BSi STEEL

Integrated Annual Report

For the year ended 31 March 2016

Scope and boundary of the report

Following the recommendations of the King Code of Governance Principles for South Africa, this report includes financial and non-financial, economic, environmental, social and governance information that is deemed to be relevant to a broad range of stakeholders including shareholders, prospective shareholders, employees, customers, communities, suppliers, business partners and other providers of capital, and regulatory authorities. The report covers all material issues for all the Group's divisions, subsidiaries and joint ventures. The reporting complies with International Financial Reporting Standards for the Annual Financial Statements as well as the requirements of the King Report on Governance for South Africa 2009 and takes cognizance of the guidelines for integrated reporting.

External assurance on the Annual Financial Statements has been provided by the external Auditor Deloitte and Touche, and the Group's BBBEE scorecard verified by Emplowelogic, an accredited BBBEE verification agency. Other elements relating to sustainability have not been independently assured.

BSi Steel Limited is a steel stockist and processing group, which listed on the JSE in 2007. This integrated report provides an overview of both South African and African operations of the Group for the financial year ended March 2016. The Consolidation Audited Annual Financial Statements have been prepared in accordance with the JSE Limited Listings requirements and the requirements of the Companies Act 71 of 2008.

In terms of the Listing Requirements, the Consolidated Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

Responsibility statement

The Audit Committe and the Board of Directors acknowledge their responsibility to ensure the integrity of this report. The Committee and Board have applied its mind to the report and believe that it addresses all material issues, and presents fairly the integrated performance of the organisation.

N G Payne
Chairman of the audit committee

W L Battershill
Chairman and CEO

Emmerentia Vermaak
Financial Director CA(SA)

Integrated business

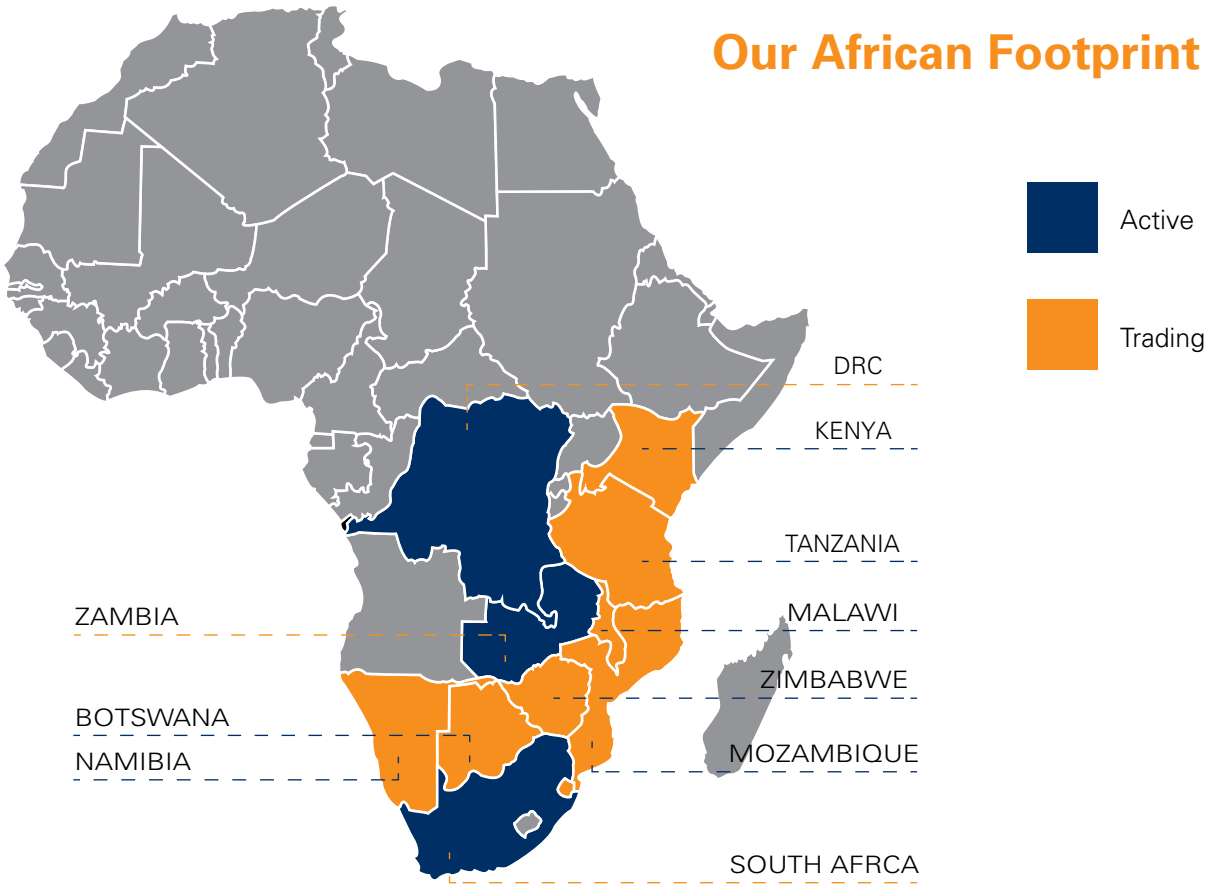
BSi Steel's commitment to an integrated and sustainable business approach is illustrated by its vision and mission as well as the deepening management resources in health, safety, environment, transformation and risk, aiding economic, social and environmental sustainability.

