by 50% to R186 million and EBITDA, which increased by 28% to R68 million. There has been a marginal decrease in profitability compared to last year due to some of the extraordinary expenses relating to the acquisition of AMR as well as the effect of foreign exchange volatility in the period under review.

In order to effect the AMR transaction, Insimbi paid R284 million, of which R234 million was in cash and the balance by the issue of new shares subject to profit warranties and an NAV underpin. The many benefits to Insimbi include: diversification of revenue and customers; maximisation of the smelter capacity; a Rand hedge; and succession planning. The acquisition is value accretive from a revenue, gross profit, EPS and HEPS perspective. This acquisition also allows Insimbi to access markets that are parallel to existing markets including the scrap metal recycling market. AMR's results will be consolidated into the Insimbi group results for the last two and half months of the financial year. Given the short effective period post acquisition of AMR, it is anticipated that the full impact of the transaction on the Insimbi group will only become evident in the current financial year-ending 28 February 2018.

In the process of acquiring AMR, we embarked on our first capital raising exercise since listing in March 2008 and successfully raised R100 million. We have been clear that the main motivation for our IPO in 2008 was to be able to raise capital and acquire businesses that would add value to Insimbi. Whilst we have managed, during the nine years since our listing, to make various strategic acquisitions from a combination of reserves and debt, AMR is the first sizeable acquisition requiring us to take advantage of our listed status and raise capital from new and existing shareholders. I am extremely proud and excited by the fact that our offer was not only fully subscribed but that we managed to introduce tangible institutional investor support to our shareholding. Our market capitalisation has more than doubled as a result of this acquisition.

The integration of Polydrum (the plastic manufacturing business acquired in 2015) continues and, despite some challenges in the first half of the financial year, the company has shown incremental growth in the second half and reversed the loss reported in the interim results. The footprint and product range of Polydrum has been expanded with the commissioning of two additional lines at our group facility in Durban and we are in advanced stages of further expanding our group facility in Atlantis, Cape Town. We have also commissioned a new roto moulding plant in October 2016 which has enabled us to add a range of water harvesting products to our range.

We recognise some of the challenges from the previous year, including the fact that a large customer went into liquidation. Insimbi has provided in full for the R10 million owing to the company by a debtor as it is unclear what portion, if any, of the amount due will be recovered. Whilst this is disappointing and has an impact on the results, it is not debilitating as Insimbi does not have a large customer concentration.

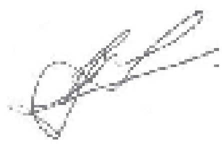
Cash flow is consistently strong, and has been matched by Insimbi's profitability. Our intention is to continue in this vein and this is a key consideration when reviewing new opportunities. The board has, however, decided to preserve cash by not declaring a final dividend this year. The main drivers of this decision to enable us to match our dividend policy to a full accounting periods' results given that we have 150 million new shares in issue as a result of the AMR acquisition but have only accounted for two and half months' profit from this acquisition and also to reduce our short-term borrowings. We expect to resume normal dividend flows as the cycle of earnings normalises.

In a transaction that introduced a new BEE shareholder to Insimbi, the founding shareholders sold 20% of the total issued share capital to an established industrial investment company New Seasons Investment Holdings Proprietary Limited. This has resulted in Insimbi embracing the B-BBEE requirements of transformation by creating a vehicle for the new shareholders to buy into the vision. Furthermore, Insimbi allotted shares to special purpose BEE entities which includes all employees and in effect gives those employees a share in the company. The BEE entities in combination effectively own more than 25% of Insimbi.

This is not only about ownership but all aspects of the B-BBEE codes. Insimbi fully embraces these initiatives and has adopted the following enterprise development programmes including: learnership programmes; a bursary programme for both tertiary and primary institutions and staff training sessions. We understand the imperative of reforming the economy of South Africa and are continuously striving to contribute to this process, and in so doing, improve our BEE rating.

Our employees continue to be our most valuable asset and therefore the board has recognised the need to foster a culture of ownership within the company. The implementation of two Employee Share Ownership Plans (ESOP transactions) will not only have a positive impact on Insimbi's BEE ownership status and management's commitment with respect to transformation, it will also allow the company to formalise the succession plan as well as aiding in the development of a staff retention strategy. Management and employees were invited to participate in the ESOP Transactions with the focus on transformation, succession planning and staff retention. Eligible employees of the company will, collectively, obtain an approximate 5,6% indirect shareholding interest in the company.

Finally, and with a lump in my throat, this will be my last CEO's report as I will be retiring during the new financial year. I would like to take this opportunity to thank all team members of all subsidiary companies that make up the individual groups. Your dedication, passion and composure are heartfelt and I thank each and every one of you. I would also like to thank the board members for their participation in the Insimbi success story and I am absolutely confident this will continue in the forthright and honest manner in which we are accustomed to doing business. To Fred Botha my successor and their management team, this is only the beginning, strap yourselves in because you are about to embark on a journey that will transform our business and, in the process, I know that you will learn and earn together – thank you for your contribution to date, it is much appreciated.



PJ Schutte
Chief Executive Officer
Johannesburg
26 May 2017

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee (SEC) was established in accordance with the provisions of section 72 of the Companies Act, 2008 (the Act), read with regulation 43 of the Regulations to the Companies Act, 2011. The committee assists the board in monitoring the group's performance against transformation objectives and as a good and responsible corporate citizen conducting a sustainable business. This report is prepared in accordance with the requirements of the Act and provides feedback on how the SEC has discharged its statutory duties in terms of the Act as well as any additional duties assigned to the committee by the board in respect of the year under review.

COMPOSITION

The membership of the committee changed during the year under review, with the resignation of Dr GS Mahlati on 31 March 2016 and Mrs LY Okeyo on 31 January 2017. The committee comprises Mrs IP Mogotlane (Chairperson), Mrs CN Nitshingila and Mr PJ Schutte. The charter provides that any of the directors, the HR Manager, Health and Safety Manager and employees or any other relevant party of the company may serve on the committee by invitation. Currently, Mr J du Plessis (HR Manager), Mr EP Liechti (Executive director and Health, Safety and Environment Representative) and Mrs L Lebethe (Employee Representative) are invited to attend the meetings.

FUNCTIONING

Ethics and code of conduct

Compliance with ethical standards of behaviour, including industry practices, is expected of all staff and compliance is overseen by the committee. The committee will review the existing code of conduct during the forthcoming year to ensure that it remains applicable to the expanded operations of the Insimbi group.

Socio-economic development

The group demonstrates its commitment to making a contribution to socio-economic development by investing in appropriate programmes. During the year under review, the assets of Insimbi Nano Milling Proprietary Limited were disposed of to Khomotso Khumo Trading and Projects Proprietary Limited, an entity established by a former employee, who continues to run the nano milling business with support from Insimbi.

Environment, health and safety

The Health, Safety and Environment Committee reports to the Social and Ethics Committee.

Environmental management is embedded in the group's operations to ensure sustainable business practices. The rising cost of energy has resulted in the efficient use thereof becoming a critical part of the group's cost management strategy. A number of surveys regarding energy usage and strategies to reduce the usage have been undertaken during the year under review. The group regularly measures the emissions from the furnaces in use, and will be adopting a strategy to reduce the emissions in order to maintain compliance with the reduced levels when they change in 2020.

Empowerment and transformation

As a company with its roots embedded In South Africa, Insimbi is committed to the promotion of employment equity and transformation in all of its operations. The company was rated a level 6 contributor under the DTI Codes of Good Practice during its last rating. It is currently undergoing another rating in terms of the new Codes and will need to focus on those areas where it is falling short. The committee will focus on the development, approval and implementation of appropriate strategies in this regard.

EMPLOYEE SHARE OWNERSHIP PLANS (ESOP)

The implementation of two Employee Share Ownership Plans (ESOPs) through the ESOP transactions has contributed to improving the group's black ownership status and is in line with management's commitment to transformation. Management and employees were invited to participate in the ESOP transactions with the focus on transformation, succession planning and staff retention. Eligible employees of the company collectively acquired an approximate 5,6% indirect shareholding interest in the company after the issues of additional shares in terms of the AMR transaction.

LABOUR AND EMPLOYMENT

Employment Equity and Training Committee

The Employment Equity and Training Committee consists of employees representing all subsidiary companies and divisions within the group and was chaired by Mr PJ Schutte, the CEO. The committee met four times during the year under review.

In time, the group expects to achieve the required levels of diversity across race and gender groups throughout the business. The group will ensure that when the opportunity arises, due consideration is given to those individuals who are the right fit for the position and will enhance the diversity of the employee base. The Employment Equity and Training Committee reports to the Social and Ethics Committee, and as a member of the Social and Ethics Committee, the Chair of the Employment Equity and Training Committee provides feedback to the SEC.

Skills development

The group is committed to developing the skills, knowledge and capability of its employees to achieve sustainable business growth and to enable employees to realise their full potential.

Learning and skills development interventions focused on enhancing management and leadership competencies, developing scarce and critical skills, and internal transformation.

STAKEHOLDER ENGAGEMENT

Insimbi strives to be a transparent corporate citizen. Insimbi's website contains a range of stakeholder-related information and presentations. Insimbi is considering strategies to develop and strengthen its shareholder engagement.

COMMITMENT

Progress can only be credibly reported if indicators are identified, measured, monitored and recorded. Within Insimbi's sustainability performance a major focus going forward will be to identify and monitor the performance of the group against the determined targets for sustainability performance and with this, meeting the legislative requirements.

APPROVAL

This Social and Ethics Committee Report has been approved by the board of directors of Insimbi.

IP Mogotlane
Chair: Social and Ethics Committee
26 May 2017

REMUNERATION AND NOMINATIONS COMMITTEE REPORT

Insimbi operates with a combined Remuneration and Nominations Committee, which is responsible for carrying out the functions of both committees.

MEMBERSHIP

The committee consists of three non-executive directors, the majority of whom are independent. In line with legislative requirements, the Chairperson of the board is also the Chairperson of the Nominations Committee, but is not also the Chairperson of the Remuneration Committee. Accordingly, the committee operates with two chairpersons, depending on the matters under consideration at the time. Mrs LY Okeyo acted as Chairperson of the Nominations Committee and was replaced by Mr B Craig upon her resignation at the end of January 2017. Following Dr GS Mahlati's resignation during the year under review, Mr N Mwale was appointed Chairperson of the Remuneration Committee.

The board is satisfied that the combined committee comprises suitably qualified board members and that the members act impartially and fairly in that role. The Chairpersons of the committee report to the board on the relative aspects of the committee's deliberations and decisions.

The Chief Executive Officer and Financial and Commercial Director (and the Human Resources Manager, in respect of remuneration-related matters) are invited to attend the committee meetings and assist the committee in its deliberations. No individual participates in discussions regarding their own remuneration.

REMUNERATION PHILOSOPHY

The group's remuneration philosophy seeks to reward employees in a fair and responsible way to encourage a culture of high performance within the company, while having appropriate regard to shareholder interests. The remuneration policy is formulated to attract, retain and motivate top-quality people in the best interests of the group. Remuneration arrangements are designed to support Insimbi's business strategy, vision and to conform with best practices. Total rewards are set at levels that are competitive in the context of the relevant areas of responsibility and the industry in which the group operates.

GOVERNANCE

The purpose of the committee is to provide an independent and objective body that will:

- Align performance with the strategic direction and specific value drivers of the business and the interest of stakeholders in a manner that does not encourage excessive risk-taking;
- Monitor human resource strategies and policies of the group;
- Make recommendations on the remuneration policies and practices for the non-executive directors, executive directors, senior management and the group in general;
- Make recommendations on the composition of the board and board committees.

POLICY

The remuneration of executive directors and senior management is determined on a total cost-to-company basis. Remuneration is reviewed annually to ensure that the executives and senior management who contribute to the success of the group continue to be remunerated at appropriate levels in line with the group's remuneration philosophy and annual performance.

The variable pay element provided by the incentive bonus scheme is intended to enhance total earning opportunities, should that be merited by corporate and individual performance. At the request of the Remuneration Committee, performance of executive directors and senior management will be more closely aligned with performance by the setting of key performance indicators (KPIs) and measurement of performance against such KPIs. This is intended to align the interests of senior management with that of the shareholders in achieving group and subsidiary financial targets.

FIXED REMUNERATION

Insimbi applies discretion in all remuneration reviews and there is no guaranteed or minimum across-the-board increase to all employees. Gross remuneration adjustments for the 2018 financial year represents an increase of 6% over that of the prior year. Exco then discusses and allocates to each employee in the group based on various criteria including individual performance, tenure, absenteeism, etc. Specific attention is paid to those employees on lower remuneration scales with a view to improving and uplifting their personal circumstances.

The annual emoluments payable to executive directors for the forthcoming year were increased by an aggregate of 6%.

The policy regarding levels of emoluments payable to executive directors was reviewed by the Remuneration Committee. In light of the growing complexity and nature of the business, a policy in terms of which the variable remuneration and increases is linked to the performance of the group and the portion of the business for which an executive director or prescribed officer is responsible, will be instituted and implemented. This will be a departure from the way in which remuneration has been managed in the past. Emoluments paid to executive directors and prescribed officers appear on pages 37 and 85 of the integrated annual report.

NON-EXECUTIVE REMUNERATION

The annual fees payable to non-executive directors for the forthcoming year have been substantially reviewed to bring them in line with the changes in the size and complexity of the business. In the past, a flat fee was payable for appointment as a director with an additional fee payable to the Chairperson. The proposed structure includes a retainer payable for appointment as a director, with a further retainer payable in respect of appointment to each committee and as a chairperson of any committee. No distinction is made regarding the fees payable for appointment to individual committees. It is proposed that an additional amount be payable for attendance at each meeting of the board and committee, thus effectively penalising a board member who consistently fails to attend meetings regularly.

The level of fees proposed was benchmarked against companies listed on the JSE with similar market capitalisation. Comparing Insimbi to companies within its sector on the JSE proved not to be helpful as there are vast differences between the size and complexity of those companies and Insimbi.

All board members are fully engaged with the company and contribute time and effort, not only by their attendance at meetings, but by making themselves available to management for consultation and input between meetings. This restructured payment arrangement is deemed appropriate in light of these considerations. The approval of shareholders for this new arrangement will be sought at the annual general meeting scheduled for 26 June 2017.

Details of the fees paid to each of the non-executive directors during the year under review, as well as the proposed fees for the forthcoming year, are included in the Notice of annual general meeting on pages 95 to 100.

INTEREST IN DIRECTORS' CONTRACTS

Directors have confirmed that they have no material interest in any transaction of any significance with the company or any of its subsidiaries, except as otherwise disclosed. A conflict of interest policy was approved and adopted by the board on 17 April 2016.

SHAREHOLDERS' NON-BINDING ADVISORY VOTE

In line with King III and principles of best practice, the remuneration policy as contained herein will be put to a non-binding advisory vote by shareholders at the annual general meeting scheduled for 26 June 2017.

PERFORMANCE AND RE-ELECTION

The committee reviewed the performance of directors Mrs C Ntshingila who, in terms of the memorandum of incorporation, retires by rotation at the annual general meeting scheduled for 26 June 2017. She is eligible for re-election and has made herself available; the committee recommends her re-election to the board.

AUDIT AND RISK COMMITTEE

The committee is satisfied that the current members (individually/collectively) of the Audit and Risk Committee satisfy the requirements of section 94 of the Companies Act 71 of 2008 and King III. The Nominations Committee recommends the appointment of CS Ntshingila, IP Mogotlane, B Craig and RI Dickerson as members of the Audit and Risk Committee, to serve for a one-year term, until the 2018 annual general meeting.

APPROVAL

This Remuneration and Nominations Report has been approved by the board of directors of Insimbi.

B Craig
Chair:
Nominations Committee
26 May 2017

N Mwale
Chair:
Renumeration Committee
26 May 2017

FINANCIAL CONTENTS

Annual financial statements

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 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 annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 28 February 2018 and, in the 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 39.

The annual financial statements set out on pages 44 to 91 have been prepared on a going concern basis, under supervision of the Financial and Commercial Director, Mr F Botha CA(SA). The annual financial statements have been audited in compliance with the Companies Act 71 of 2008, and were approved by the board on 22 May 2017 and signed on its behalf by:

PJ Schutte
Chief Executive Officer
Johannesburg
26 May 2017

F Botha
Financial and Commercial Director
Johannesburg
26 May 2017

CERTIFICATE BY COMPANY SECRETARY

I certify that the company has lodged all such returns as are required to be lodged with the Companies and Intellectual Property Commission, in respect of the year-ended 28 February 2017, by a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

SK Saunders
Company Secretary
26 May 2017

AUDIT AND RISK COMMITTEE REPORT

The Audit Committee presents its report for the financial year-ended 28 February 2017. The Audit Committee is an independent statutory committee established in terms of section 94 of the Companies Act 71, of 2008 (the Act), with further duties being delegated to the committee by the board. The committee reports on both sets of duties. The committee charter approved by the board sets out the committee's functions and responsibilities.

The committee has discharged all its responsibilities and carried out all its functions as contained in its charter and as required by the Act. In particular, the committee:

- Monitored to ensure that management maintains an effective internal control, risk management and compliance environment throughout the group and that management demonstrates and stimulates the necessary respect for these disciplines and structures;
- Reviewed the interim and annual financial statements and recommended them for adoption by the board, focusing on:
  - The going concern statement;
  - Major judgement areas; and
  - Compliance with accounting standards, stock exchange and statutory requirements;
- Received and reviewed the report from the external auditors, which included commentary on the effectiveness of the internal control environment, systems and processes, and, where appropriate, made recommendations to the board. Nothing has come to the attention of the committee that indicates that the internal financial controls were not operating effectively during the financial year;
- Reviewed the independence of the external auditors, PricewaterhouseCoopers, and recommended them for re-appointment as auditors for the 2018 financial year at the annual general meeting. Mr M Naidoo will complete his fifth year of rotation as designated auditor shortly, and will be replaced by Mr JP van Staden as designated auditor;
- Monitored the compliance of the group with legal requirements, statutes, regulations and the group's approach to ethics;
- Monitored the adequacy and efficiency of information systems and effectiveness of information security;
- Determined the fees to be paid to the external auditors and the terms of their engagement;
- Determined the nature and extent, if any, of non-audit services which may be provided by the external auditors to avoid material conflicts of interest and pre-approved the contract terms for the provision of such non-audit services;
- Received and dealt appropriately with any complaints, from inside or outside the group, relating to the accounting practices and internal controls of the group, the content or auditing of its financial statements, the internal financial controls or any related matter; and
- Ensured that the internal audit functions, which are provided by management itself, are sufficient and appropriate, and that there are no material gaps in audit assurance.