Level 7 B-BBEE contributor

BSi Steel has embraced transformation within the organisation and we are proud to have been independently rated by Empowerlogic.

Corporate Governance

Annual Financial Statements



BSi Steel is a leading South African processor and distributor of a wide range of steel products into sub-Saharan Africa.

BSi Steel is a leading South African processor and distributor of a wide range of steel products into sub-Saharan Africa.

BSi Steel is a South African JSE Alt-X listed company with strong ties to the greater Southern African market.

In South Africa, we have a distribution warehouse in Pietermaritzburg, serving the KZN market. Our main distribution and processing hub is in Klipriver, Gauteng. From here we service the rest of South Africa & our African branches.

Our African distribution operations are based in Lubumbashi and Kolwezi (DRC), and Lusaka and Kitwe (Zambia).

In addition to our African distribution warehouses, we export directly from SA to several other African markets.

Trading styles

In South Africa, we have two distinctly different trading styles designed to cover different market demands. Our SA Trading operation offers large volumes to bigger steel consumers at highly competitive prices, often delivered direct ex the steel mill and delivers a wide range of steel products ex-stock on a JIT basis to the medium and smaller consumers.

Our EXPORT operations are based on a similar model to SA, where we offer DIRECT BULK deals ex SA, with our AFRICAN STOCKISTS servicing the local market on a JIT basis.

We have a minority interest in a majority black-owned steel trading operation, QINISA STEEL SOLUTIONS in South Africa.

In addition to the different trading styles, we add value to the steel we sell through our PROCESSING OPERATION, SHEARCUT, based in Klipriver

OUR VISION

To be the ***premier player*** in steel distribution in sub-Saharan Africa.

Our operation structure

BSi STEEL

SA TRADING

EXPORTS

OTHER
(including Shearcut processing)

Our Products:
We offer a broad range of steel products to service the major consumers of steel, including the Construction, Mining, Manufacturing and Automotive industries

Flat Products
- Coils & Sheets - Hot-Rolled, Cold-Rolled, Galvanized, Colour-Coated, Aluzinc, Electro-Plated in Graded and Commercial Grades
- Plates – Structural Grades, Quenched and Tempered, Boiler Plates

Long Products
- Structural - Beams and Columns, Channels, Angles, Reinforcing Bar
- General Engineering – Light Sections, Round Bars, Square Bars, Flat Bars

Value Add Products
- Roofing – Corrugated, IBR, Wide-span
- Tubing – Round, Square and Rectangular
- Lipped Channels
- Slit Strip and High Precision Blanks
- Cut To Length Sheet and Plate
- Profile Cut Plate and Sheet

Board of Directors - Executive

William Battershill
Born: 1960
Chairman

William left school aged 17 and commenced his working career with his father, John Battershill, at his manufacturing and agricultural supply company in Zimbabwe. William immigrated to RSA in 1981 and worked for Way Industries, a manufacturing company in Qwa Qwa, where he was appointed as a director at the age of 23. In May 1985, William resigned from Way Industries and started Discount Steel. This was the founding company from which BSi Steel was spawned.

William's strengths are his broad based understanding of business and his ability to recognize and convert business opportunities.

In May 2016 William stepped down as CEO.

Craig Parry
Born: 1969
Chief Executive Officer

Craig started his working career at Nampak Limited as a Production Planner for laminated and coated products, in Isithebi. In 1992 he relocated to Pietermaritzburg and joined Discount Steel taking on the responsibility of the Trading Division for the Group.

Craig has been with the group for over 24 years and has a wealth of knowledge and experience in the steel industry. Craig was appointed as Executive Director of BSi Steel Bulk sales in 2008 and of Overland Exports and the Roofing and Tubing divisions, in July 2010. During this time Craig has been acknowledged for his loyalty to the group, and his ability to lead his teams through the ever-changing landscape of the steel industry. In October 2014 Craig was appointed as Deputy Chief Executive Officer and has played a pivotal role in the reorganisation of the group and looks forward to a simpler trading structure that compliments both trading and merchanting, to take advantage of the synergistic selling styles that BSi Steel is renowned for.

In May 2016 Craig was appointed as Group Chief Executive Officer.

Kevin Paxton
Born: 1962
Chief Operational Officer
BSc, Medical Biochemistry, UCT

Kevin started his working career as part of Unilever's Marketing program in 1988. After working in a number of Industrial Divisions, he purchased Lever Columbus from Unilever in 1994 and established Columbus (Pty) Ltd, which became the leading manufacturer and supplier of cleaning equipment and accessories within South Africa. Kevin was the Managing Director of Columbus until 2004 when he sold his shares and spent until 2011 consulting and investing in a number of companies. His company was appointed to consult to BSi Steel in 2011 and Kevin was appointed as an Executive Director in September 2014. He has been responsible for improving efficiencies within the supply chain and operating systems while establishing extensive business intelligence to monitor and track performance. Kevin has recently been appointed COO and also assumes responsibility for BSi Steel's Processing facilities, IT, Warehousing and Logistics.

Emmerentia Vermaak
Born: 1980
Financial Director CA(SA)

Emmerentia started her working career and articles in 1999 within the small to medium audit sector whilst studying part time. She qualified as a CA(SA) in 2007 and joined BSi Steel as Group Accountant in 2008 and was appointed as Financial Director in 2014.

"In May 2016 William stepped down as CEO."

"In May 2016 Craig was appointed as Group Chief Executive Officer."

"Kevin has recently been appointed COO."

A S R

Richard Lewis
Born: 1958
Independent non-executive
BA, LLB, MBA, D JURIS

Appointed 12 May 2008. After completing his legal studies in South Africa, Richard served as a legal advisor to the Natal Chamber of Industries. Thereafter, he lectured at the Euro Akademie, Germany, whilst studying further in Business Administration and Jurisprudence. Richard headed up Richard Lewis, Smith & Associates, where he specialized for 25 years in strategic planning, human resources, and leadership development. He now heads up Richard Lewis Strategic Services primarily focused on Strategic Planning. He is a Chartered Member of the SA Board of Personnel Practitioners, a member of the SA Society for Labour Law, and Chairperson of the Board of WESSA.

Richard serves as a non-executive director on the board of several companies and retained by several to head up their Strategic Review Committee. He is a Patron of NACSSA.

R A !

Nigel Payne
Born: 1960
Independent non-executive
B COM (Hons), CA (SA), MBL

Nigel joined the board in 2007. Lead Independent Director, Chairman of the Audit Committee and the Risk Committee and member of the Remuneration Committee. He has been appointed as a director of Tower Trade Group, the trade finance business in which BSi has an investment.

Nigel is an experienced independent non-executive director. He is the Chairman of the Mr. Price Group Limited and Bidvest Bank Limited, and is a director of the Johannesburg Stock Exchange Limited, Bidvest Group Limited and Vukile Property Fund Limited, where he generally chairs the audit and/or risk committees.

A

Butana Khoza
Born: 1966
Independent non-executive
B COM, PGDA, CA (SA)

Appointed 13 June 2008. Butana qualified as a chartered accountant in 1994 and has worked in various capacities in the financial services sector over the last 13 years, first within the Southern Life Group and subsequently with African Harvest. He was one of the founding members of African Harvest's investment banking subsidiary and a member of the team that led to a management buyout of African Harvest Limited's operating businesses that culminated in the establishment of the diversified financial services group, Vunani Limited. Butana is an executive director at Vunani Limited and CEO of the group's asset management subsidiary, Vunani Fund Managers.

A Audit committee

! Risk committee

R Remuneration committee

S Social and ethics committee

LEADERSHIP REPORTS

Salient features
Revenue down 12.45%
HEPS increased 152% to 5.3 cents
NAV per share up to 106 cents
R56.2m Profit after tax from continued operations
Cash flows from operations R305m
Operating profit increased 74.52%
Restructure completed

Overview

BSi Steel has done well to deliver a reasonable profit despite extremely difficult market conditions in South Africa and other African markets. This has been achieved as a result of the F2015 restructuring process, along with an on-going drive for increased efficiency in every facet of the business.

The restructuring process was aimed at reducing overheads and eliminating all loss-making operations. As a consequence, we have cut our monthly overheads by more than 40%, with a drop of less than 11% of our tonnage.

Having completed the restructure, we now move into an era of continual improvement of our traditional core business, which continues to produce sound results.

Review of financial results

Poor trading conditions gave rise to a 12% drop in Revenue but steel price increases towards the end of the financial year resulted in a 0.5% increase in Gross profit margin in comparison to the 2015 financial year.

A 30% drop in operating expenses allowed for a 74% increase in operating profit in 2016 in relation to the prior year. The restructure of our operations in the DRC resulted in once off costs of R5.2 million.

Included in the income statement is a significant impairment of iron ore of R39.95 million held by Sentinel Bridge. The operation does not qualify as a discontinued operation in terms of IFRS5 but the intention is for the operation to be closed as soon as it has been wound up.

Included in investment income is an amount of R33 million being interest received from the joint venture, Tower Trade Group Ltd, in line with the terms of the loan agreement.

More information is given on Sentinel and Tower Trade Group in the following section.

A weaker South African Rand to the US Dollar at R14.88 at year end resulted in an increase of R72 million in equity during the year after the loss realization adjustment of R2.8 million to Profit and Loss relating to discontinued operations.

Improved stock and credit management resulted in further decreased inventory levels as well as a much improved debtors book. This resulted in lowered cash borrowings and improved finance costs.

Non-current assets held for sale comprise of the business property held in Richards Bay previously occupied by our Richards Bay operation which was closed down during 2015. The disposal liability consists of the associated Nedbank bond and Hire Purchase agreement balances.

Non core interests

Sentinel Bridge

Sentinel Bridge is a Hong Kong based company owned 80% by BSi Steel Africa Limited (Mauritius) "BSi Africa" and 20% by Tower Trade Group (TTG). BSi Africa is 100% owned by BSi Steel Ltd (South Africa) "BSi Steel".

Sentinel Bridge entered into an agreement with Essex Chile iron ore mine to purchase and accumulate the ore on the mine site until a viable quantity was available for shipment. A contract to sell the ore was secured with Duferco. Greensill Capital had previously funded the Essex mine capital start-up costs and continued to fund Sentinel's purchase of the iron ore.