It is noted that the committee is a combined Audit and Risk Committee. In its capacity as the Risk Committee, the committee identifies areas of risk within the group, and monitors steps taken to mitigate those risks and the outcome of such processes.

The committee members are all non-executive directors and satisfy the requirements of independence of the Act. Details of membership of the committee can be found on page 12 in the corporate governance report. The committee has proposed that the following non-executive directors be appointed as committee members by the shareholders at the annual general meeting to be held on 26 June 2017: Mrs C Ntshingila (chair), Mr B Craig, Mr RI Dickerson and Mrs IP Mogotlane. At the annual general meeting, the inclusion of the Chairperson of the board as a member of the Audit Committee will specifically be brought to the attention of shareholders.

The committee meets at least twice every year, as required by its charter. Meetings are attended by the external auditors and the Financial and Commercial Director, as well as other board members, members of management and invitees as considered appropriate by the committee's chair. Details of the number of meetings held and attendance by committee members can be found on page 11.

The committee is satisfied that the Financial and Commercial Director, Mr F Botha CA(SA), has appropriate expertise and experience.

The Audit Committee charter provides for confidential meetings between committee members and the external auditors without executive management being present. The external auditors have unrestricted access to the committee.

Following the review and evaluation of the integrated annual report 2017, the committee is satisfied that it complies in all material respects with the requirements of the Act and International Financial Reporting Standards (IFRSs) and recommended it to the board for approval.

On behalf of the Audit and Risk Committee

CS Ntshingila
Chair: Audit Committee
26 May 2017

The directors have pleasure in presenting their report on the activities of the company and the group for the year-ended 28 February 2017. The consolidated financial statements for the year-ended 28 February 2017 were approved by the directors at a meeting held on 22 May 2017.

Insimbi Refractory and Alloy Supplies Limited (Insimbi) is a public company incorporated in South Africa listed on the JSE. Insimbi provides the steel, aluminium, cement and foundry industries with resource-based commodities like ferrous and non-ferrous alloys, as well as refractory materials, by integrating the supply, logistics and technical support function.

In line with its diversification strategy, Insimbi previously acquired a majority interest in Polydrum Proprietary Limited, a company that specialises in blow- and roto moulding of plastic containers of varying sizes for the chemical, agricultural, home and food industries.

ACQUISITIONS

In furtherance of its diversification strategy, Insimbi concluded the acquisition of the Amalgamated Metals Recycling group of companies (AMR) for an aggregate of R284 million during the year under review. AMR is a large and long standing metals recycling business. Insimbi and AMR have been active in similar industries for a number of years and, although the business focus is different, there are synergies which provide an opportunity to create a larger, more diversified, company with significant presence in the recycling arena. The combined group will also lead to significantly enhanced cash flow and profit generation capability, with a significant rand hedge to all its shareholders. Refer to note 35 in the annual financial statements on page 80.

B-BBEE TRANSACTIONS

During the year under review and in line with the company's commitment to B-BBEE and responsible corporate citizenship, the four founding executive directors (who were also major shareholders in Insimbi), as part of a broader strategic B-BBEE initiative, sold equal portions of their interests to New Seasons Investment Holdings Proprietary Limited (New Seasons). New Seasons is an established black-owned and managed investment holding company with a diverse portfolio of investments and is a level 1 B-BBEE contributor. Following the fund raising that preceded the AMR transaction, New Seasons acquired additional shares so that it continued to hold 20% of the increased share capital of Insimbi.

In recognition of the importance of employee ownership, as well as the need to reward and incentivise management, Insimbi EmployeeCo Proprietary Limited and Insimbi ManCo Proprietary Limited were established and employees and management offered the opportunity to acquire shares in schemes thus established. The details are disclosed in note 17 in the annual financial statements. The New Seasons transaction, combined with the EmployeeCo and ManCo transactions, resulted in a broad-based black ownership in Insimbi in excess of 28%. This has however been impacted by the AMR transaction.

GENERAL REVIEW

Insimbi continues to operate from premises in Johannesburg, Durban and Cape Town, with the newly acquired AMR group active from sites in Devland, Booysens and Roodepoort on the West Rand. Insimbi has exported goods and materials across the world, including South America (Argentina, Brazil), Australia, Middle East (Bahrain, Israel and UAE), China and Asia (Hong Kong, India, Malaysia, Pakistan, Singapore and Taiwan), elsewhere in Africa (Angola, Botswana, DRC, Ghana, Ivory Coast, Kenya, Malawi, Mozambique, Namibia, Nigeria, Rwanda, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe), Europe (Germany, Netherlands, Spain, Sweden and Switzerland) and the USA.

The financial results of the group and the company for the year-ended 28 February 2017 are set out herein with commentary in the Chairperson's report and CEO's review.

SHARE CAPITAL

The number of shares in issue increased during the year under review with the issue of an additional 150 000 000 ordinary shares as part of the funding for the AMR transaction.

Number of shares authorised at 28 February 2017 – 12 000 000 000
Number of shares in issue at 29 February 2016 – 260 000 000*
Number of shares in issue at 28 February 2017 – 410 000 000*

** Including treasury shares.*

At 28 February 2017, there were 23 105 735 treasury shares.

DIVIDEND

An interim dividend number 14 of 1,5 cents per share or R3 898 612 (2016: 2 cents per share or R4 725 814) was declared on 10 November 2016 in respect of the half year-ended 31 August 2016. The board has elected to adopt a conservative approach at year-end and, in light of the significant debt incurred to conclude the AMR transaction, has not declared a dividend for the full year but decided rather to conserve cash and work on reducing gearing in the business to an appropriate level.

COMPLIANCE WITH KING III

The Insimbi group is committed to the principles of effective corporate governance and complies substantially with the principles of King III. During the forthcoming year, Insimbi will be ascertaining its level of compliance with King IV and developing a project to address any areas of non-compliance. A detailed register of the group's compliance may be found on the website www.insimbi-iras.co.za.

SPECIAL RESOLUTIONS ADOPTED BY THE COMPANY

The company passed a number of special resolutions during the year under review, including resolutions authorising specific repurchases of shares to enable the establishment of the EmployeeCo and ManCo share ownership arrangements, the repurchase of shares and issue of an additional 150 000 000 shares to enable the AMR transaction as well as the standard resolutions authorising the fees to be paid to non-executive directors and authorising the board to provide financial assistance to directors and related and inter-related companies.

SPECIAL RESOLUTIONS ADOPTED BY SUBSIDIARIES

Insimbi's subsidiary companies passed special resolutions authorising the board to provide financial assistance to directors and related and inter-related companies within the Insimbi group of companies.

INTERESTS IN SUBSIDIARIES

As at 28 February 2017, Insimbi held the following interests in the subsidiaries listed below:

Name of subsidiary	Par value of issued shares	**Percentage holding 2017 %**	Percentage holding 2016 %	**Indebtedness 2017 R'000**	Indebtedness 2016 R'000
Insimbi Alloy Supplies Proprietary Limited	100 ordinary shares of R1 each	**100,0**	100,00	**50 704**	(28 702)
Insimbi Alloy Properties Proprietary Limited	100 ordinary shares of R1 each	**100,0**	100,00	**5 435**	5 387
Insimbi Refractory and Alloy Supplies Limited, incorporated in Zambia**	10 ordinary shares of K1 000 each	**100,0**	10,00	**–**	–
Insimbi EmployeeCo Proprietary Limited^	1 000 ordinary shares of R0,01 each	**0,01**	–	**1**	–
Insimbi ManCo Proprietary Limited^	1 000 ordinary shares of no par value	**0,02**	–	**1**	–
Amalgamated Metal Group Holdings	20 000 ordinary shares of no par value	**23,31**	–	**–**	–

** *Effectively 100% holding within the group.*

^ *Special purpose entities under control of the group.*

INTERESTS IN SUBSIDIARIES CONTINUED

Name of subsidiary	Par value of issued shares	Percentage holding 2017 %	Percentage holding 2016 %	Indebtedness 2017 R'000	Indebtedness 2016 R'000
Interest in subsidiaries through Insimbi Alloy Supplies Proprietary Limited					
Insimbi Aluminium Alloys Proprietary Limited	100 ordinary shares of R1 each	**100,0**	100,00	**(807)**	17 034
Insimbi Modular Plastics Proprietary Limited*	120 ordinary shares of R1 each	**60,0**	100,00	**653**	2
Insimbi Nano Milling Proprietary Limited	100 ordinary shares of no par value	**100,0**	80,00	**5 547**	5 317
Insimbi Refractory and Alloy Supplies Limited, incorporated in Zambia**	90 ordinary shares of K1 000 each	**90,0**	90,00	**1 987**	1 987
Insimbi Thermal Insulation Proprietary Limited	404 ordinary shares of R1 each	**100,0**	100,00	**–**	–
Metlite Alloys Proprietary Limited	52 ordinary shares of R1 each	**100,0**	100,00	**(4 134)**	(307)
TP Hentiq 6064 Proprietary Limited	10 000 ordinary shares of R0,001 each	**100,0**	100,00	**780**	4 780
Polydrum Proprietary Limited	200 ordinary shares of R1 each	**87,5**	75,0	**15 413**	10 527
Amalgamated Metals Group Holdings Proprietary Limited**	65 808 ordinary shares of no par value	**76,69**	–	**10 796**	–
Interest in subsidiaries through Insimbi Alloy Properties Proprietary Limited					
Metlite Alloy Properties Proprietary Limited	100 ordinary shares of R1 each	**100**	–	**19 411**	–

* *Previously Insimbi Bulk Commodities Proprietary Limited*

** *Effectively 100% holding within the group*

DIRECTORATE

There have been a number of changes to the board during the year under review:

- Dr GS Mahlati resigned as a member of the board with effect from 31 March 2016, and accordingly as member of the Audit and Risk Committee and of the combined Nominations and Remuneration Committee, as well as Chair of the Nominations Committee and Social and Ethics Committee;
- Following the investment by New Seasons Investment Holdings Proprietary Limited in Insimbi in the first half of 2016, Mr N Mwale and Mrs IP Mogotlane were appointed non-executive directors on 9 June 2016. Mr Mwale was appointed Chair of the Remuneration Committee and Mrs Mogotlane a member of the Audit and Risk Committee and Chair of the Social and Ethics Committee;
- Mr B Craig joined the board as an independent non-executive director with effect from 1 August 2016, and was appointed a member of the Audit and Risk Committee. On 16 January 2017, he was appointed as Chair and assumed the chairmanship of the Nominations Committee. He was also appointed a member of the Remuneration Committee;
- Following the conclusion of the Amalgamated Metals Recycling transaction, Mr C Coombs joined the board as an executive director and Mr RI Dickerson as a non-executive director with effect from 16 January 2017; and
- Mrs LY Okeyo resigned as Chair of the company with effect from 24 November 2016 and as director with effect from 31 January 2017.
- Subsequent to year-end, Messrs C Botha and EP Liechti agreed to step down from the board with effect from 31 May 2017 without impacting their executive role; Mr PJ Schutte advised of his retirement at the end of November 2017 and stepped down as a director with effect from 31 May 2017 without impacting his executive role; Mr F Botha was appointed CEO with effect from 1 June 2017.

DIRECTORATE CONTINUED

The appointment of the following directors, who were appointed during the year under review, will be confirmed at the annual general meeting scheduled for Monday, 26 June 2017: Mrs IP Mogotlane and Messrs B Craig, C Coombs, RI Dickerson and N Mwale.

In accordance with the company's memorandum of incorporation Mrs C Ntshingila retires by rotation at the forthcoming annual general meeting but, being eligible, offers herself for re-election. Brief biographical notes on Mrs Ntshingila may be found on page 18 of this report.

DIRECTORS' AND PRESCRIBED OFFICERS' INTERESTS

As at 28 February 2017, the directors' and prescribed officers' beneficial and non-beneficial, direct and indirect interests in the issued share capital of the company amounted to 49,69% (2016: 74,39%) in aggregate. The interests of the directors and prescribed officers are as follows:

	Beneficial				Non-beneficial			
	Direct		Indirect		Direct		Indirect	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Directors								
CF Botha	**33 297 000**	45 047 000	**–**	–	**–**	–	**250 000**	250 000
F Botha	**36 847 300**	45 133 330	**–**	–	**–**	–	**250 000**	250 000
C Coombs*	**–**	–	**21 950 200**	–	**–**	–	**–**	–
EP Liechti	**33 297 000**	45 047 000	**–**	–	**–**	–	**250 000**	250 000
PJ Schutte	**35 447 000**	45 197 000	**–**	–	**–**	–	**312 500**	312 500
N Mwale	**–**	–	**–**	–	**–**	–	**82 000 000****	–
IP Mogotlane	**–**	–	**–**	–	**–**	–	**82 000 000****	–
RI Dickerson	**–**	–	**–**	–	**–**	–	**82 000 000****	–
Prescribed officers								
D de Beer	**–**	–	**–**	–	**–**	–	**–**	–
S Green	**–**	–	**–**	–	**–**	–	**–**	–
S Roberts***	**–**	–	**–**	–	**–**	–	**–**	–
S Rugbur****	**–**	–	**–**	–	**–**	–	**–**	–
N Winde	**–**	–	**–**	–	**–**	–	**–**	–
Total	**138 888 300**	180 424 330	**21 950 200**	–	**–**	–	**83 062 500**	1 062 500

Note:
* *Appointed 16 January 2017*
** *82 000 000 Shares held by New Seasons Investment Holdings Proprietary Limited; not by individual directors*
*** *Resigned 30 June 2016*
**** *Resigned 31 March 2017 (after year-end)*

As at the date of preparation of this report, none of the directors or prescribed officers have disposed of any of the shares held by them as at 28 February 2017.

The current EmployeeCo and ManCo share ownership schemes do not involve direct ownership in Insimbi by management or employees as none of the shares have vested.

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Emoluments paid to directors and prescribed officers of the group are set out below:

	Fees 2017 R'000	Salary 2017 R'000	Expense allowances 2017 R'000	Pension fund contri-butions 2017 R'000	Incentive bonus 2017 R'000	Share-based payments 2017 R'000	**Total 2017 R'000**	Total 2016 R'000
Executive								
CF Botha	–	1 801	491	–	175	–	**2 467**	2 337
F Botha	–	1 769	523	–	175	–	**2 467**	2 337
C Coombs[1]	–	277	51	–	–	–	**328**	–
EP Liechti	–	2 025	267	–	175	–	**2 467**	2 337
JP Schutte	–	2 132	215	–	175	–	**2 522**	2 389
Total executive	–	8 004	1 547	–	700	–	**10 251**	9 400
Non-executive								
B Craig[2]	98	–	–	–	–	–	**98**	–
RI Dickerson[1]	20	–	–	–	–	–	**20**	–
GS Mahlati[3]	13	–	–	–	–	–	**–**	154
PS Mogotlane[4]	122	–	–	–	–	–	**122**	–
N Mwale[4]	122	–	–	–	–	–	**122**	–
C Ntshingila (previously Shiceka)	163	–	–	–	–	–	**163**	102
D J O'Connor[5]	–	–	–	–	–	–	**–**	80
L Okeyo[6]	179	–	–	–	–	–	**179**	176
Total non-executive	717	–	–	–	–	–	**704**	512
Prescribed officers								
D de Beer	–	1 077	83	122	120	108	**1 509**	1 308
S Green	–	803	151	93	59	140	**1 246**	999
S Roberts[7]	–	250	42	29	30	–	**351**	904
S Rugbur[8]	–	772	165	91	70	130	**1 228**	–
N Winde[9]	–	64	2	7	–	54	**127**	–
Total prescribed officers[10]	–	2 966	443	341	279	432	**4 461**	3 211
Total	717	10 970	1 990	341	979	432	**15 416**	13 123

** Includes medical aid and travel allowances.*

Notes:

[1] *Appointed 16 January 2017*
[2] *Appointed 1 August 2016*
[3] *Resigned 31 March 2016*
[4] *Appointed 9 June 2016*
[5] *Resigned 31 July 2015*
[6] *Resigned 31 January 2017*
[7] *Resigned 30 June 2016*
[8] *Resigned 31 March 2017 (after year-end)*
[9] *Appointed 1 February 2017*
[10] *Paid by Insimbi Alloy Supplies Proprietary Limited*

AUDITORS

PricewaterhouseCoopers Inc. continued as auditors for the year under review. Mr M Naidoo, having been designated auditor for five years, will be replaced by Mr JP van Staden.

COMPANY SECRETARY

Mrs K Holtzhausen resigned as Company Secretary of Insimbi with effect from 31 January 2017. Mrs SK Saunders was appointed as Company Secretary of Insimbi on 1 February 2017.

GOING CONCERN

The directors have reviewed the group's cash flow forecast for the year to 31 March 2017 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. Accordingly, the directors are of the view that Insimbi is a going concern.

ADRESSES:

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Extension 4
Germiston
1407
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Postal address
PO Box 14676
Wadeville
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1422
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INSIMBI REFRACTORY AND ALLOY SUPPLIES LIMITED

To the Shareholders of Insimbi Refractory and Alloy Supplies Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects the consolidated and separate financial position of Insimbi Refractory and Alloy Supplies Limited (the company) and its subsidiaries (together the group) as at 28 February 2017, and its consolidated and separate financial performance and its 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.

What we have audited

Insimbi Refractory and Alloy Supplies Limited's consolidated and separate financial statements set out on pages 44 to 91 comprise:

- the consolidated and separate statements of financial position as at 28 February 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

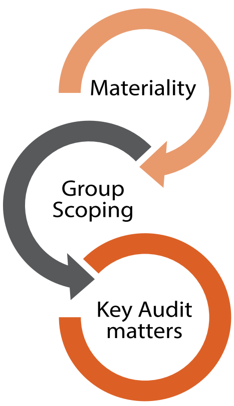
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

OUR AUDIT APPROACH

Overview



Overall group materiality

- Overall group materiality: R1 900 000, which represents 5% of consolidated profit before tax.

Group audit scope

- The group financial statements are a consolidation of nineteen companies. For group reporting purposes we performed full-scope audits of ten of these companies. Specified audit procedures were performed in respect of certain balances and transactions relating to the four property holding companies. In addition we performed analytical procedures in respect of the remaining companies.

Key audit matters (applicable to the consolidated financial statements only)

- Impairment assessment of goodwill

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

OUR AUDIT APPROACH CONTINUED

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our group audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall group materiality	R1 900 000
How we determined it	5% of consolidated profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as benchmark because, in our view, it is the benchmark against which the performance of the group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-orientated companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The group comprises nineteen companies organised across four operating segments, namely Non-ferrous, Ferrous, Refractory and Plastics. Ten companies were considered financially significant in relation to the group and were subjected to full-scope audits. Specified procedures were performed in respect of certain balances and transactions of the four property holding companies. We further performed analytical procedures in respect of the remaining companies.