The venture proved to be a costly failure due to a series of extraordinary events, including, inter alia, iron ore price drop of more than 60%, our only viable port damaged by a storm and not repaired to date, and finally, a spurious survey report by a world renowned survey agency, which led us to pay for 38,389 tons of iron ore that was never delivered to our stock pile. The value of the shortfall is $1,899,245 excluding interest and other holding costs.

Essex mine has been put into liquidation, with Greensill & Sentinel secured as priority creditors by way of notarial bonds over certain assets. Greensill and Sentinel have agreed to split the proceeds of the liquidation 50:50.

Once the liquidation is wrapped up, Greensill and Sentinel will pursue legal channels against the survey agent to recover losses incurred as a consequence of the negligent survey report.

The amount owed by Sentinel to Greensill relating to the iron ore deal, including interest, as at end March 2016 has been agreed at $4,570,935. Greensill have agreed to roll this funding line to Sentinel on an indefinite basis at USD 180day LIBOR rate, plus 1.25%, being approximately 2.25% as at March 2016. On conclusion of the legal process, Sentinel has agreed to repay any residual debt owed to Greensill over 60 months in equal instalments.

We have elected to write off R 39.95 million of our investment, reducing the book value to our expected recovery from the liquidation, with no consideration attached to any recovery

we may obtain from the survey agent.

Tower Trade Group (TTG)

During the last quarter of 2012, a trade finance company (TTG) was set up as a joint venture between a Trust formed by Charles Reynolds and a Trust formed by BSi Africa. Charles Reynolds has over 35 years' experience in this field and he assumed the role of MD. Our objective was to reduce BSi Group's borrowings cost and share in the expected profits of the business.

BSi Africa secured a $22.8m funding line largely from Greensill Capital (UK) which was accessed through the TTG trade finance platform. These funds were used firstly to support BSi trade finance deals, with the residual to be utilized by TTG; $980,000 was lodged as start-up collateral for an associated insurance company, with the balance approved on the basis it would be ring-fenced into a trading cell and lent by TTG to fully insured borrowers.

As at 31st March 2016, the loan owed by TTG, including interest, stood at;

The Llyods Trust	$3,423,513
BSi Africa	$9,768,691
TOTAL	$13,192,204

This amount was distributed by TTG broadly as follows:

- $5.3m was lent by TTG to Tower Bridge
- $4.7m was utilized to support trade finance deals, working capital and the insurance company.
- $3.2m is interest on the loan

Noteworthy components of the loans are detailed as follows:

Tower Bridge (TB)

Following the formation of TTG, Charles Reynolds set about winding down TB from October 2012. Part of this process included taking over a number of TB's clients, which provided the initial income stream to start TTG.

One of the material outstanding issues was the outstanding debt of $14m owed to TB by a delinquent debtor in the USA, who had borrowed money from TB to effect a trade in denim cloth. On advice of TB's attorneys, the recovery of the debt would be a matter of routine and should the debtor fail to pay, TB could fall back on Lloyd's insurance cover. The debtor proved elusive and quick recovery of the debt did not materialize. It took over 3 years to secure final judgement against the debtor, which was made an order of the court in the USA late March 2016. The court order included an acknowledgement of debt for the sum of $14.8m, which was requested by Lloyds during their initial assessment of the claim. A process is in place to recover the funds from the debtor as provided for in terms of US law and TB have lodged their claim with Lloyds. We are confident TB will recover at least $7m from Lloyds, but are not certain when the funds will be received. On receipt of the funds, TB will settle the loan from TTG immediately, who will in turn settle BSi Africa. This process has been agreed and detailed in a loan agreement between TTG & BSi Africa, with TB's acknowledgement of debt and commitment to pay TTG as a preferred creditor.

During the wind down of TB and start-up of TTG, certain costs were paid by TTG on behalf of TB. This included primarily funding significant ongoing legal fees to support the denim case, refunding of old TB clients deposits and settling outgoing funders amongst other things. The control of the funds of TTG lay with Charles Reynolds at this time. It is important to note TTG did not take on the denim case debtor as such, it simply supported TB to recover these funds. Neither the BSi Africa Board nor BSi Steel Ltd Board were made aware of the flow of funds to TB, which was extremely difficult to track, as it was being drawn from a single large trading pool. As a result, the amount escalated to a material sum due to on-going delays and costs associated with securing judgement on the delinquent debtor.

In 2013 James Waller relocated to Switzerland to assist TTG, whilst continuing to act as BSI Group CFO. In September 2014, James resigned as an executive director from BSI to take on the full-time role of CFO at TTG. During his tenure with TTG, James identified all funds lent through to TB and secured an acknowledgement of debt from TB, underwritten by Charles Reynolds and his Trust.

TTG Loan

TTG will commence repayment of the loans on or before 20 July 2016, as prescribed by the loan agreement between TTG and BSi Africa. TTG has agreed to pay 75% of its free cash flow quarterly to BSi until the loan has been extinguished.