This together with additional procedures performed at the group level, including testing of consolidation journals and intercompany eliminations, gave us the evidence we needed for our opinion on the consolidated financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following key audit matter relates to the consolidated financial statements. We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill	
The consolidated statement of financial position reflects significant amounts of goodwill, as detailed in note 4 to the consolidated financial statements on page 61. We considered this to be a matter of most significance to our audit due to the fact that the directors' assessment of the value in use of the cash-generating units (CGUs) involves judgement about the future results of the business and the discount rates applied to the future cash flows.	Our audit procedures included a detailed evaluation of the group's budgeting procedures. This included discussions with management, testing of the historical accuracy of forecasts against actual performance, consideration of the board approval process, as well as consideration of management's procedures used to prepare the future cash flow forecasts. We also tested the principles and integrity of the group's discounted cash flow models by comparing this to generally acceptable value in use valuation methodology. We tested the mathematical accuracy of the forecast model and we assessed key inputs in the calculations such as revenue growth, discount rates and working capital assumptions, by reference to the board-approved divisional forecast models, data external to the group and our own knowledge. We used our valuation expertise to independently calculate nominal discount rates, using independently obtained data. We tested forecasted revenue, profit margins and working capital assumptions per CGU by comparing to actual performance in prior years, taking into account acquisitions and changes in market share during the current period. We also considered and assessed the potential impact of negative changes to these key assumptions by performing sensitivity analyses around the key assumptions on the models. Based on the results of our procedures, we accepted management's assumptions as falling within reasonable ranges.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the directors' report, the Audit and Risk Committee report and the Certificate by Company Secretary as required by the Companies Act of South Africa and the other information included in the 2017 Integrated Annual Report, which we obtained prior to the date of this auditor's report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Insimbi Refractory and Alloy Supplies Limited for eight years.

PricewaterhouseCoopers Inc.
Director: Megan Naidoo
Registered Auditor
Sunninghill
26 May 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year-ended 28 February 2017

		GROUP		COMPANY	
		2017	2016	**2017**	2016
	Note	**R'000**	R'000	**R'000**	R'000
Revenue	22	**1 342 526**	955 106	**–**	–
Cost of sales	23	**(1 156 693)**	(830 137)	**–**	–
Gross profit		**185 833**	124 969	**–**	–
Other income	28	**1 349**	2 638	**2 701**	1 986
Operating expenses		**(132 749)**	(83 219)	**(1 328)**	(1 758)
Operating profit	24	**54 433**	44 388	**1 373**	228
Investment revenue	27	**266**	78	**10 149**	10 632
Income from equity accounted investments		**543**	–	**–**	–
Finance costs	29	**(16 355)**	(8 372)	**–**	–
Profit before taxation		**38 887**	36 094	**11 522**	10 860
Taxation	30	**(9 440)**	(7 264)	**(138)**	(64)
Profit for the year		**29 447**	28 830	**11 384**	10 796
Total comprehensive income for the year		**29 447**	28 830	**11 384**	10 796
Profit attributable to:					
Owners of the parent		**29 571**	29 391	**11 384**	10 796
Non-controlling interest		**(124)**	(561)	**–**	–
		29 447	28 830	**11 384**	10 796
Basic earnings per share	40	**11,01**	12,43	**–**	–
Diluted earnings per share	40	**10,37**	–	**–**	–

The notes on pages 48 to 91 form an integral part of the annual financial statements.

STATEMENT OF FINANCIAL POSITION

as at 28 February 2017

		GROUP		COMPANY	
		2017	2016	**2017**	2016
	Note	**R'000**	R'000	**R'000**	R'000
Assets					
Non-current assets					
Property, plant and equipment	3	**239 095**	116 658	**–**	–
Goodwill	4	**101 591**	44 560	**–**	–
Intangible assets	5	**11 836**	10 613	**–**	–
Investments in subsidiaries	6	**–**	–	**91 893**	23 574
Investments in joint ventures		**670**	–	**–**	–
Loans to group companies	7	**–**	–	**–**	5 387
Deferred taxation	11	**7 609**	8 749	**53**	437
		360 801	180 580	**91 946**	29 398
Current assets					
Inventories	13	**152 546**	87 927	**–**	–
Trade and other receivables	14	**275 792**	148 071	**–**	59
Derivative financial assets		**–**	484	**–**	–
Current taxation receivable		**3 166**	–	**326**	–
Cash and cash resources	15	**29 848**	10 270	**397**	46
Loans to group companies	7	**–**	–	**56 139**	–
		461 352	246 752	**56 862**	105
Total assets		**822 153**	427 332	**148 808**	29 503
Equity and liabilities					
Equity					
Equity attributable to equity holders of parent					
Share capital	16	**190 704**	44 442	**190 704**	44 442
Treasury shares		**(18 215)**	(14 159)	**–**	–
Reserves		**22 483**	21 503	**980**	–
Retained earnings/(accumulated loss)		**116 579**	100 251	**(43 281)**	(44 516)
		311 551	152 037	**148 403**	(74)
Non-controlling interest		**(258)**	(2 248)	**–**	–
		311 293	149 789	**148 403**	(74)
Liabilities					
Non-current liabilities					
Loans from shareholders	8	**2 491**	3 364	**–**	–
Other financial liabilities - at amortised cost	19	**210 811**	47 887	**–**	–
Deferred taxation	11	**26 083**	13 607	**–**	–
		239 385	64 858	**–**	–
Current liabilities					
Loans from group companies	7	**–**	–	**–**	28 702
Other financial liabilities – at fair value through profit and loss	19	**2 823**	–	**–**	–
Other financial liabilities – at amortised cost	19	**74 214**	59 822	**–**	–
Current taxation payable		**–**	83	**–**	23
Trade and other payables	20	**162 111**	152 730	**405**	852
Bank overdraft	15	**32 327**	50	**–**	–
		271 475	212 685	**405**	29 577
Total liabilities		**510 860**	277 543	**405**	29 577
Total equity and liabilities		**822 153**	427 332	**148 808**	29 503

The notes on pages 48 to 91 form an integral part of the annual financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year-ended 28 February 2017

	Share capital R'000	Share premium R'000	Treasury shares R'000	Revaluation reserve R'000	Share-based payment reserve R'000	Retained income/ accumulated loss R'000	Non-controlling interest R'000	Total equity R'000
GROUP								
Balance at 1 March 2015	–	44 442	(14 766)	21 503	–	81 492	(1 508)	131 163
Changes in equity								
Profit for the year								
Non-controlling interest arising on business combination	–	–	–	–	–	–	(179)	(179)
Total comprehensive income for the year	–	–	–	–	–	29 391	(561)	28 830
Purchase of own/treasury shares	–	–	607	–	–	–	–	607
Dividends	–	–	–	–	–	(10 632)	–	(10 632)
Total changes	–	–	607	–	–	18 759	(740)	18 626
Balance at 29 February 2016	–	44 442	(14 159)	21 503	–	100 251	(2 248)	149 789
Changes in equity								
Profit for the year	**–**	**–**	**–**	**–**	**980**	**28 591**	**(124)**	**29 447**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transactions with non-controlling interest	**–**	**–**	**–**	**–**	**–**	**(2 114)**	**2 114**	**–**
Shares issued		**146 262**	**–**	**–**	**–**	**–**	**–**	**146 262**
Purchase of own/treasury shares		**–**	**(4 056)**	**–**	**–**	**–**	**–**	**(4 056)**
Dividends	**–**	**–**	**–**	**–**	**–**	**(10 149)**	**–**	**(10 149)**
Total changes	**–**	**146 262**	**(4 056)**	**–**	**980**	**16 328**	**1 990**	**161 504**
Balance at 28 February 2017	**–**	**190 704**	**(18 215)**	**21 503**	**980**	**116 579**	**(258)**	**311 293**
COMPANY								
Balance at 1 March 2015	–	44 442	–	–	–	(44 680)	–	(238)
Changes in equity								
Profit for the year	–	–	–	–	–	10 796	–	10 796
Dividends	–	–	–	–	–	(10 632)	–	(10 632)
Total changes	–	–	–	–	–	164	–	164
Balance at 29 February 2016	–	44 442	–	–	–	(44 516)	–	(74)
Changes in equity								
Profit for the year	**–**	**–**	**–**	**–**	**980**	**11 384**	**–**	**12 364**
Shares issued	**–**	**146 262**	**–**	**–**	**–**	**–**	**–**	**146 262**
Dividends	**–**	**–**	**–**	**–**	**–**	**(10 149)**	**–**	**(10 149)**
Total changes	**–**	**146 262**	**–**	**–**	**980**	**1 235**	**–**	**148 477**
Balance at 28 February 2017	**–**	**190 704**	**–**	**–**	**980**	**(43 281)**	**–**	**148 403**
Notes	16	16	16	18	17			

The notes on pages 48 to 91 form an integral part of the annual financial statements.

STATEMENT OF CASH FLOWS

for the year-ended 28 February 2017

		GROUP		COMPANY	
					(Restated)
		2017	2016	**2017**	2016
	Note	**R'000**	R'000	**R'000**	R'000
Cash flows from operating activities					
Cash generated from operations	32	**88 928**	25 545	**1 707**	414
Interest income		**266**	78	**–**	–
Finance costs		**(16 355)**	(8 863)	**–**	–
Tax paid	33	**(11 244)**	(11 027)	**(825)**	148
Net cash from operating activities		**61 595**	5 733	**882**	562
Cash flow from investing activities					
Purchase of property, plant and equipment	3	**(10 373)**	(31 443)	–	**–**
Sale of property, plant and equipment	3	**1 430**	214	**–**	–
Purchase of intangible assets	5	**(922)**	(1 708)	**–**	–
Business combinations	35	**(230 546)**	(8 289)	**–**	–
Loans advanced to group companies		**–**	–	**(50 752)**	(27)
Investment in subsidiaries		**–**	–	**(17 339)**	–
Dividends received		**–**		**10 149**	10 632
Net cash from investing activities		**(240 411)**	(41 226)	**(57 942)**	10 605
Cash flow from financing activities					
Sale/(purchase) of treasury shares	16	**(4 056)**	607	**–**	–
Proceeds from share issue	16	**96 262**	–	**96 262**	–
Proceeds from other financial liabilities		**95 613**	108 436	**–**	–
Repayment of other financial liabilities		**(6 672)**	(85 337)	**–**	–
Loans from group companies repaid		**–**	–	**(28 702)**	(368)
Repayment of shareholder's loan		**(1 169)**	3 364	**–**	–
Proceeds from shareholder's loan		**296**	–	**–**	–
Dividends paid	34	**(10 149)**	(10 632)	**(10 149)**	(10 632)
Net cash from financing activities		**170 125**	16 438	**57 411**	(11 000)
Total cash movement for the year		**(8 691)**	(19 055)	**351**	167
Cash at the beginning of the year		**10 220**	27 746	**46**	(121)
Effect of exchange rate movement on cash balances		**(4 008)**	1 529	**–**	–
Total cash at the end of the year	15	**(2 479)**	10 220	**397**	46

The notes on pages 48 to 91 form an integral part of the annual financial statements.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) interpretations issued by the IFRS Interpretations Committee, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial assets and financial liabilities (including derivative financial instruments) that are shown at fair value and land and buildings that are shown at revalued cost, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements reflect the financial results of the group. All the financial results are consolidated with similar items on a line by line basis.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not effected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3: Business combinations are recognised at their fair values at acquisition date.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRSs.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.1 Consolidation continued

Business combinations continued

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables, loans and receivables

The group assesses its trade receivables, loans and receivables for impairment at the end of each reporting period. For further detail please refer to note 1.7 – Financial instruments and note 14 – Trade and other receivables. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write-down is included in the operating profit note. Provision is made for stock older than 365 days.

Fair value estimation

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate (prime rate at 10,25%).

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. For further details please refer to note 4 – Goodwill and note 5 – Intangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Expected manner of realisation for deferred tax

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted. Refer to note 11 - Deferred taxation on page 68.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.2 Significant judgements and sources of estimation uncertainty continued

Intangible assets with indefinite useful lives

Key factors taken into consideration in determining that the regulatory permit has an indefinite useful life are as follow:

- The products manufactured will continue as long as steel is manufactured. The majority of the products are used as deoxidants into the steel industry. The steel industry is well established in South Africa and production methods in the steel industry are consistent and use our products on an ongoing basis.
- No significant capital expenditure is required for the plant. We expect the plant to be maintained through regular ongoing maintenance
- The asset is well controlled as the group owns both the site to which the asset refers as well as all of the manufacturing equipment.
- The asset is site specific and the group owns the property to which the asset has been allocated
- There are no technological barriers for the group but there are significant cost barriers for competitors to enter the market, such as the cost of environmental and regulatory permits and the cost of establishing the plant.
- The group has considerable expertise and management skills related specifically to the aluminium industry.
- The asset is the only secondary aluminium smelter in the Western Cape.

The useful life of regulatory permit is considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the group. The permit endures in perpetuity provided that the company complies with changes in legislation as they occur.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Land and buildings are carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation surplus in equity.

Increases as a result of revaluation are accumulated in the revaluation surplus in equity until the asset is sold, after which the revaluation surplus is transferred to retained earnings.

Land is not depreciated. Other items of property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.3 Property, plant and equipment continued

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Useful lives
Buildings	25 years
Plant and machinery	3 – 10 years
Furniture and fixtures	3 – 6 years
Motor vehicles	4 years
IT equipment	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

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 the item.

1.4 Goodwill

Goodwill is initially measured at cost. Subsequently goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment.

For the purpose of impairment testing, goodwill is allocated to those cash-generating units or groups of cash-generating units expected to benefit from the synergies of the combination in which the goodwill arose, identified according to operating segment. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised on goodwill is not reversed in a subsequent period.

Gains and losses on disposal of a cash-generating unit include the carrying amount of goodwill allocated to the entity sold.

1.5 Intangible assets

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any impairment losses and accumulated amortisation.

Item	Useful life
Patents, trademarks and other rights	Indefinite

For further details refer to note 5 on page 63.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.6 Investments in subsidiaries

Group annual financial statements

The group annual financial statements include those of the holding company and its subsidiaries. The results of the subsidiaries are consolidated from the date on which control is transferred to the group up until the date that control ceases.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

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 company; plus
- any costs directly attributable to the purchase of the subsidiary; plus
- changes in consideration arising from contingent consideration amendments.

1.7 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss – held for trading;
- Loans and receivables;
- Financial liabilities at fair value through profit or loss – held for trading; and
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments. The group 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 instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest. Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.7 Financial instruments continued

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Loans to/(from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

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 60 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 profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

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 resources

Cash and cash resources 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. These are initially and subsequently recorded at fair value.

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 group's accounting policy for borrowing costs.

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 remeasured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise. Derivatives are classified as financial assets at fair value through profit or loss – held for trading.

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1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.8 Tax

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 end of the reporting period.

Deferred tax assets and liabilities

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

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, to other comprehensive income, or
- a business combination.

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

1.9 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. Refer to note 36 - Commitments on page 83.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

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

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories 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. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.11 Impairment of non-financial assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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.

The group 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.

1.12 Share 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. When any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.14 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

1.15 Revenue

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, estimated returns, rebates, discounts and value added tax after eliminating sales within the group. Revenue is recognised as follows:

Sale of goods

Sale of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and all risks and rewards associated with them, there is no further group management involvement in the products and collectability of the related receivables is reasonably assured. Products are often sold with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.15 Revenue continued

Rendering of services (commission income)

Commission income is recognised in the accounting period in which the services are rendered. This is the period in which the sale of products under the commission agreement takes place.

Rental income

Rental income of properties is recognised as income on a straight-line basis over the lease term.

1.16 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 is 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.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.17 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 purpose of obtaining a qualifying asset less any temporary investment of those borrowings; and
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

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.

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

1.18 Translation of foreign currencies

Functional and presentation currency

Items included in the annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated annual financial statements are presented in Rand which is the group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.18 Translation of foreign currencies continued

Foreign currency transactions continued

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.19 Investment revenue

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

Dividends are recognised in profit and loss when the company's right to receive payment has been established.

1.20 Joint agreement

A joint agreement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint venture or a joint operation. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations relating to the arrangement.

Interest in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Subsequent to initial recognition, the group recognises its share of the profit or loss until the date on which control ceases.

1.21 Share-based payments

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

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received.

Vesting conditions which are not market related are not taken into consideration when determining the fair value of the equity instruments granted. Instead, vesting conditions which are not market related shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. There are no market related vesting conditions.

The share based payments do not vest until the employees completes a specified period of service, therefore group accounts for those services as they are rendered on a straight line basis over the vesting period.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2017 or later periods:

International Financial Reporting Standards and amendments issued and not yet effective

Number	Effective date	Executive summary	Applicable to Insimbi	Impact on the annual financial statements
IFRS 15: Revenue from contracts with customers	1 January 2018	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.	Yes	Low
IFRS 9: Financial Instruments (2009 and 2010) – Financial liabilities – Derecognition of financial instruments – Financial assets – General hedge accounting	1 January 2018	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9: Financial instruments to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 9: Financial instruments: Recognition and measurement, without change, except for financial liabilities that are designated at fair value through profit or loss.	Yes	Low
IFRS 16: Leases	1 January 2019	After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture). A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios). IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.	Yes	Low

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3. PROPERTY, PLANT AND EQUIPMENT

	2017			2016		
	Cost or revaluation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost or revaluation R'000	Accumulated depreciation R'000	Carrying value R'000
GROUP						
Land	**30 537**	**–**	**30 537**	18 443	–	18 443
Buildings	**109 775**	**(17 831)**	**91 944**	67 385	(14 645)	52 740
Plant and machinery	**144 114**	**(60 469)**	**83 645**	57 624	(17 460)	40 164
Furniture and fixtures	**7 641**	**(4 463)**	**3 178**	4 544	(3 379)	1 165
Motor vehicles	**51 369**	**(23 309)**	**28 060**	16 975	(13 671)	3 304
IT equipment	**7 867**	**(6 136)**	**1 731**	4 718	(3 876)	899
Total	**351 303**	**(112 208)**	**239 095**	169 689	(53 031)	116 658

Reconciliation of property, plant and equipment

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Depreciation R'000	Total R'000
GROUP						
2017						
Land	**18 443**	**–**	**12 094**	**–**	**–**	**30 537**
Buildings	**52 740**	**5 241**	**37 006**	**–**	**(4 462)**	**91 945**
Plant and machinery	**40 164**	**8 560**	**39 676**	**(293)**	**(5 189)**	**83 645**
Furniture and fixtures	**1 165**	**1 169**	**1 306**	**(8)**	**(454)**	**3 178**
Motor vehicles	**3 304**	**1 372**	**26 295**	**(611)**	**(2 300)**	**28 060**
IT equipment	**842**	**389**	**1 021**	**(10)**	**(512)**	**1 730**
	116 658	**16 731**	**117 398**	**(922)**	**(10 770)**	**239 095**

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Transfer R'000	Depreciation R'000	Total R'000
2016							
Land	18 443	–	–	–	–	–	18 443
Buildings	37 138	18 129	–	–	–	(2 527)	52 740
Plant and machinery	15 900	12 021	15 558	–	881	(4 196)	40 164
Furniture and fixtures	1 080	372	–	–	–	(287)	1 165
Motor vehicles	3 646	689	338	(167)	–	(1 202)	3 304
IT equipment	1 058	232	8	(6)	–	(450)	842
Capital – Work in progress	881	–	–	–	(881)	–	–
	78 146	31 443	15 904	(173)	–	(8 662)	116 658

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company. The property is pledged as security for the term loan (note 19).

Fully depreciated assets with a cost of R28,137 million were still in use at year-end.

Additions include plant and machinery, and vehicles through instalment sales of R4,446 million and cash additions of R10,373 million.

3. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Revaluations

Revaluation of land and buildings

The effective date of the last revaluations was Thursday, 28 February 2013. Revaluations were performed by independent valuer, Mr Tom Bate MSc BSc Land Econ (UK) MRCIS, MIV (SA), of MillsFitchet who are not connected to the group. The valuer is a professional valuer registered without restriction in terms of section 19 of the Property Valuers Profession Act 47 of 2000.

Land and buildings are revalued independently every five years. The next revaluation will be performed on 28 February 2018. The carrying amount of the land and buildings under the cost model would have been R25 995 995 (2016: R27 095 330).

The valuation was performed using the discounted cash flow approach and the following assumption was used: Discount rate 10,75%.

This assumption was based on market conditions at the time. Fair value approximates carrying value.

4. GOODWILL

	2017 Cost R'000	2017 Accumulated impairment R'000	2017 Carrying value R'000	2016 Cost R'000	2016 Accumulated impairment R'000	2016 Carrying value R'000
GROUP						
Goodwill	**105 891**	**(4 300)**	**101 591**	48 860	(4 300)	44 560

Reconciliation of goodwill

	Opening balance R'000	Additions through business combinations R'000	Goodwill acquired in business combination R'000	Total R'000
GROUP				
2017				
Goodwill	**44 560**	**48 531**	**8 500**	**101 591**
2016				
Goodwill	35 638	8 922	–	44 560

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4. GOODWILL CONTINUED

Impairment test for goodwill

The impairment test for goodwill identifies the recoverable amount of a cash-generating unit and is determined based on value in use calculations.

Management reviews business performance based on the market segments in which the group operates. The following is a summary of the goodwill allocation to each operating segment:

	Opening balance R'000	Additions through business combinations R'000	Closing balance R'000
Allocation of goodwill by segment			
Non-ferrous (previously "Foundry")	19 329	51 483	70 812
Ferrous (previously "Steel")	11 885	5 534	17 419
Refractory	4 424	–	4 424
Plastics	8 922	14	8 936
	44 560	57 031	101 591

Value in use calculations use cash flow projections based on financial budgets approved by management and cover a five-year period. The estimated growth rates applied are in line with that of the industry in which the company operates and are materially similar to assumptions of external market sources. The cash-generating unit's recoverable amount is most sensitive to the growth rate assumptions applied. Growth rates for impairment testing purposes beyond five years were assumed to be 3%. Assumptions were based on management's past experience and best estimates regarding forecasts. Management determined budgeted gross margin based on past performance and its expectation of market developments. The discount rates used are pre-tax and reflect the appropriate risk associated with the industry and its respective businesses.

The key assumptions used for the value in use calculations are as follows:

	2017				2016			
Key assumptions	**Non-ferrous %**	**Ferrous %**	**Refractory %**	**Plastics %**	Non-ferrous %	Ferrous %	Refractory %	Plastics %
Gross margin – budgeted	8,80	13,00	16,00	35,10	12,10	9,50	16,40	35,10
Growth rate	3,00	3,00	3,00	3,00	3,00	3,00	3,00	3,00
Discount rate	23,26	21,54	21,54	18,47	23,32	21,54	18,91	18,47

Gross margin – budgeted gross margin as per 2017/8 budget
Growth rate – minimum growth rate used to extrapolate cash flows beyond the budget period
Discount rate – pre-tax discount rate applied to the cash flow projections

Management has determined budgeted gross margin based on past performance and its expectations of the market development. The minimum growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

Sensitivity analysis

A decrease in the growth rate by 1% or an increase of 1% in the discount rate assumed, will not result in any impairment to the group. The sensitivity analysis has been performed at a segment, as well as a group level, and there is sufficient headroom in all instances.

	2017			2016		
	Cost/ valuation R'000	Accumulated amortisation R'000	Carrying value R'000	Cost/ valuation R'000	Accumulated amortisation R'000	Carrying value R'000
5. INTANGIBLE ASSETS						
GROUP						
Regulatory permit	**2 500**	**–**	**2 500**	2 500	–	2 500
Intangible assets under development	**9 336**	**–**	**9 336**	8 113	–	8 113
Total	**11 836**	**–**	**11 836**	10 613	–	10 613

Reconciliation of intangible assets

	Opening balance R'000	Additions R'000	Borrowing cost capitalised R'000	Total R'000
GROUP				
2017				
Regulatory permit	**2 500**	**–**	**–**	**2 500**
Intangible assets under development	**8 113**	**922**	**301**	**9 336**
	10 613	**922**	**301**	**11 836**
2016				
Regulatory permit	2 500	–	–	2 500
Intangible assets under development	5 914	1 708	491	8 113
	8 414	1 708	491	10 613

Borrowing costs capitalised are from general borrowings and represent a weighted average capitalisation rate of 3,27%.

Other information

The useful life of the regulatory permit is considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the group. The permit endures in perpetuity provided that the company complies with changes in legislation as they occur. This is included within the foundry operating segment value in use calculation.

The impairment test for this intangible asset identifies the recoverable amount of the cash-generating unit determined based on value in use. Refer to 1.2 for significant estimate and judgement information. A discount rate of 23,26% has been used.

for the year-ended 28 February 2017

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
5. INTANGIBLE ASSETS CONTINUED				
Allocation of intangible assets with indefinite lives to cash-generating units				
Non-ferrous	**2 500**	2 500	**–**	–
Ferrous	**–**	–	**–**	–
Refractory	**–**	–	**–**	–
Plastics	**–**	–	**–**	–
	2 500	2 500	**–**	–
Intangible assets under development:				
Nano Milling Technology	**9 336**	8 113	**–**	–

The investment in Nano Milling Technology includes directly attributable costs that are capitalised during the development phase of the project. These costs include materials, services, and employee costs related to the development of the asset. The useful life of the asset will be assessed upon completion of the development phase. The development phase is expected to be completed during the next 12 months. The development was conceived to introduce the concept of nano sizing of a range of products to the South African industry. Nano sizing is the reduction of particle size with sophisticated equipment to extremely fine submicron sizes.

6. INVESTMENT IN SUBSIDIARIES

GROUP AND COMPANY

Name of company	Held by	**Holding 2017 %**	Holding 2016 %	**Carrying amount 2017 R'000**	Carrying amount 2016 R'000
Insimbi Alloy Properties Proprietary Limited	Insimbi Refractory and Alloy Supplies Limited	**100,00**	100,00	**–**	–
Insimbi Alloy Supplies Proprietary Limited	Insimbi Refractory and Alloy Supplies Limited	**100,00**	100,00	**23 574**	23 574
Insimbi Refractory and Alloy Supplies Proprietary Limited Zambia	Insimbi Alloy Supplies Proprietary Limited	**90,00**	90,00	**–**	–
Insimbi Refractory and Alloy Supplies Proprietary Limited Zambia	Insimbi Alloy Supplies Proprietary Limited	**10,00**	10,00	**–**	–
Insimbi Modular Plastics Proprietary Limited*	Insimbi Alloy Supplies Proprietary Limited	**60,00**	100,00	**–**	–
Insimbi Aluminium Alloys Proprietary Limited	Insimbi Alloy Supplies Proprietary Limited	**100,00**	100,00	**–**	–
Insimbi Thermal Insulation Proprietary Limited	Insimbi Alloy Supplies Proprietary Limited	**100,00**	100,00	**–**	–
Metlite Alloys Proprietary Limited	Insimbi Alloy Supplies Proprietary Limited	**100,00**	100,00	**–**	–
Metlite Alloy Properties Proprietary Limited	Insimbi Alloy Properties Proprietary Limited	**100,00**	100,00	**–**	–
Insimbi Nano Milling Proprietary Limited	Insimbi Alloy Supplies Proprietary Limited	**100,00**	80,00	**–**	–
TP Hentiq 6064 Proprietary Limited	Insimbi Alloy Supplies Proprietary Limited	**100,00**	100,00	**–**	–
Polydrum Proprietary Limited	Insimbi Alloy Supplies Proprietary Limited	**87,50**	75,00	**–**	–
Amalgamated Metals Group Holdings Proprietary Limited	Insimbi Refractory and Alloy Supplies Limited	**23,31**	–	**50 000**	–
Amalgamated Metals Group Holdings Proprietary Limited	Insimbi Alloy Supplies Proprietary Limited	**76,69**	–	**–**	–
Insimbi EmployeeCo Proprietary Limited**	Insimbi Refractory and Alloy Supplies Limited	**3,17**	–	**7 359**	–
Insimbi ManCo Proprietary Limited**	Insimbi Refractory and Alloy Supplies Limited	**2,43**	–	**10 960**	–
				91 893	23 574

* *Previously Insimbi Bulk Commodities Proprietary Limited*

** *Special purpose entities under the control of the group.*

In November 2013 Insimbi entered into a joint venture with African Financial Group Proprietary Limited. Even though the legal structure thereof was approved and established at the previous financial year-end, no transactions had taken place with this entity.

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	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
7. LOANS TO/(FROM) GROUP COMPANIES				
Subsidiaries				
Insimbi Alloy Properties Proprietary Limited	–	–	**5 435**	5 387
The loan is unsecured, interest free and has no fixed terms of repayment.				
Insimbi Alloy Supplies Proprietary Limited	–	–	**50 704**	(28 702)
These loans are unsecured, interest free and have no fixed terms of repayment.				
Insimbi EmployeeCo Proprietary Limited	–	–	**1**	–
These loans are unsecured, interest free and have no fixed terms of repayment.				
Insimbi ManCo Proprietary Limited	–	–	**1**	–
These loans are unsecured, interest free and have no fixed terms of repayment.				
			56 141	(23 315)
The loans are repayable when the subsidiary company achieves positive cash flows				
Non-current assets	–	–	–	5 387
Current assets	–	–	**56 141**	–
Current liabilities	–	–	–	(28 072)
	10 796	–	**56 141**	(23 315)
The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The group does not hold any collateral as security.				
Fair value of loans to and from group companies				
Loan owed by Insimbi Alloy Properties Proprietary Limited	–	–	**5 421**	4 020
Loan owed by Insimbi Alloy Supplies Proprietary Limited	–	–	**45 784**	–
The fair values of the loans are based in cash flows discounted at the prime lending rate of 10,5% (2016: 10,25%). The fair values are within level 3 of the fair value hierarchy.				
8. LOANS TO (FROM) SHAREHOLDERS				
B Fetting	**(2 195)**	(1 682)	–	–
The loan is unsecured, interest free and carries no fixed repayment terms.				
Modular Dock Proprietary Limited	**(296)**	–	–	–
The loan is unsecured, interest free and carries no fixed repayment terms.				
C Whitaker	–	(1 682)	–	–
The loan is unsecured, interest free and carries no fixed repayment terms.				

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The group does not hold any collateral as security.

9. INTEREST IN JOINT VENTURES

The group has a 6,75% interest in Cronimet Two Joint Venture, and has 20% of the voting rights in the joint venture.

The joint venture is incorporated in South Africa and the other parties are entities in the metal recycling industry. The joint venture was started to encourage recyclers to offer stainless steel to local markets, before offering the product to export markets.

In accordance with the terms of the contractual agreement in place, the group is entitled to 8,114% of the net assets of Cronimet Two Joint Venture. The total net assets of Cronimet Two Joint Venture as at 28 February 2017 amounted to R8 260 662.

The total profit share from Cronimet Two Joint Venture recognised by the group in the statement of comprehensive income for the period ended 28 February 2017 amounted to R542 860.

10. FINANCIAL ASSETS BY CATEGORY

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

	Loans and receivables R'000	Total R'000
GROUP		
2017		
Trade and other receivables	**263 719**	**263 719**
Cash and cash equivalents	**29 848**	**29 848**
	293 567	**293 567**

	Loans and receivables R'000	Fair value through profit or loss – designated R'000	Total R'000
2016			
Derivative assets	–	484	484
Trade and other receivables	139 205	–	139 205
Cash and cash equivalents	10 270	–	10 270
	149 475	484	149 959

	Loans and receivables R'000	Total R'000
COMPANY		
2017		
Loans to group companies	**56 141**	**56 141**
Cash and cash equivalents	**397**	**397**
	56 538	**56 538**
2016		
Loans to group companies	5 387	5 387

Pre-payments and VAT receivable are excluded from trade and other receivables.

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11. DEFERRED TAXATION

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Deferred tax liability				
Accelerated tax depreciation	**(474)**	(1 439)	**–**	–
Fair value gains	**(27 616)**	(12 162)	**–**	–
Other	**–**	(6)	**–**	–
Total deferred tax liability	**(28 090)**	(13 607)	**–**	–
Deferred tax assets				
Provisions	**2 984**	1 218	**53**	437
Tax losses available for offset against future taxable income	**4 830**	5 727	**–**	–
Other	**1 802**	1 804	**–**	–
	9 616	8 749	**53**	501
The gross movement on the deferred tax income account is as follows:				
Opening balance	**(4 858)**	(1 364)	**437**	501
(Credited)/charged to the income statement	**1 446**	(694)	**(384)**	(64)
(Credited) to other comprehensive income	**–**	–	**–**	–
Acquisition of subsidiary	**(15 062)**	(2 800)		
Closing balances	**(18 474)**	(4 858)	**53**	437

	Provisions R'000	Tax losses available for set-off R'000	Other R'000	Total assets R'000
GROUP				
The movement in deferred tax assets during the year is as follows:				
At 1 March 2015	957	10 005	1 266	12 228
(Credited)/charged to the income statement	261	(4 278)	538	(3 479)
(Credited)/charged to other comprehensive income				–
at 28 February 2016	1 218	5 727	1 804	8 749
(Credited)/charged to the income statement	**1 766**	**(1 289)**	**(2)**	**475**
(Credited)/charged to other comprehensive income				**–**
Acquisition of subsidiary	**–**	**392**	**–**	**392**
At 28 February 2017	**2 984**	**4 830**	**1 802**	**9 616**

11. DEFERRED TAXATION CONTINUED

	Accelerated tax depreciation R'000	Fair value gains R'000	Other R'000	Total liabilities R'000
GROUP				
The movement in deferred tax liabilities during the year is as follows:				
At 1 March 2015	(1 467)	(9 362)	(2 763)	(13 592)
(Credited)/charged to the income statement	28	–	2 757	2 785
(Credited)/charged to other comprehensive income				–
Acquisition of subsidiary	–	(2 800)	–	(2 800)
At 28 February 2016	(1 439)	(12 162)	(6)	(13 607)
(Credited)/charged to the income statement	**965**	**–**	**6**	**971**
(Credited)/charged to other comprehensive income				**–**
Acquisition of subsidiary		**(15 454)**		**(15 454)**
At 28 February 2017	**(474)**	**(27 616)**	**–**	**(28 090)**

	Tax losses available for set-off R'000	Other R'000	Total assets R'000
COMPANY			
The movement in deferred tax assets and liabilities during the year is as follows:			
At 1 March 2015	501	–	501
(Credited)/charged to the income statement	(64)		(64)
(Credited)/charged to other comprehensive income	–	–	–
At 28 February 2016	437	–	437
(Credited)/charged to the income statement	**(384)**	**–**	**(384)**
(Credited)/charged to other comprehensive income	**–**	**–**	**–**
At 28 February 2017	**53**	**–**	**53**

Recognition of deferred tax asset

The deferred tax asset arises predominately from estimated tax losses generated by the aluminium businesses in Benoni and Cape Town. This asset will be utilised against future taxable income that management expects the company to start generating. The group has estimated losses of R16 491 054 (2016: R23 509 734) that may be carried forward against future taxable income. In the current year Insimbi Aluminium Alloys Proprietary Limited generated a taxable profit, which has resulted in the decrease of this balance.

12. RETIREMENT BENEFITS

Defined contribution plan

The employees of the group are members of a defined contribution plan, which is administered by Alexander Forbes Retirement Fund. The fund is governed by the Pension Fund Act of 1956.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an expense when they are due. The expense recognised during the year was R3 455 315 (2016: R3 035 214).

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	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
13. INVENTORIES				
Raw materials, components	**135 806**	78 878	**–**	–
Finished goods	**2 466**	3 973	**–**	–
Goods in transit	**15 777**	8 063	**–**	–
	154 049	90 914	**–**	–
Inventories (write-downs)*	**(1 503)**	(2 987)	**–**	–
	152 546	87 927	**–**	–

** Relates to raw materials and components*

The total inventory write-down for the year was included in the cost of sales in other comprehensive income.

The inventory balances do not include any spare parts.

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
14. TRADE AND OTHER RECEIVABLES				
Trade receivables	**265 858**	135 854	**–**	–
Provision for impairment	**(4 346)**	(3 477)	**–**	–
Prepayments	**7 537**	650	**–**	–
Deposits	**604**	557	**–**	–
VAT	**4 536**	7 659	**–**	59
Sundry debtors	**1 603**	6 828	**–**	–
	275 792	148 071	**–**	59

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 60 days past due are not considered to be impaired. At 28 February 2017, R14,7 million (2016: R12,01 million) was past due but not impaired. Credit insurance has been taken out on all debtors to reduce credit risk, which is why a large amount of debtors past due have not been impaired. Insurance is taken on an invoice basis, and fluctuates throughout the year.

The ageing of amounts past due but not impaired is as follows:

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
60 days past due	**3 320**	4 397	**–**	–
90 days past due	**2 158**	2 870	**–**	–
120 days past due	**9 316**	4 374	**–**	–

Trade and other receivables impaired

As of 28 February 2017, trade and other receivables of R4,29 million (2016: R3,48 million) were impaired and provided for.