It is noteworthy that BSi Africa initially borrowed the funds to lend on to TTG. Over time, most of these borrowings have been extinguished by profits generated by our African operations. The balance owed to Greensill as at end March was $1.7m (excluding Sentinel loan) against the TTG loan of $13.2m. The negative impact on our cash-flow has therefore been largely absorbed and in the unlikely event that TTG fails to pay the loan, our ability to trade will not be jeopardized, nor will our sustainability be challenged.

TTG Outlook

TTG has taken a good deal longer than expected to become profitable. We are pleased to report TTG was profitable for the H2 of F2016. We are confident TTG will remain profitable and will be able to repay the BSI AFRICA Loan. BSI Lead Independent Director and Audit Committee Chairman, Nigel Payne, has been appointed as Chairman of TTG and continues to play a hands on role supporting TTG and safeguarding our position. In time, we believe our investment will make a meaningful contribution to the BSi Group's profitability.

Directorate

James Waller resigned as a non-executive director on the 8th June 2015. James has also resigned as a director of Tower Trade Group following his emigration to the USA as a consequence

of his son's intolerance to the cold weather in Switzerland and associated ill health. James continues to work on a part time basis for TTG.

Grant Mackenzie resigned as an executive director on 30 June 2015. Grant continues to make a valued contribution as a consultant covering specific projects and developing new market sectors.

Jerry Govender resigned as an executive director on 17 July 2015 to concentrate on his duties as CEO of Qinisa Steel Solutions in which BSi holds a 44.7% stake. The business is focusing on high value add steel products, including specifically the Solar power generation industry.

Dividend

The Board is pleased to advise we are in a position to adopt and publish a dividend guideline as follows:

BSi aims to pay out 33% of NPAT as an annual dividend subject to the Board's evaluation of certain key drivers, including, inter alia, cash-flow, business outlook and investment opportunities.

Prospects

Our focus for F2016 was to improve margins and increase profitability and cash generation. This was achieved.

Craig Parry was appointed as CEO of BSi Steel on 16th May 2016. Craig will cover the prospects for the future under the section titled 'A New Era for BSI'

Note of appreciation

We have built a strong committed team of employees and I thank you for a fine effort over the last year. You have delivered strong results under very trying conditions.

To our shareholders, we thank you for your patience and are confident BSi is on track to cement its position as a leading distributor of steel in Southern Africa.

To our funders, especially Nedbank, we thank you for your ongoing support and take comfort that you have taken the time to truly understand our business.

To the BSi Board, thank you for your tremendous support and dedication.

Finally, a big thanks to all our clients. We remain committed to growing our product range and improving our efficiencies to enable us to deliver you quality steel, on time, at the right price.

WL Battershill
Chairman and CEO

A new era for BSi

Firstly, I must thank my fellow Board members and the Chairman for the opportunity of leading the Company forward and for the many messages of endorsement and congratulations.

I have first and foremost always had a natural leaning towards sales. This is where my career started, and remains a core focus for me and for the group, for this is the very life blood of the company. We have embarked upon many projects over the years which has taken up much intellect and valuable time and resulted in very little return.

We have simplified the business, with reporting lines giving clear line of sight for each region and have synergized trading styles which will engender greater team work to ensure that each region delivers on the Board's requirement for return on investment. Individual and department commissions have been replaced by regional goals and incentives, fostering a greater sense of teamwork and co-operation both in South Africa and Africa.

I am very fortunate to have a capable team surrounding me who are experts in their respective fields. The team is small and dynamic and our ability to react quickly to decisions that need to be made is critical in this dynamic environment.

The team's core focus for the year ahead is to capitalize on what we have, which are tried and tested business units that have been the very core and profitability of BSi Steel, and to ensure that we get maximum potential growth from them; to utilize the Klipriver base to its fullest potential, with far simpler procedures for getting things done quickly and effectively, maximizing machine capabilities across the board, resulting in growth in tons and margin.

We will be visible in the market, with myself taking a lead role in engaging with our stakeholders and clients, and we will be innovative in our pricing strategies and buying of our core products.

The team is fired up and I am proud to lead them. We are a sales and trading organization first and foremost; we are good at it and with this being the primary focus, the boundaries are limitless.

Thank you to our staff for their continuing efforts and to our customers for their support.

C Parry
Incoming CEO

CORPORATE GOVERNANCE

Introduction

Good corporate governance is fundamental to the achievement of the success and sustainability of the Group. The Board strives to achieve high standards of corporate governance, applying the principles of King III and compliance with the Listing Requirements of the JSE Limited. A summary of the Group's compliance with and application of the principles contained in King III is available on the Group's website www.bsisteel.com. The Board is the custodian of corporate governance, and is ultimately responsible for the performance and affairs of the Group. The Board recognises that business, society and the environment are inseparable and exercises leadership of the Group accordingly based on the ethical principles of fairness, accountability, responsibility, and transparency.

Board of Directors

Board composition

The unitary Board comprises four executive directors and three independent non-executive directors. Details of the Board and a brief CV of each director is contained on pages 4 to 5 of this report.

Board charter

The Board operates in terms of an approved charter which was reviewed during the year under review. The charter sets out the Board's role and responsibilities including inter alia:

- being the custodian of sound corporate governance and ensuring that an adequate and effective process of corporate governance is established and maintained
- appreciate that strategy, risk, performance and sustainability are inseparable and giving effect to this by:
  - retaining full and effective control of the Group
  - contributing to and approving the strategy of the Group
  - identifying and monitoring key risk areas
  - regularly reviewing processes and procedures to ensure effectiveness of systems of internal control and accept responsibility for the total process of risk managment.
- providing effective leadership based on an ethical foundation
- monitoring operational performance and management
- appointing the Chairman and CEO
- ensuring that the Group is a responsible corporate citizen by considering not only the financial aspects of the business but also the effect it has on the environment and society
- ensuring that the Group's Code of Ethics is maintained and that the Group's ethics are effectively managed
- ensuring that the company has an effective and independent audit committee
- ensuring the effective governance of risk
- ensuring the effective governance of information technology
- ensuring that the Group complies with the relevant laws, regulations, and codes of business practices
- ensuring that the Group has an effective internal audit function
- ensuring that the Group communicates with shareholders and relevant stakeholders openly and promptly
- ensuring the integrity of the Annual Integrated Report
- ensuring that succession is planned

The Board ensures that subsidiary companies comply with sound corporate governance practices.

Changes to the Board

Mr J R Waller resigned as a non-executive director on 8 June 2015.

Mr J S Govender resigned as a director on 17 July 2015.

Mr G Mackenzie resigned as an executive director on 30 June 2015.

Mr W L Battershill stepped down as CEO on 16 May 2016 but remains executive Chairman.

Mr C Parry, formerly Deputy CEO, was appointed CEO on 16 May 2016.

King III recommends that the Chairman be an independent non-executive director and that the roles of Chairman and CEO be separate. Mr Battershill's responsibilities include strategy, policies, investor relations and Group processes. The Deputy CEO, Mr C Parry, is responsible for the day-to-day operations of the Group including sales, marketing and distribution. Mr Battershill is the founder of BSI Steel and he is directly and indirectly a major shareholder of the company. He has a wealth of experience in the steel industry and his position as executive Chairman and CEO is considered appropriate. Mr N G Payne is Lead Independent non-executive director. The positions of Chairman and CEO have been separated effective 16 May 2016 as reflected above.

King III recommends that the majority of the Board of directors should consist of non-executive directors. The Board does not meet this recommendation but this is considered appropriate for a company of this size and nature.

The Directors are aware of their fiduciary duties and duty to act in the best interests of the Group at all times, and have the necessary knowledge and experience to do so. Board members have unrestricted access to all Group records, information and resources and may seek independent professional advice in relation to their duties as Directors at the expense of the Group.

Independence

The Board has considered the independence of the non-executive directors taking into account the independence criteria of King III and the JSE Limited Listings Requirements. Directors declare their interests at each board meeting, ensuring continued monitoring of their independence. In addition, directors must recuse themselves from any discussions where there may be a potential conflict of interest. The independent non-executive directors are of suitable calibre, have a wide range of business, financial, commercial and legal experience, and bring balance and impartiality to the Board.

A schedule of the directors' shareholding in the company is contained on page 31 of this report.

The responsibilities of the Chairman, the Deputy CEO, the executive directors and the non-executive directors are clearly separated. This ensures a balance of power and prevents any one director from exercising unrestricted powers of decision making.

Rotation and election of Directors

In terms of the Memorandum of Incorporation of the company, one third of the non-executive directors are required to retire each year. Executive directors are not required to retire. Mr B M Khoza retires by rotation at the Annual General Meeting and, being willing to stand and recommended by the Board, will stand for re-election by shareholders. A brief CV of the Mr Khoza can be found on page 5 of this report.

The Board from time to time assesses the skills and experience within the Board and, when deemed necessary, may wish to appoint new board members. The Chairman, in consultation with the non-executive directors, identifies suitable candidates and makes recommendations to the Board. Directors appointed during the year retire at the Annual General Meeting and may be confirmed by shareholders. The Board has a policy to promote gender equality at board level. No new appointments were made during this year, and this will be considered should new board members be appointed.

Executive directors have employment contacts which are not for any fixed period of time.

Board meetings

The Board meets four times per year, and if deemed necessary, ad-hoc meetings are convened. The Chairman and CEO, in consultation with the Company Secretary, set the agenda for each meeting, and ensures that all items in the annual board work plan are covered. The agendas ensure that the Board focuses inter alia on areas of corporate governance, compliance, strategy, going concern, solvency and liquidity and Group performance. Board packs are circulated one week in advance of the meetings, allowing directors sufficient time to prepare for the meetings. The Chairman presides over the board meetings ensuring that governance processes and procedures are adhered to. This includes ensuring that sufficient discussion takes place, that no one individual dominates, ensuring that the interests of all stakeholders are considered and that appropriate decisions are taken. The Designated Advisor attends board meetings. Between board meetings, the Board is updated on any material issues affecting the Group.

The following table lists Board and Board Committee meetings held and attended by the directors during the year ended 31 March 2016. The number in brackets denotes the number of meetings attended.