The amount of the provision was R4,29 million as of 28 February 2017 (2016: R3,48 million).

Reconciliation of provision for impairment of trade and other receivables

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Opening balance	**(3 477)**	(1 282)	**–**	–
Provision for impairment	**(817)**	(2 195)	**–**	–
	(4 294)	(3 477)	**–**	–

The creation and release of a provision for impaired receivables have been included in operating expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

In the current year trade receivables of R9,956 million have been impaired. The amount has been included in other operating expenses.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The group does not hold any collateral as security.

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
15. CASH AND CASH RESOURCES				
Cash and cash equivalents consist of:				
Cash on hand	**1 657**	140	**–**	–
Bank balances	**28 191**	10 130	**397**	46
Bank overdraft	**(32 327)**	(50)	**–**	–
	(2 479)	10 220	**397**	46
16. SHARE CAPITAL				
Authorised				
12 000 000 000 ordinary shares of 0,000025 each	**3**	3	**3**	3
Reconciliation of number of shares issued ('000):				
Treasury shares/held by subsidiaries	**23 106**	22 744	**23 106**	23 590
Issue of shares – ordinary shares	**293 155**	43 708	**293 155**	42 862
Issue of shares to directors – ordinary shares	**139 951**	193 548	**139 951**	193 548
	410 000	260 000	**410 000**	260 000
Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.				
392 235 shares were repurchased from the market for an amount of R441 303.				
Issued (R'000)				
Share premium	**199 322**	46 533	**199 322**	46 533
Share issue costs written off against share premium	**(8 618)**	(2 091)	**(8 618)**	(2 091)
Treasury shares/held by subsidiaries	**(18 215)**	(14 159)	**–**	–
	172 489	30 283	**190 704**	44 442

Shares repurchased by a subsidiary and held in treasury amounted to R18 214 850 (2016: R14 158 844) at year-end which are disclosed as a reduction of equity in the statement of changes in equity.

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17. SHARE-BASED PAYMENTS

Insimbi has entered into agreements for the implementation of an employee share participation transaction and a management share participation transaction in terms of which eligible employees of Insimbi (other than directors and prescribed officers of the group) collectively, obtained an approximate 8,78% indirect shareholding interest in Insimbi Refractory and Alloy Supplies Limited. The exercise price of the granted option is R0,78 on the date of the grant. Options are conditional on the employee completing five years' service (the vesting period), whereafter the options may be exercised in three one-year tranches (year six, seven and eight). The group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding, and their related weighted average exercise price are as follows:

Share option group	Number	Weighted exercise price	Total value
Granted during the year	22 835 887	0,78	R17 814 059

Weighted average share price at exercise date of options was R1 (2016: Rnil).

Information on options granted during the year

Fair value was determined by the Black Scholes Model. The following inputs were used:

- Weighted average share price – R1,00
- Exercise price – R0,83
- Expected volatility – 67,9%
- Option life – 8 years
- Expected dividends – 7,26%
- The risk-free interest rate – 8,52%
- Volatility has been determined by considering the historical volatility of the Insimbi Refractory and Alloy Supplies Limited share, calculated as the annualised standard deviation of the continuously compounded daily returns of the underlying share under the assumption that the share price is log-normally distributed. This is calculated over a period commensurate with the term of each tranche.

Total expenses of R979 524 (2016: Rnil) related to equity-settled share-based payments transactions were recognised in 2017 and 2016 respectively.

18. REVALUATION RESERVE

In 2013 the group changed its accounting policy for the treatment of land and buildings to the revaluation method in terms of IAS 16: Property, plant and equipment. The group has revalued its land and buildings under the revaluation model and the effect was as follows:

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Surplus on revaluation of land and buildings	**28 375**	28 375	**–**	–
Deferred taxation	**(6 872)**	(6 872)	**–**	–
	21 503	21 503	**–**	–

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
19. OTHER FINANCIAL LIABILITIES				
At fair value through profit or loss				
Foreign exchange contract	**2 823**	–	**–**	–
The fair value of the foreign currency exchange contracts is determined by using the relevant exchange spot rates at the balance sheet date.				
The derivative instruments are held at fair value and have significant inputs other than quoted prices that are either directly or indirectly observable for the instruments. This results in the fair value measure of these instruments being classified as Level 2 in the fair value ranking. No other financial instruments are held at fair value.				
Held at amortised cost				
FirstRand Bank Limited – leveraged finance	**13 560**	21 097	**–**	–
FirstRand Bank Limited – mortgage bonds	**57 839**	32 548	**–**	–
Absa Bank Limited – term loan	**80 000**	–	**–**	–
FirstRand Bank Limited – overdraft	**49 500**	43 889	**–**	–
Casterly Rock Investments Proprietary Limited*	**16 804**	–	**–**	–
Crimson Clover Investments Proprietary Limited*	**16 804**	–	**–**	–
Golden Griffin Investments Proprietary Limited*	**16 404**	–	**–**	–
Loans from previous owners	**13 605**	–	**–**	–
Instalment sales	**20 509**	10 175	**–**	–
	285 025	107 709	**–**	–
	287 848	107 709	**–**	–
The fair value of all borrowings approximates the carrying value of the borrowings, and the impact of discounting is not significant.				
Non-current liabilities				
FirstRand Bank Limited – leveraged finance	**10 094**	15 225	**–**	–
FirstRand Bank Limited – mortgage bonds	**53 387**	27 206	**–**	–
Absa Bank Limited – term loan	**80 000**	–	**–**	–
Casterly Rock Investments Proprietary Limited*	**16 804**	–	**–**	–
Crimson Clover Investments Proprietary Limited*	**16 804**	–	**–**	–
Golden Griffin Investments Proprietary Limited*	**16 404**	–	**–**	–
Instalment sales	**17 318**	5 456	**–**	–
	210 811	47 887	**–**	–
Current liabilities				
FirstRand Bank Limited – leveraged finance	**3 466**	5 872	**–**	–
FirstRand Bank Limited – mortgage bonds	**4 451**	5 342	**–**	–
FirstRand Bank Limited – overdraft	**49 500**	43 889	**–**	–
Loans from previous owners	**13 605**	–	**–**	–
Foreign exchange contract	**2 823**	–	**–**	–
Instalment sales	**3 192**	4 719	**–**	–
	77 037	59 822	**–**	–
	287 848	107 709	**–**	–

** Related parties of the group.*

19. OTHER FINANCIAL LIABILITIES CONTINUED

FirstRand Bank Limited – mortgage bond

Interest rate – prime less 0,25%. The monthly capital repayment is R445 205,77. The loan is secured by the property held in Atlantis, Western Cape, the property held in Teakwood Road, Jacobs, KwaZulu-Natal, as well as the property acquired in Crocker Road, Wadeville. The interest rate at year-end was 10%. The last repayment falls due on 1 July 2025.

FirstRand Bank Limited – leveraged finance

Interest rate – prime. The monthly capital repayment is R387 483,28. The loan is secured by the property acquired in Atlantis, Western Cape, as well as the shareholding in Polydrum Proprietary Limited (refer note 35). The interest rate at year-end was 10,25%. The last repayment falls due on 7 August 2020.

Absa Bank Limited – term loan

Interest rate -JIBAR + 300. The quarterly capital repayment is R4 000 000. The loan is secured by the shareholdings in Amalgamated Metals Group Holdings Proprietary Limited, a limited guarantee of R80 000 000 by Amalgamated Metals Group Holdings Proprietary Limited, a limited guarantee of R20 000 000 by Insimbi Alloy Supplies Proprietary Limited and a limited guarantee of R20 000 000 by Insimbi Refractory and Alloy Supplies Limited. The interest rate at year-end was 7,36%. The last repayment falls due on 11 January 2022.

Absa Bank Limited – overdraft

Interest rate – prime. The maximum amount that is permitted is R40 000 000 (2016: R30 000 000). The balance varies from month to month , however at year-end none of the facility was in use. The interest rate at year-end was10,25%.

FirstRand Bank Limited – overdraft

Interest rate – prime less 0,5%. The maximum amount that is permitted is R63 500 000 (2016: R63 500 000). The balance varies from month to month depending on the cash flow of the group and the company and there are no fixed repayment terms. The interest rate at year-end was 10%.

Casterly Rock Investments Proprietary Limited

Interest rate – prime plus 2%. Interest is paid bi-annually, while the capital amount can be repaid at any time, but no later than the final repayment date, which falls due on 25 December 2019.

Crimson Clover Investments Proprietary Limited

Interest rate – prime plus 2%. Interest is paid bi-annually, while the capital amount can be repaid at any time, but no later than the final repayment date, which falls due on 25 December 2019.

Golden Griffin Investments Proprietary Limited

Interest rate – prime plus 2%. Interest is paid bi-annually, while the capital amount can be repaid at any time, but no later than the final repayment date, which falls due on 25 December 2019.

Loan from previous owners

The loans carry no interest and have no fixed repayment terms.

Instalment sale agreements

Interest rate – prime linked at 10,5% (2016: 10,25%). The agreements are secured by motor vehicles and plant and equipment with a net book value of R32 284 997 (2016: R14 493 695) and repayable in monthly instalments of R283 958 (2016: R388 377).

Security

All the facilities are secured by a general notarial bond of R40 million (2016: R40 million) over inventories, plant and equipment, a mortgage bond for R34 million (2016: R34 million) over the properties in Atlantis, the property 174 Teakwood Road, Jacobs, Durban; and the property 360 Crocker Road, Wadeville.

The fire insurance policy entered into between the company and Alexander Forbes Risk Services has been endorsed in favour of FirstRand Bank Limited's interest in regard to the general notarial covering bond of R40 million.

19. OTHER FINANCIAL LIABILITIES CONTINUED

Security continued

Insimbi Alloy Supplies Proprietary Limited, Insimbi Aluminium Alloys Proprietary Limited, Metlite Alloys Proprietary Limited and Insimbi Refractory and Alloy Supplies Limited signed a deed of cession whereby all of its rights, title and interest in and to debtors is ceded to FirstRand Bank Limited as security.

Insimbi Refractory and Alloy Supplies Limited, Insimbi Alloy Supplies Proprietary Limited, Insimbi Aluminium Alloys Proprietary Limited, Insimbi Alloy Properties Proprietary Limited, Metlite Alloy Properties Proprietary Limited, Metlite Alloys Proprietary Limited, Insimbi Bulk Commodities Proprietary Limited, Insimbi Nano Milling Proprietary Limited and Insimbi Thermal Insulations Proprietary Limited have signed a cross deed of suretyship whereby each company bound, itself jointly and severally as surety and co-principal debtor to FirstRand Bank Limited.

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
The carrying amount of assets pledged as security is detailed as follows:				
Property, plant and equipment	**239 095**	116 658	**–**	–
Inventories	**152 546**	87 927	**–**	–
Trade receivables	**275 792**	139 907	**–**	–
	667 433	344 492	**–**	–

Covenants

The group has certain covenants to comply with in terms of its borrowing agreements with FirstRand Bank Limited and Absa Bank Limited. These covenants include gearing ratio, interest cover, asset to debt ratio and senior debt service ratio. The group complies with the covenants in terms of the agreements with FirstRand Bank Limited and Absa Bank Limited.

Borrowing powers

In terms of the memorandum of incorporation, article 61, the borrowing powers of the company are unlimited.

Borrowing facilities

The group has drawn R163,57 million from its total facilities of R251,03 million (2016: R105,34 million of its total facilities of R134,22 million):

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
20. TRADE AND OTHER PAYABLES				
Trade payables	**147 518**	147 203	**2**	19
VAT	**2 933**	651	**85**	–
Accrued leave pay	**1 650**	1 054	**–**	–
Accrued bonus	**6 422**	948	**–**	–
Audit fees	**1 836**	948	**131**	86
Other accrued expenses	**1 752**	2 090	**187**	747
	162 111	152 730	**405**	852

Fair value of trade and other payables

The group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe, which is generally 30 days in respect of local suppliers and 90 to 180 days in respect of foreign suppliers.

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21. FINANCIAL LIABILITIES BY CATEGORY

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

	Financial liabilities at amortised cost R'000	Total R'000
GROUP		
2017		
Loans from shareholders	**2 491**	**2 491**
FirstRand Bank Limited – leveraged finance	**13 560**	**13 560**
FirstRand Bank Limited – mortgage bonds	**57 839**	**57 839**
Absa Bank Limited – term loan	**80 000**	**80 000**
FirstRand Bank Limited – overdraft	**49 500**	**49 500**
Casterly Rock Investments Proprietary Limited	**16 804**	**16 804**
Crimson Clover Investments Proprietary Limited	**16 804**	**16 804**
Golden Griffin Investments Proprietary Limited	**16 404**	**16 404**
Loans from previous owners	**13 605**	**13 605**
Instalment sales	**20 509**	**20 509**
Trade and other payables*	**149 270**	**149 270**
Bank overdraft	**32 327**	**32 327**
	469 113	**469 113**
2016		
Loans from shareholders	3 364	3 364
FirstRand Bank Limited – mortgage bond	32 549	32 549
FirstRand Bank Limited – leveraged finance	21 097	21 097
FirstRand Bank Limited – overdraft	43 939	43 939
Instalment sales	10 175	10 175
Trade and other payables*	147 203	147 203
	258 327	258 327
COMPANY		
2017		
Trade and other payables*	**189**	**189**
	189	**189**
2016		
Loans from group companies	28 072	28 072
Trade and other payables*	19	19
	28 091	28 091

** Trade and other payables excludes VAT and accruals, other than accruals that will be settled in cash.*

Management has assessed the fair value of the group's financial liabilities, which it has equated to the cost of the financial liabilities.

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
22. REVENUE				
Sale of goods	**1 337 722**	950 993	**–**	–
Rendering of services	**4 804**	4 113	**–**	–
	1 342 526	955 106	**–**	–
23. COST OF SALES				
Sale of goods				
Cost of goods sold	**1 156 693**	830 137	**–**	–
24. OPERATING PROFIT				
Operating profit for the year is stated after accounting for the following:				
Loss/(profit) on exchange differences	**4 795**	(2 077)	**–**	–
Depreciation on property, plant and equipment	**11 580**	8 732	**–**	–
Employee costs	**69 360**	50 312	**649**	520
Professional fees	**7 244**	2 659	**428**	982
Repairs and maintenance	**4 106**	2 661		
Travel - local	**1 533**	1 507	**10**	–
Auditor's remuneration	**2 639**	1 038	**166**	170
25. EMPLOYEE COSTS		(Restated)		
Employee costs				
Salaries	**50 472**	36 079*	**644**	461
Bonus	**6 244**	4 311	**–**	–
Medical aid – company contributions	**2 009**	1 738	**–**	51
UIF	**2 358**	397*	**2**	4
SDL	**419**	376*	**3**	4
Motor vehicle allowances	**2 613**	2 464	**–**	–
Staff welfare	**810**	1 912	**–**	–
Pension fund contributions	**3 455**	3 035	**–**	–
Share-based payment	**980**	–	**–**	–
	69 360	50 312	**649**	520
** In 2016 the total of R36 852 000 was shown under "salaries". Balances were split in the current year for better disclosure.*				
26. DEPRECIATION, AMORTISATION AND IMPAIRMENTS				
The following items are included within depreciation, amortisation and impairments:				
Depreciation				
Property, plant and equipment	**11 580**	8 290	**–**	–
27. INVESTMENT INCOME				
Dividend revenue				
Subsidiaries – local	**–**	–	**10 149**	10 632
Interest revenue				
Bank	**266**	78	**–**	–
	266	78	**10 149**	10 632

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	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
28. OTHER INCOME				
Profit on sale of assets and liabilities	**508**	41	**–**	–
Profit on exchange differences	**–**	2 077	**–**	–
Administration and management fees received	**–**	–	**2 701**	1 986
Rental income	**841**	486	**–**	–
Other income	**–**	34	**–**	–
	1 349	2 638	**2 701**	1 986
29. FINANCE COSTS				
Total finance cost for the period	**16 656**	8 863	**–**	2
Borrowing cost capitalised to intangible assets under development	**(301)**	(491)	**–**	–
	16 355	8 372	**–**	2
30. TAXATION				
Major components of the tax expense				
Current				
Local income tax – current period	**8 532**	7 210	**138**	64
Local income tax – adjustment in respect of prior periods	**–**	(640)	**–**	–
	8 532	6 570	**138**	64
Deferred				
Originating and reversing temporary differences	**1 447**	694	**–**	–
	9 980	7 264	**138**	64
	%	%	**%**	%
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	**28,00**	28,00	**28,00**	28,00
Tax loss used	**(3,92)**	(9,17)	**(28,00)**	(28,00)
Disallowable charges*	**2,30**	(0,95)	**–**	–
Current year's losses in subsidiaries	**–**	0,48	**–**	–
Adjustment in respect of prior years	**(0,71)**	1,77	**–**	–
	25,67	20,13	**–**	–

** Relates to movements in provisions.*

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
31. AUDITORS' REMUNERATION				
Fees	**1 192**	1 038	**166**	170
32. CASH GENERATED FROM (USED IN) OPERATIONS				
Profit before taxation	**38 887**	36 094	**11 522**	10 860
Adjustments for:				
Depreciation	**10 770**	8 662	**–**	–
Loss/(profit) on disposal of property, plant and equipment	**(508)**	(41)	**–**	–
Fair value on foreign exchange contracts	**3 307**	653	**–**	
Income from equity accounted investments	**(543)**	–	**–**	–
Dividend received	**–**	–	**(10 149)**	(10 632)
Interest received	**(266)**	(78)	**–**	–
Finance costs	**16 355**	8 372	**–**	–
Bad debt provision	**818**	2 195	**–**	–
Share-based payment expense	**980**	–	**–**	–
Foreign exchange gain on cash	**4 008**	(1 529)	**–**	–
Other non-cash items	**(1 097)**	166	**–**	–
Changes in working capital:				
Inventories	**1 618**	(184)	**–**	–
Trade and other receivables	**6 261**	(13 244)	**59**	51
Trade and other payables	**8 338**	(15 521)	**(447)**	135
	88 928	25 545	**1 707**	414
33. TAX (PAID) REFUNDED				
Balance at beginning of the year	**(83)**	(4 374)	**23**	125
Current tax for the year recognised in profit or loss	**(9 440)**	(7 264)	**(138)**	–
Deferred tax movement	**1 445**	694	**(384)**	–
Balance at end of the year	**(3 166)**	(83)	**(326)**	23
	(11 244)	(11 027)	**(825)**	148
34. DIVIDENDS PAID				
Dividends	**(10 149)**	(10 632)	**(10 149)**	(10 632)

Dividends are from capital profits. A final dividend of 2,5 cents per share for the 2016 financial year was declared on 19 May 2016, and an interim dividend of 1,5 cents per share for the 2017 financial year was declared on 10 November 2016.