Directors	Board	Audit committee	Risk committee	Remuneration committee	Social and ethics committee
WL Battershill	4 (4)	4 (1)^	4 (4)	2 (2)	
GDG Mackenzie*	4 (1)				
C Parry	4 (3)		4 (2)^		
NG Payne	4 (4)	4 (4)	4 (4)	2 (2)	
BM Khoza	4 (4)	4 (4)			
RG Lewis	4 (4)	4 (4)		2 (2)	3 (3)
JS Govender**	4 (1)		4 (1)		1 (1)
E Vermaak	4 (4)	4 (4)^	4 (2)^	2 (2)^	
K Paxton	4 (4)	4 (4)^	4 (4)^	2 (2)^	

^ Invitee to committee meetings

* Mr G D G Mackenzie resigned as a director on 30 June 2015.

**Mr J S Govender resigned as a director on 17 July 2015.

Performance Assessment

During the year under review, the Board conducted a self-evaluation assessment. This reviewed inter alia:

- Board composition and skills
- Board committee performance
- role of the Board
- relationship with stakeholders
- director orientation and development
- succession planning
- ethics
- Board culture

Each director and the Chairman and CEO completed a self-evaluation assessment and these were reviewed by the Chairman and the lead independent non-executive director respectively. The results of the assessments were considered, and the Board was satisfied with the performance of the Chairman and CEO and each director. It was found that the structures and processes of Board and Board Committees were functioning well and no significant matters of concern were noted.

Remuneration

The remuneration of the executive directors as approved by the remuneration committee is contained on page 72 of this report. Executive directors do not receive additional remuneration as directors of the company or as members of Board Committees. The proposed remuneration of the non-executive directors, which is subject to shareholder approval, is contained in the Notice of Annual General Meeting on pages 78 to 82 of this report.

Share dealings

The company has a policy dealing with directors' trading in the company's shares, and complies with the JSE Limited Listing Requirements in this regard.

Directors are required to obtain clearance from the Chairman before trading in the Company's shares. The Chairman is required to obtain permission from the lead independent director. The Company Secretary, together with the Designated Advisor, ensure that these trades are published on SENS as required by the JSE Listings Requirements.

Directors, and management and staff with access to financial information and other price sensitive information, may not trade in the company's shares during closed periods or when the company is trading under a cautionary. Closed periods are from 31 March and 30 September until financial results are released. The Company Secretary informs directors and staff via email when these periods are in effect and when these terminate. The Company Secretary regularly reminds directors of their responsibilities in this regard.

Company Secretary

The Board is assisted by a suitably qualified and competent Company Secretary. In compliance with the Companies Act, the JSE Listing Requirements and the recommendations of King III, the Company Secretary is not a director of the Company or its subsidiaries, and as far as practicable, maintains an arms-length relationship with the Board.

The Company Secretary's role and responsibilities to the Board, shareholders and the Company are contained in section 88 of the Companies Act and include:

- providing guidance to directors regarding their duties, responsibilities and powers
- ensuring that Board procedures are carried out correctly
- advising the Board on corporate governance and regulatory changes
- ensuring compliance with the JSE Listings Requirements
- assisting the Board in conducting annual evaluations of the Board, Board Committees and individual directors
- ensuring that all meetings of shareholders, the Board and Board Committees are properly recorded and distributed
- ensuring that Board and Board Committee charters and terms of reference are updated

Where necessary, the Company Secretary will involve the Designated Advisor and other experts in this regard. All directors have access to the advice and services of the Company Secretary.

The Board have assessed the performance of the Company Secretary and are satisfied with his qualifications, experience and competence.

Board Committees

While the Board remains accountable for its duties and responsibilities, it has delegated certain responsibilities to properly constituted Board Committees i.e. Audit Committee, Risk Committee, Remuneration Committee and Social and Ethics Committee. The Board appoints the Chairman and members of the committees. Each committee has approved terms of reference which were reviewed during the year, and are chaired by independent non-executive directors. The Company Secretary acts as committee secretary for all committees. The Chairman of each committee reports back to the Board at each board meeting and committee minutes are included in the board packs.

Audit Committee

See Audit Committee report contained on pages 27 of this report.

Remuneration Committee

See Remuneration Committee report on pages 22 to 24 of this report.

Risk Committee

See Risk Committee report in Risk management section below

Social and Ethics Committee

See Social and Ethics Committee report on pages 20 and 21 of this report.

Risk Management

Doing business carries inherent risk. Risk is controlled by continually identifying significant risks, quantifying these and identifying risk mitigating strategies. The responsibility of implementing the risk mitigation strategies has been delegated to management so that risk management is integrated into the daily operations of the Group. All employees have a role in limiting risk.

Risk Committee

The Board is responsible for the management of risk, and has delegated this to the Risk Committee.

At the date of this report the risk committee comprises Mr W L Battershill (Group Chairman and CEO), Mr N G Payne (independent non-executive Director and Committee Chairman) and Mr K Paxton (Executive Director). The other executive directors attend by invitation. The committee met four times during the year under review.

The Risk Committee is guided by terms of reference which were reviewed during the year under review.

A risk matrix recording significant risks, the probability of occurrence, potential impact on the Group and steps taken to mitigate these risks is maintained on an ongoing basis. The risk committee discusses all items on the risk matrix at each meeting and amends this accordingly, ensuring that management has the correct mitigating actions in place at all times. Any new risks identified are added to the matrix. Adherence to the risk mitigation strategies and controls are monitored regularly. External risk consultants are engaged when considered appropriate and wherever possible insurance cover is obtained.