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35. BUSINESS COMBINATIONS

Polydrum Proprietary Limited

On 1 August 2015 the group acquired 75% of the voting equity interest of Polydrum Proprietary Limited which resulted in the group obtaining control over Polydrum Proprietary Limited. Polydrum Proprietary Limited is principally involved in the plastics blowmoulding industry. As a result of the acquisition, the group is expecting to be the leading provider of blowmoulded plastic products in those markets. It is also expecting to reduce costs through economies of scale in the plastics segment.

Goodwill of R8 902 344 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Fair value of assets acquired and liabilities assumed				
Property, plant and equipment	**–**	15 904	**–**	–
Inventories	**–**	1 289	**–**	–
Trade and other receivables	**–**	4 666	**–**	–
Cash and cash resources	**–**	96	**–**	–
Other financial liabilities	**–**	(13 107)	**–**	–
Deferred taxation	**–**	(2 800)	**–**	–
Trade and other payables	**–**	(6 764)	**–**	–
Total identifiable net assets	**–**	(716)	**–**	–
Non-controlling interest	**–**	179	**–**	–
Goodwill	**–**	8 922	**–**	–
	–	8 385	**–**	–
Acquisition date fair value of consideration paid				
Cash	**–**	(8 385)	**–**	–

Revenue and profit or loss of Polydrum Proprietary Limited

Revenue of R19 569 622 and a loss of R2 871 303 of Polydrum Proprietary Limited have been included in the group's prior year results since the date of acquisition.

Had Polydrum Proprietary Limited been consolidated from 1 March 2015, the consolidated statement of comprehensive income would show pro-forma revenue of R968 302 051 and profit of R22 353 748.

Other financial liabilities amounting to R11 493 354 were settled shortly after acquisition.

Further transactions

On 1 February 2017 the group acquired an additional 12,5% of the voting equity interest of Polydrum Proprietary Limited for R1. This was in addition to an existing interest of 75%. Immediately prior to the purchase, the carrying amount of the existing 25% non-controlling interest value in Polydrum Proprietary Limited was (R2 177 930). The group recognised a decrease in non-controlling interest of R1 088 965 and a decrease in equity attributable to owners of R1 088 966. The effect on the equity attributable to owners of Polydrum Proprietary Limited is summarised as follows:

	GROUP	
	2017	2016
	R'000	R'000
Carrying amount of non-controlling interest acquired	**(1 089)**	–
Consideration paid to non-controlling interests	**–**	–
Excess of consideration paid recognised in the transactions with non-controlling interest reserve within equity	**(1 089)**	–

35. BUSINESS COMBINATIONS CONTINUED

Amalgamated Metals Group Holdings Proprietary Limited

On 13 December 2016 the group acquired 100% of the voting equity interest of Amalgamated Metals Group Holdings Proprietary Limited which resulted in the group obtaining control over Amalgamated Metals Group Holdings Proprietary Limited. Amalgamated Metals Group Holdings Proprietary Limited is principally involved in the metal recycling industry. As a result of the acquisition, the group is expecting to be a leading provider of ferrous and non-ferrous metal products. It is also expecting to reduce costs through synergies.

Goodwill of R48 531 094 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Fair value of assets acquired and liabilities assumed				
Property, plant and equipment	**117 398**	–	**–**	–
Intangible assets	**8 500**	–	**–**	–
Investments in joint ventures	**1 217**	–	**–**	–
Inventories	**66 237**	–	**–**	–
Trade and other receivables	**133 982**	–	**–**	–
Cash and cash resources	**3 454**	–	**–**	–
Other financial liabilities	**(79 484)**	–	**–**	–
Deferred taxation	**(15 061)**	–	**–**	–
Trade and other payables	**(774)**	–	**–**	–
Total identifiable net assets	**235 469**	–	**–**	–
Goodwill	**48 531**	–	**–**	–
	284 000	–	**–**	–
Acquisition date fair value of consideration paid				
Cash	**(234 000)**	–	**–**	–
Equity – 50 million ordinary shares in group	**(50 000)**	–	**–**	–
	(284 000)	–	**–**	–

Equity issued as part of consideration paid

The fair value of 50 000 000 ordinary shares issued as part of the consideration for the business combination was determined as the lower of the trading price of R1 per share and the lowest price at which Insimbi has issued shares as part of the fundraising.

Revenue and profit or loss of Amalgamated Metals Group Holdings Proprietary Limited

Revenue of R423 552 and profit of R15 575 of Amalgamated Metals Group Holdings Proprietary Limited have been included in the group's results since the date of acquisition.

Group revenue and profit or loss for full year

Had the business combination taken place at the beginning of the reporting year, the revenue for the group would have been R2 805 389 988 (2016: R968 302 051) and the net profit would have been R43 567 286 (2016: R22 353 748 profit).

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35. BUSINESS COMBINATIONS CONTINUED

Insimbi Nano Milling Proprietary Limited

On 7 October 2016 the group acquired the additional 20% of the voting equity interest of Insimbi Nano Milling Proprietary Limited, not already owned, for R1. Immediately prior to the purchase, the carrying amount of the existing 20% non-controlling interest value in Insimbi Nano Milling Proprietary Limited was (R1 024 822). The group recognised a decrease in non-controlling interest of R1 024 822 and a decrease in equity attributable to the owners of R1 024 823. The effect on the equity attributable to owners of Insimbi Nano Milling Proprietary Limited is summarised as follows:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Carrying amount of non-controlling interest acquired	**(1 025)**	–	**–**	–
Consideration paid to non-controlling interests	**–**	–	**–**	–
Excess of consideration paid recognised in the transactions with non-controlling interest reserve within equity	**(1 025)**	–	**–**	–

There were no transactions with non-controlling interests in 2016.

Insimbi Modular Plastics Proprietary Limited (Previously Insimbi Bulk Commodities Proprietary Limited)

On Wednesday, 1 February 2017 the group disposed of 40% of the voting equity interest of Insimbi Modular Plastics Proprietary Limited for R48. The group retained control of the subsidiary. Immediately prior to the sale, the net asset value of Insimbi Modular Plastics Proprietary Limited was (R1 919). The group recognised an increase in non-controlling interest of R768 and an increase in equity attributable to the owners of R816. The effect on the equity attributable to the owners of Insimbi Modular Plastics Proprietary Limited is summarised as follows:

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Carrying amount of non-controlling interest disposed	**(1)**	–	**–**	–
Consideration received from non-controlling interests	**–**	–	**–**	–
Excess of consideration paid recognised in the transactions with non-controlling interest reserve within equity	**1**	–	**–**	–

There were no transactions with non-controlling interests in 2016.

36. COMMITMENTS

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Authorised capital expenditure				
Not yet contracted for and authorised by directors	–	8 100	–	–
This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained profits, existing cash resources, funds internally generated, etc.				
Operating leases – as lessee (expense)				
Minimum lease payments due				
– within one year	–	822	–	–
– in second to fifth year inclusive	822	888	–	–
	822	1 710	–	–
Operating leases – as lessor (income)				
Lease income due				
– within one year	385	363	–	–
– in second to fifth year inclusive	408	385	–	–
	793	748	–	–
Finance leases – as lessee				
Minimum lease payments due				
– within one year	3 191	4 719	–	–
– in second to fifth year inclusive	17 318	5 456	–	–
	20 509	10 175	–	–

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

The operating lease as lessee with JLL Properties Proprietary Limited expires on 28 February 2018. There is an option to renew for a further 10-year period.

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37. RELATED PARTIES

Relationships

Ultimate holding company	Insimbi Refractory and Alloy Supplies Limited
Subsidiaries	Refer to note 6
Members of key management	Directors of the group as per the directors' report meet the definition of key management personnel.

	GROUP		COMPANY	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000
Related party balances				
Loan accounts – Owing (to)/by related parties				
Insimbi Alloy Properties Proprietary Limited – 100% subsidiary	**–**	–	**5 435**	5 387
Insimbi Alloy Supplies Proprietary Limited – 100% subsidiary	**–**	–	**50 704**	(39 334)
Casterly Rock Investments Proprietary Limited*	**16 804**	–	**–**	–
Crimson Clover Investments Proprietary Limited*	**16 804**	–	**–**	–
Golden Griffin Investments Proprietary Limited*	**16 804**	–	**–**	–
Administration fees paid to related parties	**–**	–	**–**	–
Insimbi Alloy Supplies Proprietary Limited – 100% subsidiary	**–**	–	**2 701**	1 986
Dividends paid to (received from)	**–**	–	**–**	–
Insimbi Alloy Supplies Proprietary Limited – 100% subsidiary	**–**	–	**(10 149)**	(10 632)

Related party transactions

Compensation paid to directors is fully disclosed in the directors' report.

** Related parties, as they hold shares in Insimbi Refractory and Alloy Supplies. Please refer to shareholder analysis on page 96.*

38. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Emoluments paid to directors and prescribed officers of the group are as set out below:

	Fees 2017 R'000	Salary 2017 R'000	Expense allowances* 2017 R'000	Pension fund contri-butions 2017 R'000	Incentive bonus 2017 R'000	Share-based payments 2017 R'000	**Total 2017 R'000**	Total 2016 R'000
Executive								
CF Botha	–	1 801	491	–	175	–	**2 467**	2 337
F Botha	–	1 769	523	–	175	–	**2 467**	2 337
C Coombs[1]	–	277	51	–	–	–	**328**	–
EP Liechti	–	2 025	267	–	175	–	**2 467**	2 337
JP Schutte	–	2 132	215	–	175	–	**2 522**	2 389
Total executive	–	8 004	1 547	–	700	–	**10 251**	9 400
Non-executive								
B Craig[2]	98	–	–	–	–	–	**98**	–
RI Dickerson[1]	20	–	–	–	–	–	**20**	–
GS Mahlati[3]	13	–	–	–	–	–	**–**	154
PS Mogotlane[4]	122	–	–	–	–	–	**122**	–
N Mwale[4]	122	–	–	–	–	–	**122**	–
C Ntshingila (previously Shiceka)	163	–	–	–	–	–	**163**	102
D J O'Connor[5]	–	–	–	–	–	–	**–**	80
L Okeyo[6]	179	–	–	–	–	–	**179**	176
Total non-executive	717	–	–	–	–	–	**704**	512
Prescribed officers								
D de Beer	–	1 077	83	122	120	108	**1 509**	1 308
S Green	–	803	151	93	59	140	**1 246**	999
S Roberts[7]	–	250	42	29	30	–	**351**	904
S Rugbur[8]	–	772	165	91	70	130	**1 228**	–
N Winde[9]	–	64	2	7	–	54	**127**	–
Total prescribed officers[10]	–	2 966	443	341	279	432	**4 461**	3 211
Total	717	10 970	1 990	341	979	432	**15 416**	13 123

** Includes medical aid and travel allowances.*

Notes:

[1] *Appointed 16 January 2017*
[2] *Appointed 1 August 2016*
[3] *Resigned 31 March 2016*
[4] *Appointed 9 June 2016*
[5] *Resigned 31 July 2015*
[6] *Resigned 31 January 2017*
[7] *Resigned 30 June 2016*
[8] *Resigned 31 March 2017 (after year-end)*
[9] *Appointed 1 February 2017*
[10] *Paid by Insimbi Alloy Supplies Proprietary Limited*

39. RISK MANAGEMENT

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 7, 8 and 19, cash and cash equivalents disclosed in note 15, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholder, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There have been no changes to what the entity manages as capital or the strategy for capital maintenance. There are no externally imposed capital requirements by FirstRand Bank.

		GROUP		COMPANY	
		2017	2016	**2017**	2016
	Notes	**R'000**	R'000	**R'000**	R'000
Total borrowings					
Loans to (from) shareholders	8	**2 491**	3 364	**–**	–
Total borrowings	19	**285 025**	107 709	**–**	–
		287 516	111 073	**–**	–
Less: Cash and cash equivalents	15	**(2 479)**	10 220	**–**	–
Net debt		**289 995**	100 853	**–**	–
Total equity		**311 293**	149 789	**–**	–
Gearing ratio		**93%**	67%	**–**	–

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The company finances its operations from the cash generated from normal operations and loans from group companies, which is sufficient for the current level of funding required.

There have been no changes to what the company manages as capital or to the strategy for capital maintenance from the previous year.

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by management under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks in close cooperation with the group's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

There have been no substantive changes to the group's exposure to financial instruments risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note. Information disclosed has been disaggregated where the financial information used by the company has different economic characteristics and market conditions.

39. RISK MANAGEMENT CONTINUED

Principal financial instruments:

The principal financial instruments used by the group, from which financial risk arises, are as follows:

- Trade and other receivables;
- Cash and cash equivalents;
- Forward exchange assets;
- Loan receivables;
- Long-term borrowings;
- Variable rate instalment liabilities; and
- Trade and certain payables.

Procedures for mitigating risk include:

- Performing credit checks on potential customers;
- The preparation of cash flow forecasts and budgets and measurement against these projections; and
- Forward exchange contracts entered into with reputable financial institutions to minimise exposure to exchange rate fluctuations. Contracts are entered into for both import of raw materials and exports to customers and are reviewed on a regular basis.

When a customer is identified as having cash flow problems the credit manager will take the following steps:

- Confirm the situation with the customer;
- Advise the divisional director of the situation during the monthly meeting at which outstanding debtors balances are reviewed;
- Place customer on hold, request customer be changed to a cash on delivery basis and request owner or directors of customer to agree to sign a surety for amount due; and/or
- Request customer to issue post-dated cheques which are held by credit control until due date.

Procedures for avoiding excessive concentration of risk

Procedures for avoiding excessive concentration of risk include:

- Maintaining a diverse customer base;
- Offering a wide range of material to the market;
- Continually looking for opportunities to expand both customer and material base;
- Identifying opportunities to invest in other companies; and
- Reviewing current material base in order to identify product lines which do not result in margins not in line with budgets and plans.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining availability under committed credit lines.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities and the group's policy is to ensure that it will always have sufficient cash to allow it to meet its obligations when they fall due.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored, and the group maintains agreed facilities with reputable financial institutions. There have been no defaults or breaches on long-term loans, instalment sale liabilities and trade payables during the course of the financial year. Furthermore, security has been provided for long-term loans and instalment sale liabilities.

The table below analyses the group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The derivatives are measured and settled on a net basis.

for the year-ended 28 February 2017

39. RISK MANAGEMENT CONTINUED

Liquidity risk continued

	Less than 1 year R'000	Between 1 and 5 years R'000	More than 5 years R'000
GROUP			
At 28 February 28 2017			
Borrowings	**77 037**	**133 056**	**77 755**
Trade and other payables*	**147 518**	**–**	**–**
At 29 February 2016			
Borrowings	59 684	47 393	632
Trade and other payables*	147 203	–	–

** Trade and other payables exclude VAT, accruals and audit fees*

At year-end the group had R87,46 million (2016: R28,88 million) available in the form of unutilised facilities. This amount can be utilised to settle trade payables should customers not settle their debts. This facility can also be utilised for future expansion of the business.

In the current year the borrowing increased significantly, as part of the acquisition of Amalgamated Metals Group Holdings Proprietary Limited. Refer to notes 19 and 35.

Management of liquidity risk in regard to financial liabilities

Regular meetings are held with the group's bankers to discuss facilities required to meet the group's financial obligations and where agreed overdraft and loan facilities are amended. A summary of the group's and company's bank accounts is prepared daily which is reviewed and based on these summaries decisions are made to transfer excess funds from the main current account to other facilities in order to reduce the interest cost to the group and company. The group monitors the maturity date of all open forward exchange contracts.

Management has assessed the fair value of the group's financial liabilities which it has equated to the cost of financial liabilities.

Interest rate risk

The group's interest rate risk arises from the use of variable interest rate instalment sale liabilities and fixed and variable short- and long-term borrowings and bank accounts that are carried at amortised cost. Future changes to prime lending rates will have a direct impact on the future cash payments towards the settlement of the financial obligations. The risk remains unhedged at the reporting date. Exposure to interest rate risk is monitored month to month and on a case by case basis, which includes consideration of fixed versus floating interest rates.

Certain interest rates at year-end were linked to the prime overdraft rates. The prime overdraft rate at year-end was 10,5% (2016: 10,25%).

Sensitivity analysis

The group is sensitive to the movements in the South African interest rates which are the primary interest rates to which the group is exposed. The group has used a sensitivity analysis technique that measures the estimated change to the statement of comprehensive income of an instantaneous increase or decrease, as detailed below, in market interest rates on financial liabilities from the applicable rate as at year-end, for each class of financial instrument with all other variables remaining constant. It has been established by management that interest rate fluctuations on cash denominated in British Pounds and Euro are immaterial. The calculations were determined with reference to the outstanding financial liability and financial asset balances. This represents no change from the prior period in the method and assumptions used.

39. RISK MANAGEMENT CONTINUED

Sensitivity analysis continued

At 28 February 2017, if interest rates on Rand-denominated borrowings had been 2% higher/lower with all other variables held constant, post-tax profit for the year would have been R3 115 277 (2016: R921 912) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The above sensitivity analysis is for illustrative purposes only and represents management's best estimate of reasonably possible changes in interest rates.

Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. The age analysis is reviewed monthly by management with the intention of minimising the group's exposure to bad debt.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. Should the need arise it is the group's policy to take collateral. To date no collateral has been obtained. Trade receivables that are neither past due nor impaired are considered to be of acceptable credit quality accompanied by an insignificant default rate.

At each statement of financial position date, the group determines on a case-by-case basis whether there is objective evidence of an impairment loss. The following factors are considered in determining whether an impairment loss should be provided for:

- The number of days that the debt is in arrears;
- Whether the debtor has been liquidated or has closed down the business;
- If provisional liquidation has been sought against the debtor;
- Any litigation proceedings against the debtor and the likely outcomes;
- Any communication from the debtor indicating an inability to pay within the agreed credit terms;
- Any evidence of liquidity difficulties experienced by the debtor; and/or
- Adverse credit reports.

Foreign exchange risk

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

Management has set up a policy that requires group companies to manage their foreign exchange risk against their functional currency. All group companies are required to hedge their foreign commitments in excess of their foreign currency export proceeds, maximising the effect of their internal hedge. This function is handled at group financial director level.

Sensitivity analysis – currency risk:

The group has used a sensitivity analysis technique that measures the estimated change to the statement of comprehensive income on an immediate strengthening or weakening of the Rand, against the group's major trading currencies as detailed in the table below, based on the foreign currency balances outstanding at the year-end, for each class of financial instruments, all other variables remaining constant. The assumptions used are consistent with the prior year and represent management's best estimate of potential fluctuations in exchange rates. The table is inserted for illustrative purposes only.

for the year-ended 28 February 2017

39. RISK MANAGEMENT CONTINUED

Foreign exchange risk continued

Sensitivity analysis – currency risk: continued

	After tax effect on profit and loss arising from US Dollar		After tax effect on profit and loss arising from Euro	
	5% increase R'000	5% decrease R'000	5% increase R'000	5% decrease R'000
GROUP				
2017				
Foreign trade payables	**(603)**	**603**	**(947)**	**947**
Foreign trade receivables	**1 070**	**(1 070)**	**–**	**–**
Foreign bank	**625**	**(625)**	**63**	**(63)**
2016				
Foreign trade payables	(185)	185	(765)	765
Foreign trade receivables	388	(388)	–	–
Foreign bank	94	(94)	22	(22)

Sensitivity analysis – forward exchange contracts

Fair value risk arises on the mark to market of forward exchange contracts. The effect of this risk is shown below. The major risk lies in exposure to the US Dollar and Euro. The assumptions used are consistent with the prior year and represent management's best estimate of potential fluctuations in exchange rates.

The group reviews its foreign exchange exposure, including commissions, on an ongoing basis. The notional principal amounts of the outstanding forward exchange rate contracts at 28 February 2017 were R71 897 697 (2016: R42 968 308) and are expected to mature within the next 12 months.

40. EARNINGS AND HEADLINE EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	GROUP 2017 R	GROUP 2016 R
Basic earnings/(loss) per share		
From continuing operations (cents per share)	**11,01**	12,43
	11,01	12,43
	R'000	R'000
Basic earnings per share was based on earnings of R29,571 million (2016: R29,391 million) and a weighted average number of shares of 268 681 707 (2016: 236 388 780).		
Reconciliation of profit or loss for the year to basic earnings (R'000)		
Profit for the year	**29 447**	28 830
Loss for the year attributable to non-controlling interest	**124**	561
Profit for the year attributable to equity holders	**29 571**	29 391

40. EARNINGS AND HEADLINE EARNINGS PER SHARE CONTINUED

Basic earnings per share continued

	GROUP	
	2017 **'000**	2016 '000
Reconciliation of weighted average number of shares		
Number of shares in issue at the end of the year	**291 644**	260 000
Less: Weighted number of treasury shares held in a subsidiary at the end of the period	**(22 962)**	(23 611)
	268 682	236 389

Headline earnings per share

Headline earnings are determined by adjusting basic earnings by excluding separately identifiable remeasurement items. Headline earnings are presented after tax and non-controlling interest.

	GROUP	
	2017 **cents**	2016 cents
Headline earnings per share (cents)	**10,87**	12,42
	10,87	12,42

	2017		2018	
	Gross R'000	**Nett R'000**	Gross R'000	Nett R'000
Reconciliation between earnings and headline earnings				
Basic earnings/(loss)	**–**	**29 571**	–	29 391
Adjusted for:				
Profit on sale/scrapping of assets	**(508)**	**(366)**	(41)	(30)
Headline earnings	**–**	**29 206**	–	29 361

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The group has potentially dilutive share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the options.

	GROUP	
	2017 **'000**	2016 '000
Weighted average number of ordinary shares in issue ('000)	**268 682**	236 389
Adjusted for: Share options ('000)	**16 406**	–
Weighted average number of ordinary shares for diluted earnings per share ('000)	**285 087**	236 389
	cents	cents
Diluted earnings per share (cents)	**10,37**	–
Diluted headline earnings per share (cents)	**10,24**	–

SEGMENTAL REPORT

The management executive committee (Exco) is the group chief operations decision maker.

Management considered a combination of factors, including geographical, product types and managerial structure, to determine the operating and reporting segments. Management has determined the operating segments based on the reports reviewed and this is supported by management reporting disciplines, which include monthly variance reporting. The management executive committee assesses the performance of the operating segments based on sales, gross profit margin, as well as profit before finance income.

The main industries serviced by the Insimbi group, are the Non-ferrous, Ferrous, Refractory and Plastic industries. The segments have been aggregated as such, as they operate in the same economic environment, the products are similar and are governed by the same principles in terms of pricing and management structures. The operations in each of the group's reportable segments are as follows:

Non-ferrous (previously "Foundry") – Consists of the divisions which service the foundry and non-ferrous industry, both automotive and heavy, aluminium industry (mainly deoxidation market) and the powder coating industry. This now also includes the supply of various non-ferrous recycled metals.

Refractory – Consists of the divisions that service the steel and cement industry's refractory requirements as well the supply of industrial heat resistant textiles.

Ferrous (previously "Steel") – This segment supplies both steel and polypropylene fibres, services the welding and optical industries and supplies the raw materials in the steel industry. This now also includes the supply of various ferrous-based recycled metals.

Plastics – Consists of the divisions that service the plastic packaging industry, including chemical, agricultural and food industries.

The segments reported on in the annual report are identical to the operating segments identified and management is satisfied that the operating segments are appropriately aggregated.

	Non-ferrous (Previously "Foundry") R'000	Ferrous (Previously "Steel") R'000	Refractory R'000	Plastics R'000	Total R'000
2017					
Revenue					
Sale of goods	1 002 402	174 818	109 694	50 808	1 337 722
Commission	36	–	4 768	–	4 804
	1 002 438	174 818	114 462	50 808	1 342 526
Cost of sales	867 900	153 903	100 454	34 436	1 156 693
Gross profit	134 852	20 915	14 008	16 372	185 833
Other income	3 055	–	–	–	3 055
Profit before operating and administration expenses	137 592	20 915	14 008	16 372	188 888
Operating and administration expenses					
Communication	1 244	94	50	147	1 534
Employee cost	49 925	3 623	2 744	8 144	64 437
Motor vehicle expenses	4 422	579	187	765	5 952
Other expenses*	41 666	1 054	206	2 816	45 742
Occupancy	12 105	143	19	4 523	16 790
	109 362	5 493	3 206	16 395	134 455
Operating profit before finance income	28 231	15 422	10 802	(23)	54 433

** Includes depreciation, repairs and maintenance and other operating expenses.*

	Non-ferrous (Previously "Foundry") R'000	Ferrous (Previously "Steel") R'000	Refractory R'000	Plastics R'000	Total R'000
2016					
Revenue					
Sale of goods	692 358	127 167	111 899	19 570	950 993
Commission	36	–	4 076	–	4 112
	692 394	127 167	115 975	19 570	955 105
Cost of sales	600 017	114 250	103 343	12 527	830 136
Gross profit	92 377	12 917	12 632	7 043	124 969
Other income	2 638	–	–	–	2 638
Profit before operating and administration expenses	95 015	12 917	12 632	7 043	127 607
Operating and administration expenses					
Communication	1 191	71	84	112	1 458
Employee cost	40 414	2 637	3 765	3 496	50 312
Motor vehicle expenses	1 332	236	203	212	1 983
Other expenses*	16 277	1 405	1 149	1 809	20 640
Occupancy	4 569	1 505	1 324	1 428	8 826
	63 783	5 854	6 525	7 057	83 219
Operating profit before finance income from continuing operations	31 232	7 063	6 107	(14)	44 388

** Includes depreciation, repairs and maintenance and other operating expenses.*

GEOGRAPHICAL INFORMATION

Revenues from external customers by country, based on the destination of the customer

	2017 R'000	2016 R'000
Africa	**34 755**	37 133
Asia	**156 625**	21 884
Australia	**756**	269
Europe	**16 450**	4 891
North and South America	**61 671**	12 602
South Africa	**1 067 464**	878 327
	1 337 722	955 106

SHAREHOLDER ANALYSIS

	Number of shareholdings	%	Number of shares	%
Shareholder spread				
1 – 5 000 shares	541	56,24	749 181	0,18
5 001 – 50 000 shares	305	31,70	5 006 264	1,22
50 001 – 100 000 shares	27	2,81	2 134 461	0,52
100 001 – 250 000 shares	40	4,16	6 177 106	1,51
250 001 – 500 000 shares	16	1,66	5 140 176	1,25
500 001 – 1 000 000 shares	6	0,62	4 583 500	1,12
1 000 001 shares and over	27	2,81	386 209 312	94,20
Totals	**962**	**100,00**	**410 000 000**	**100,00**
Distribution of shareholders				
Banks/brokers	10	1,04	27 250 163	6,65
Close corporations	8	0,83	467 435	0,11
Endowment funds	2	0,21	167 400	0,04
Individuals	866	90,02	171 362 282	41,80
Mutual funds	4	0,42	34 938 692	8,52
Other corporations	6	0,62	175 050	0,04
Private companies	30	3,13	149 715 821	36,52
Public company	1	0,10	265 000	0,06
Treasury shares	3	0,31	23 105 735	5,64
Trusts	32	3,33	2 552 422	0,62
Totals	**962**	**100,00**	**410 000 000**	**100,00**
Public/non-public shareholders	**26**	**2,70**	**308 842 035**	**75,33**
Directors and associates of the company	12	1,25	161 901 000	39,49
Strategic holder (more than 10%)	1	0,10	82 000 000	20,00
Employee & management schemes	2	0,21	22 968 015	5,60
Related holdings	11	1,14	41 973 020	10,24
Public shareholders	**936**	**97,30**	**101 157 965**	**24,67**
Totals	**962**	**100,00**	**410 000 000**	**100,00**
Beneficial shareholders including those holding 5% or more				
New Seasons Investment Holdings Proprietary Limited			82 000 000	20,00
F Botha			36 847 300	8,99
PJ Schutte			35 447 000	8,65
EP Liechti			33 297 000	8,12
CF Botha			33 297 000	8,12
C Coombs			21 950 200	5,35
Golden Griffin Investments Proprietary Limited			21 950 200	5,35
Crimson Clover Investment Proprietary Limited			21 065 200	5,14
Casterly Rock Investments Proprietary Limited			20 770 100	5,07
Pruta Securities			20 300 000	4,95
Absa			20 000 000	4,88
Totals			**324 973 800**	**79,26**

NOTICE OF ANNUAL GENERAL MEETING

INSIMBI REFRACTORY AND ALLOY SUPPLIES LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2002/029821/06)
Share code: ISB ISIN: ZAE000116828
("Insimbi" or "the company")

Notice is hereby given that the ninth annual general meeting of Insimbi Refractory and Alloy Supplies Limited will be held at Insimbi's offices at Stand 359 Crocker Road, Wadeville, Extension 4, Germiston on Monday, 26 June 2017 at 10:00.

All terms defined in the 2017 Integrated Annual Report, to which this notice of annual general meeting is attached, shall bear the same meanings when used in this notice of annual general meeting ("AGM").

For purposes of the holding of AGMs, the Companies Act 71 of 2008 ("the Act") requires that a record date be determined by the directors to establish those shareholders of the company that are entitled to receive this notice. The record date for purposes of determining which shareholders of the company are entitled to receive this notice of AGM is Friday, 19 May 2017.

The Act also requires that a record date be determined by the directors to establish those shareholders who are entitled to attend and vote at the AGM. The record date for purposes of determining which shareholders of the company are entitled to attend and vote at the AGM is Thursday, 15 June 2017 with the last day to trade in the shares of the company on the JSE Limited being close of business on Monday, 12 June 2017.

Electronic participation at the AGM (section 61(10) of the Companies Act)

1. Shareholders wishing to participate electronically at the meeting are required to deliver written notice to the company secretary, with a copy to the transfer secretary, by no later than 48 hours before the meeting (i.e. by 10:00 on Thursday, 22 May 2017), stating that they wish to participate via electronic communication at the meeting ("the electronic notice").
2. Note that shareholders will merely be able to participate, but not vote, via electronic communication.
3. In order for the electronic notice to be valid it must contain:
    3.1. If the shareholder is an individual, a certified copy of his/her identity document and/or passport;
    3.2. If the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out which individual from the relevant entity is authorised to represent the relevant entity at the AGM via electronic communication; and
    3.3. A valid email address and/or facsimile number ("the contact address/number").
4. The company shall use its reasonable endeavours to communicate with each shareholder who/which has delivered a valid electronic notice by notifying such shareholder at its contact address/number of the relevant details through which the shareholder may participate via electronic communication.
5. The company reserves the right not to provide for electronic participation at the meeting in the event that it proves impractical to do so. The costs of accessing any means of electronic participation provided by the company will be borne by the shareholder accessing the electronic participation.

This document is important; please read the notes at the end of this notice, which contain important information regarding shareholders' participation at the AGM.

The purpose of the AGM and the business to be transacted thereat is detailed below.

ORDINARY RESOLUTIONS

Unless otherwise indicated, in order for each of the ordinary resolutions to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders, present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution, is required.

The purpose of the AGM is to consider and, if deemed fit, pass the following resolutions with or without modification as ordinary resolutions:

Adoption of the annual financial statements

The audited annual financial statements for the year-ended 28 February 2017, as set out in the annual integrated report and which can be found on the company's website at www.insimbi-iras.co.za will be presented to the shareholders.

Ordinary resolution number one

"Resolved that the audited group and company annual financial statements for the year-ended 28 February 2017, including the reports of the directors, the auditors and the Audit and Risk Committee, be and are hereby received."

Confirmation and re-election of directors

The company's Memorandum of Incorporation ("MoI") stipulates that:

- the appointment of any director to fill a vacancy or as an addition to the board must be confirmed at the next AGM;
- at each AGM at least one third of the non-executive directors shall retire from office, the directors so retiring being those who have been longest in office since their last election; and
- the retiring directors shall be eligible for re-election.

The board:

- duly appointed Mrs IP Mogotlane and Mr N Mwale as non-executive directors with effect from 9 June 2016, subsequent to the issue of the notice for the last AGM and their appointment accordingly requires confirmation; and
- duly appointed Mr B Craig as non-executive director with effect from 1 August 2016, subsequent to the last AGM and his appointment accordingly requires confirmation;
- duly appointed Mr RI Dickerson as non-executive director with effect from 16 January 2017, subsequent to the last AGM and his appointment accordingly requires confirmation.

The board has considered the performance of the directors standing for re-election and found them suitable for re-appointment.

Ordinary resolutions two to six are accordingly proposed in respect of:

- the confirmation of appointment of Mrs IP Mogotlane;
- the confirmation of appointment of Mr N Mwale;
- the confirmation of appointment of Mr B Craig;
- the confirmation of appointment of Mr RI Dickerson; and
- the re-appointment of the only other non-executive director who retires by rotation in accordance with the MoI, being Mrs CS Ntshingila (previously Shiceka), but who has made herself available for re-election.

Brief résumés on Mrs IP Mogotlane, Mr N Mwale, Mr B Craig, Mr RI Dickerson and Mrs CS Ntshingila appear on pages 17 to 18 of the report to which this AGM notice is attached.

Ordinary resolution number two

"Resolved that the appointment of Mrs IP Mogotlane, who was appointed as non-executive director with effect from 9 June 2016, be and is hereby confirmed."

Ordinary resolution number three

"Resolved that the appointment of Mr N Mwale, who was appointed as non-executive director with effect from 9 June 2016, be and is hereby confirmed."

ORDINARY RESOLUTIONS CONTINUED

Ordinary resolution number four

"Resolved that the appointment of Mr B Craig, who was appointed as non-executive director with effect from 1 August 2016, be and is hereby confirmed."

Ordinary resolution number five

"Resolved that the appointment of Mr RI Dickerson, who was appointed as non-executive director with effect from 16 January 2017, be and is hereby confirmed."

Ordinary resolution number six

"Resolved that Mrs CS Ntshingila, who retires by rotation in terms of the company's MoI, and, being eligible, offers herself for re-election, be and is hereby re-elected as non-executive director of the company"

Appointment of Audit and Risk Committee

Section 94 of the Act requires that at each AGM shareholders of the company elect an Audit and Risk Committee comprising at least three members, all of whom must be non-executive directors. The board has considered the performance of the following Audit and Risk Committee members standing for re-election and has found them suitable for appointment:

- Mr B Craig
- Mrs IP Mogotlane
- Mrs CS Ntshingila

The board has identified Mr RI Dickerson as an additional non-executive director suitable for appointment to the Audit and Risk Committee.

Mr B Craig is also Chairman of the board and, notwithstanding the principles of the King Report on Corporate Governance in South Africa ("King III"), is appointed a member of the Audit and Risk Committee, as permitted by the JSE Limited Listings Requirements ("the Listings Requirements"). His financial and business experience over a number of years and across a number of industries is invaluable to the Committee.

Ordinary resolutions seven to ten are accordingly proposed in respect of the appointment of Mr B Craig, Mrs IP Mogotlane Mrs CS Ntshingila and Mr RI Dickerson as members of the Audit and Risk Committee for the ensuing year. Brief résumés on Mrs CS Ntshingila, Mr B Craig, Mrs IP Mogotlane and Mr RI Dickerson appear on pages 17 and 18 of the report to which this notice of AGM is attached.

Ordinary resolution number seven

"Resolved that, subject to passing of ordinary resolution number four, Mr B Craig be and is hereby elected as a member of the Audit and Risk Committee in terms of the Act, to remain in office until the conclusion of the next AGM."

Ordinary resolution number eight

"Resolved that, subject to passing of ordinary resolution number two, Mrs IP Mogotlane be and is hereby elected as a member of the Audit and Risk Committee in terms of the Act, to remain in office until the conclusion of the next AGM."

Ordinary resolution number nine

"Resolved that, subject to the passing of ordinary resolution number six, Mrs CS Ntshingila be and is hereby elected as a member and Chairperson of the Audit and Risk Committee in terms of the Act, to remain in office until the conclusion of the next AGM."

Ordinary resolution number ten

"Resolved that, subject to passing of ordinary resolution number five, Mr RI Dickerson be and is hereby elected as a member of the Audit and Risk Committee in terms of the Act, to remain in office until the conclusion of the next AGM."

Appointment of auditors

The Audit and Risk Committee has considered the performance, independence and suitability of PricewaterhouseCoopers Inc ("PwC") and has recommended them for reappointment as independent external auditors of the group, to hold office until the next AGM. Mr M Naidoo, who is currently the designated auditor of the group, has reached his fifth year as such and will be replaced by Mr JP van Staden as designated auditor.

ORDINARY RESOLUTIONS CONTINUED

Ordinary resolution number eleven

"Resolved that, on recommendation of the Audit and Risk Committee, PwC be and are hereby appointed as external auditors of the company for the financial year-ending 28 February 2018, to remain in office until the conclusion of the next AGM, with Mr JP van Staden as the designated auditor."

Indemnification of directors

Section 78 of the Act allows for the company to indemnify directors, subject to the provisions of the company's MoI, except as may be prohibited by law.

Ordinary resolution number twelve

"Resolved that the company hereby indemnifies each of the directors and officers of the group from time to time from any cost, damage, fine or loss of whatsoever nature which they may incur whilst acting *bona fide* in the course and scope of their duties, save to the extent that such indemnification is prohibited by the Act or any other law."

General authority to issue shares/convertible shares or options for cash

Ordinary resolution number thirteen

"Resolved that the directors of the company be and are hereby authorised by way of a general authority to issue all or any of the authorised but unissued shares in the capital of the company, including options shares, as and when they in their discretion deem fit, subject to the Act, the MoI and the Listings Requirements provided that such issues for cash may not, in the aggregate, in any 1 (one) financial year, exceed 10% (ten percent) of the number of shares of the relevant class of shares issued prior to such issue."

Additional requirements imposed by the JSE Listings Requirements

The company may only make an issue of shares (as defined in the Listings Requirements) for cash under the above general authority if the following Listings Requirements are met:

a) The shares, which are the subject of the issue for cash, must be of a class already in issue, or where this is not the case, must be limited to such equity shares or rights that are convertible into a class already in issue;
b) The general authority shall only be valid until the company's next annual general meeting or for 15 (fifteen) months from the date of passing of this ordinary resolution, whichever period is shorter;
c) That issues in the aggregate in any 1 (one) financial year may not exceed 10% (ten percent) of the number of the shares of the company in issue of that class of shares before such issue, taking into account the dilution effect of convertible equity shares and options in accordance with the Listings Requirements;
d) In determining the price at which an issue of shares may be made in terms of this general authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed to between the company and the party/ies subscribing for the shares; and
e) Any issue will only be made to "public shareholders" as defined by the JSE Listings Requirements and not to related parties.

Notwithstanding that this is an ordinary resolution, the minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

Non-binding advisory vote – remuneration policy

King III recommends that the company's remuneration policy be tabled for a non-binding advisory vote by shareholders at every AGM, thus providing the shareholders with an opportunity to express their views on the company's remuneration policies. The report of the remuneration committee is set out on pages 27 and 28 of the report to which this notice of AGM is attached.

Non-binding advisory vote

"Resolved that the company's remuneration policy for the financial year-ending 28 February 2018, as set out in the annual integrated report, be and is hereby endorsed by way of a non-binding advisory vote."

There is currently no minimum percentage of voting rights that is required in respect of this advisory vote.

SPECIAL RESOLUTIONS

Unless otherwise indicated, in order for each of the special resolutions to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders, present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution, is required.

The purpose of the AGM is to consider and, if deemed fit, pass the following resolutions with or without modification as special resolutions:

Non-executive directors' fees for the year-ending 28 February 2018

The Act requires that prior shareholder approval be obtained in respect of fees payable to directors. The annual fees payable to non-executive directors for the forthcoming year have been substantially reviewed to bring them in line with the changes in the size and complexity of the business. In the past, a flat fee was payable for appointment as a director with an additional fee payable to the Chairperson. The proposed structure includes a retainer payable for appointment as a director, with a further retainer payable in respect of appointment to each committee and as a chairperson of any committee. It is proposed that an additional amount be payable for attendance at each meeting of the board and committee. There is no provision for payment of fees to executive directors in respect of their appointment as such.

Special resolution number one

"Resolved as a special resolution that the payment of the following fees to the non-executive directors for their services to the company for the year 1 March 2017 to 28 February 2018 be and is hereby approved:

	Retainer fee (pa) R	Per meeting attended R
Board or Committee		
Board member	150 000	15 000
Audcom member	40 000	7 000
Remcom/Nomcom member	25 000	7 000
SECcom member	20 000	7 000
Investcom member	40 000	7 000
Additional amount payable to Chairperson of the board/committee		
Chairperson of board	100 000	12 000
Audcom Chairperson	25 000	5 000
Remcom/Nomcom Chairperson	25 000	5 000
SECcom Chairperson	25 000	5 000
Investcom Audcom member	25 000	5 000
Consultancy		3 000 per hour

General approval to repurchase company shares

Special resolution number two is proposed to authorise the acquisition by the company or any of its subsidiaries of shares issued by the company. The board's intention is for the shareholders to pass a special resolution granting the company or its subsidiaries general authority to acquire ordinary shares issued by the company, subject to the requirements of the Act, the Listings Requirements and the company's MoI, should the board consider that it would be in the interest of the company or its subsidiaries to acquire such shares while the general authority subsists.

Special resolution number two

"Resolved that, subject to compliance with the Listings Requirements, the Act and the MoI, the directors be authorised at their discretion to instruct the company or its subsidiaries to acquire or repurchase ordinary shares issued by the company, provided that:

- the number of ordinary shares acquired in any one financial year shall not exceed 5% of the ordinary shares in issue at the date on which this resolution is passed;
- such acquisitions may only be effected through the order book operated by the JSE trading system and done without any understanding or arrangement between the company and the counterparty;

SPECIAL RESOLUTIONS CONTINUED

Special resolution number two continued

- this authority will lapse on the earlier of the date of the next AGM or 15 months after the date on which this resolution is passed; and
- the price paid per ordinary share may not be greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the purchase is made."

The directors of the company undertake that they will not implement the repurchase as contemplated in this special resolution while this general authority is valid, unless:

- after any such repurchase the company passes the solvency and liquidity test as contained in section 4 of the Act and that from the time the solvency and liquidity test is done, there will be no material changes to the financial position of the group;
- the consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards and in accordance with the accounting policies used in the company and group annual financial statements for the year-ending 28 February 2018, will exceed the consolidated liabilities of the company and group immediately following such purchase or 12 months after the date of the AGM, whichever is the later;
- the company and the group will be able to pay their debts as they become due in the ordinary course of business for a period of 12 months after the date of the notice of the AGM, or a period of 12 months after the date on which the board considers that the purchase will satisfy the immediately preceding requirement and this requirement, whichever is the later;
- the issued share capital and reserves of the company and the group will be adequate for the purposes of the business of the company and the group for a period of 12 months after the date of the notice of the AGM;
- the company and the group will have adequate working capital for ordinary business purposes for a period of 12 months after the date of the notice of the AGM;
- a resolution is passed by the board that it has authorised the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the group;
- the requirements contained in the Listings Requirements are complied with;
- the company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the Listings Requirements, unless the company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant prohibited period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement on SENS prior to commencement of the prohibited period; and
- the company undertakes that it will not enter the market to repurchase its own shares until the company's sponsor has provided written confirmation to the JSE in accordance with the Listings Requirements.

Further explanatory notes to special resolution number two:

Information required in terms of the Listings Requirements with regard to the general authority for the company or any of its subsidiaries to repurchase the company's securities (special resolution number three) appears in the annual financial statements, available on www.advtech.co.za as indicated below:

- Directors and management: pages 15 to 19 of the integrated report;
- Major shareholders: page 94 of the annual financial statements;
- Directors' and prescribed officers' interests in securities: page 36 of the annual financial statements; and
- Share capital of the company: page 71 of the annual financial statements.

The directors, whose names are given on pages 15 to 18 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information given in this notice 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 the integrated report and this notice contains all information required by law and the Listings Requirements. No material change in the financial or trading position of the company and its subsidiaries has occurred since 28 February 2017, other than the appointment of Mr F Botha as chief executive officer with effect from 1 June 2017 following the resignation of Mr PJ Schutte as CEO, and the resignation of Mr CF Botha, Mr EP Liechti and Mr PJ Schutte at the end of May 2017.

SPECIAL RESOLUTIONS CONTINUED

Loans or financial assistance to subsidiaries and related or inter-related companies

The Act requires that a company obtain approval from its shareholders by way of a special resolution passed in the last two years if the company is to provide financial assistance to any subsidiary, associate or holding company.

Special resolution number three

"Resolved as a special resolution, in accordance with sections 45 (2) and 45(3) of the Act, that the directors of the company be and they are hereby authorised to provide direct or indirect financial assistance to a director or prescribed officer of the company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member, subject to subsections (3) and (4) of the Act and the Listings Requirements ; and resolved further, in accordance with sections 44(2) and 44(3) of the Act, the company's board of directors be and they are hereby authorised to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any shares, issued or to be issued by the company or a related or inter-related company, or for the purchase of any shares of the company or a related or inter-related company, subject to the Act and the Listings Requirements."

ACTION REQUIRED

Certificated shareholders and "own name" dematerialised shareholders

If you are unable to attend the annual general meeting of the company to be held at Insimbi's offices at 359 Crocker Road, Wadeville, Extension 4, Germiston on 26 June 2017 at 10:00, and wish to be represented thereat, you must complete and return the attached form of proxy in accordance with the instructions contained there-in and lodge it with, or post it to, the transfer secretaries, namely Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg (PO Box 61051, Marshalltown, 2107), so as to be received by them by no later than 10:00 on Thursday, 22 June 2016.

Dematerialised shareholders

If you hold dematerialised shares in the company through a Central Securities Depository Participants ("CSDP") or broker and do not have an "own name" registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the general meeting or be represented by proxy there at in order for your CSDP or broker to provide you with the necessary authorisation to do so, or should you not wish to attend the annual general meeting in person but wish to be represented there at, you must timeously provide your CSDP or broker with your voting instructions in order for the CSDP or broker to vote in accordance with your instruction at the annual general meeting.

The shareholders are entitled to vote on all the resolutions set out above. All voting will be by way of a poll and every shareholder who is present in person or by proxy at the AGM will have one vote for every ordinary share held or represented. In terms of section 63(1) of the Act, any person attending or participating in the AGM must present reasonably satisfactory identification, and the person presiding at the AGM must be reasonably satisfied that the right of any person to participate in and vote whether as a shareholder or as a proxy for a shareholder has been reasonably verified. Acceptable forms of identification include valid identity documents, drivers' licences and passports.

A form of proxy, which sets out the relevant instructions for use, is attached for those members who wish to be represented at the annual general meeting of members. Duly completed forms of proxy must be lodged with the transfer secretaries of the company, namely Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Ave, Rosebank, Johannesburg 2196 (PO Box 61051, Marshalltown, 2017), to be received by not later than 10:00 on Thursday, 22 June 2017.

By order of the board

SK Saunders
Company Secretary
26 May 2017

SHAREHOLDERS' DIARY

Record date to receive notice of AGM	Friday, 19 May 2017
Anticipated release of the results on SENS	Monday, 29 May 2017
Publication of annual reports and paid advert (mailed to shareholders)	Tuesday, 30 May 2017
Last day to trade in order to be eligible to participate and vote at the AGM	Monday, 12 June 2017
Record date for voting purposes	Thursday, 15 June 2017
Proxy date and time	Thursday, 22 June 2017 at 10:00
Annual general meeting	**Monday, 26 June 2017 at 10:00**
Financial year-end	Last day of February
Half year	Last day of August

Notes:

The above dates and times are subject to change. Any changes will be released on SENS.

FORM OF PROXY

INSIMBI REFRACTORY AND ALLOY SUPPLIES LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2002/029821/06) Share code: ISB ISIN: ZAE000116828

(For use by certificated shareholders and own name dematerialised shareholders)
Form of proxy for the annual general meeting of Insimbi to be held at their offices at Stand 359 Crocker Road, Wadeville, Extension 4, Germiston on Monday, 26 June 2017 at 10:00 ("annual general meeting").

This form of proxy is not to be used by beneficial owners of shares who have dematerialised their shares ("dematerialised shares") through a Central Securities Depository Participant ("CSDP") or broker, as the case may be, unless you are recorded on the sub-register as an "own name" dematerialised shareholder. Generally, you will not be an own name dematerialised shareholder unless you have specifically requested your CSDP to record you as the holder of the shares in your own name in the company's subregister.

This form of proxy is only for use by certificated, "own name" dematerialised shareholders and CSDPs or brokers (or their nominees) registered in the company's subregister as the holder of dematerialised ordinary shares.

Each shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (who need not be a shareholder of the company) to attend, participate in and speak and vote in place of that shareholder at the annual general meeting, and at any adjournment thereafter.

Please note the following:
- The appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person in the exercise of your rights as a shareholder at the annual general meeting;
- The appointment of the proxy is revocable; and
- You may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

Please note that any shareholder of the company that is a company may authorise any person to act as its representative at the annual general meeting. Please also note that section 63(1) of the Companies Act 71 of 2008, requires that persons wishing to participate in the annual general meeting (including the aforementioned representative) provide satisfactory identification before they may so participate.

Note that voting will be performed by way of a poll so each member present or represented by way of proxy will be entitled to one vote in respect of every share held or represented.

I/We (name in block letters) ______________________________

of (address) ______________________________

Telephone: Work (   ) ____________ Telephone: Home (   ) ____________ Cellphone number ____________

being the holder/s of ____________ ordinary shares in the company, hereby appoint (refer to note 1)

1. ______________________________ or failing him/her

2. ______________________________ or failing him/her

the Chairman of the annual general meeting

as my/our proxy to attend, speak, vote and act for me/us on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing the resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of the shares in the issued capital of the company registered in my/our name/s, in accordance with the following instructions (refer to note 2).

My/our proxy may delegate to another person his/her authority to act on my/our behalf at the annual general meeting, provided that my/our proxy:
- Must provide written notification to the transfer secretaries of the company, namely Computershare Investor Services Proprietary Limited, of the delegation by my/our proxy of his/her authority to act on my/our behalf at the general meeting by no later than 10:00 on Thursday, 22 June 2017, being 48 (forty-eight) hours before the general meeting to be held at 10:00 on Monday, 26 June 2017; and
- Must provide to his/her proxy with a copy of his/her authority to delegate his/her authority to act on my/our behalf at the general meeting.

	Number of votes on a poll (one vote per ordinary share)		
	In favour	**Against**	**Abstain**
Ordinary resolutions			
1. Adoption of annual financial statements			
Confirmation and re-election of directors			
2. Confirmation of appointment of Mrs IP Mogotlane			
3. Confirmation of appointment of Mr N Mwale			
4. Confirmation of appointment of Mr B Craig			
5. Confirmation of appointment of Mr RI Dickerson			
6. Re-appointment of Mrs CS Ntshingila			
Appointment of Audit and Risk Committee			
7. Appointment of Mr B Craig to Audit and Risk Committee			
8. Appointment of Mrs IP Mogotlane to Audit and Risk Committee			
9. Appointment of Mrs CS Ntshingila to Audit and Risk Committee			
10. Appointment of Mr RI Dickerson to Audit and Risk Committee			
11. Appointment of PwC as external auditors			
12. Indemnification of directors			
13. General authority to issue shares or options for cash			
Non-binding advisory vote			
Remuneration policy			
Special resolutions			
1. Approval of non-executive directors' fees			
2. General approval to repurchase company shares			
3. Loans or financial assistance to subsidiaries and related or inter-related companies			

Signed at ______________________________ on ____________ 2017

Signature ______________________________

(Authority of signatory to be attached if applicable – see note 7)

Assisted by me (where applicable – see note 9) ______________________________

Please also read the notes overleaf.

NOTES TO THE FORM OF PROXY

1. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as a proxy to the exclusion of those whose names follow thereafter.
2. If no proxy is inserted in the spaces provided, then the Chairperson shall be deemed to be appointed as the proxy to vote or abstain as the Chairperson deems fit.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy form will be deemed to authorise the proxy to vote, or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat.
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy. A proxy shall be entitled to demand that voting take place on a poll.
5. Proxy forms must be lodged with or posted to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Ave, Rosebank, Johannesburg 2196 (PO Box 61051, Marshalltown, 2107, South Africa).
6. Forms of proxy must be received or lodged by no later than 10:00 on Thursday 22 June 2017, being no later than 48 (forty-eight) hours before the annual general meeting to be held at 10:00 on Monday, 26 June 2017.
7. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form, unless previously recorded by the Company Secretary or waived by the Chairperson of the annual general meeting. CSDPs or brokers registered in the company's sub-register voting on instructions from beneficial owners of shares registered in the company's sub-register, are requested that they identify the beneficial owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the Company Secretary or to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Ave, Rosebank, Johannesburg 2196 (PO Box 61051, Marshalltown, 2107, South Africa), together with this form of proxy.
8. Any alteration or correction made to this proxy form must be initialled by the signatory/ies, but may not be accepted by the Chairperson.
9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company Secretary.

SUMMARY OF SHAREHOLDERS' RIGHTS IN RESPECT OF PROXY APPOINTMENTS AS CONTAINED IN SECTION 58 OF THE COMPANIES ACT, 71 OF 2008

Please note that in terms of section 58 of the Act.

- This proxy form must be dated and signed by the shareholder appointing the proxy;
- You may appoint an individual as a proxy, including an individual who is not a shareholder of the company, to participate in and speak and vote at a shareholders' meeting on your behalf;
- Your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this proxy form;
- This proxy form must be delivered to the company or to the transfer secretaries of the company namely Computershare Investor Services Proprietary Limited, before your proxy exercises any of your rights as a shareholder at the annual general meeting;
- The appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the annual general meeting;
- The appointment of your proxy is revocable unless you expressly state otherwise in this proxy form;
- As the appointment of your proxy is revocable, you may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of (i) the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the company and the proxy as aforesaid;
- If this proxy form has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Act, or the company's Memorandum of Incorporation to be delivered by the company to you will be delivered by the company to you or your proxy or proxies, if you have directed the company to do so, in writing and paid any reasonable fee charged by the company for doing so;
- Your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the annual general meeting, but only as directed by you on this proxy form; and
- The appointment of your proxy remains valid only until the end of the annual general meeting or any adjournment or postponement thereof or for a period of six months, whichever is shorter, unless it is revoked by you before then on the basis set out above.

ADMINISTRATION

DIRECTORS	PJ Schutte F Botha CF Botha C Coombs EP Liechti B Craig RI Dickerson IP Mogotlane N Mwale CS Ntshingila (previously Shiceka)
REGISTERED OFFICE	359 Crocker Road Wadeville, Extension 4 Germiston 1407 Gauteng
BUSINESS ADDRESS	359 Crocker Road Wadeville, Extension 4 Germiston 1407 Gauteng
POSTAL ADDRESS	PO Box 14676 Wadeville Germiston 1422 Gauteng
BANKERS	First National Bank
AUDITORS	PricewaterhouseCoopers Inc. Registered Auditors
SPONSOR	Bridge Capital Advisors Proprietary Limited (Registration number 1998/016302/07)
COMPANY SECRETARY	SK Saunders
COMPANY REGISTRATION NUMBER	2002/029821/06
TAX REFERENCE NUMBER	9078/488/15/3
PUBLISHED	30 May 2017

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