The risk committee is satisfied that risk is managed effectively throughout the Group.

External Audit

The Audit Committee recommends the appointment of external auditors and audit partner to the Board. It considers the independence and effectiveness of the external auditors and pre-approves the use of the external auditors for non-audit services.

The external auditors, Deloitte & Touche, provide an independent assessment of internal financial controls, and are responsible for reporting whether the financial statements are fairly presented in accordance with IFRS and the Companies Act. The preparation of the financial statements is the responsibility of the directors.

Internal Audit

The purpose of internal audit is to provide assurance to the Board and management regarding the effectiveness of the Group's operational and financial systems, internal controls and risk mitigation procedures.

Internal audit operates in terms of a charter which sets out its role and responsibilities. This was reviewed during the year and approved by the audit committee.

Internal audit performs the following functions:

- evaluating internal control systems and recommending improvements
- evaluating processes for managing operational and financial risks
- fraud investigations
- evaluating compliance with policies, procedures and laws and regulations
- providing assurance that financial information is reliable

Internal audit follows a risk-based internal audit plan which is developed with input from management and approved by the audit committee.

Internal audit is staffed by suitably qualified persons and has unfettered access to all areas of the business. The head of internal audit has unrestricted access to the Chairman of the Audit Committee and Group Chairman and CEO.

The internal audit function reports to management and the Audit Committee on the effectiveness of the Group's risk management processes, systems of internal control and risks that arise or may arise from weaknesses in internal controls. Internal audit findings and recommendations for improvements are reviewed by the Audit Committee and management and where necessary, corrective action is taken. Follow-up audits are undertaken to ensure implementation.

The head of Internal Audit attends Audit Committee meetings as an invitee.

The Audit Committee has reviewed and is satisfied with the independence of the Internal Audit function.

During the year under review, with the approval of the Audit Committee,

the head of internal audit assisted with certain year-end procedures and assisted the finance department while the CFO was on maternity leave. The incumbent head of internal audit has been appointed company Financial Manager and a new head of internal audit, approved by the Audit Committee, has been appointed.

IT Governance

The Board is responsible for IT governance and is assisted in this by the Audit Committee and Risk Committee.

The IT department operates within the framework of an IT Charter that includes the following areas of responsibility:

- Organisational structure, frameworks and processes
- Alignment with the Group's strategy
- Delivery of value
- Risk management

The Charter was reviewed during the year and approved by the Risk Committee and the Board.

A business continuity and disaster recovery plan which has been reviewed by the Risk Committee is in place.

During the year under review, a significant change to the server architecture was implemented resulting in an enhancement of data retention and the speed of restoration in the event of a disaster. A further benefit of this change was a reduction in power usage by the data centre in excess of 70%.

Internal Control

It is the Board's responsibility to ensure that the Group maintains adequate records and for the Group's systems of financial and operating controls and monitoring their effectiveness. The Audit Committee and Internal Audit assist in this regard. Robust systems of record keeping and internal control including the appropriate separation of duties are in place. These systems are designed to provide reasonable, but not absolute assurance as to the integrity of the financial statements, to prevent and detect fraud, and to safeguard the Group's assets. The internal control systems are regularly reviewed and updated.

During the year under review, nothing has come to the attention of management to indicate any material failure of the internal control systems.

Management Reporting

All operations prepare strategic plans and annual budgets. Financial statements, accounts receivable and inventory reports are prepared monthly, and these are discussed each month with divisional management and compared to budget. Working capital requirements and finance facilities are monitored regularly. Remedial action is taken where necessary.

Stakeholder Communication

The Board acknowledges that long term positive relationships with its various stakeholders are important in ensuring the sustainability of the business. The Group has identified all stakeholders and is committed to open, timely and transparent communication with each stakeholder grouping. The manner of communication with each stakeholder grouping is listed below.

Shareholders

- Annual report distributed to shareholders and published on Group's website and SENS
- Interim financial reports published on SENS and the Group's website
- SENS announcements made via the JSE
- The directors on occasion meet with shareholders and investment managers, and information disclosed is limited to that which is in the public domain
- Shareholders entitled to attend the AGM and ask questions of the directors

Employees

- Communication with line managers and management
- Strategy, developments and performance updates from the Chairman and CEO
- Bi-annual performance assessments and personal reviews are carried out for all salaried employees
- In-house newsletter which is published bi-annually
- All policies affecting employees are accessible to all staff on the Group's IT system
- Regular information-sharing with staff via email and discussions, workers forum and team-building sessions
- Workplace climate surveys
- EE committee meetings and skills development meetings
- Wellness days and blood donor drives
- Consultation with unions on relevant issues including Employment Equity, terms and conditions of employment, skills development, and recognition agreements.

Lenders / Providers of Capital

- Regular meetings
- Regular information flow

Customers

- Information regarding the Group contained on the Group's website
- Brochures
- Visits to customers' premises by representatives and management
- Advertising and sponsorships
- Advice on product uses
- Requests for BBBEE information

Suppliers

- Financial information available on the Group's website
- Regular contact and visits to suppliers by management
- Regular contact by purchasing staff
- Remittance advices and reconciliations supplied by creditors staff

Local Communities

- Enterprise development projects
- Contributions to non-profit organisations and charities
- Bursaries to under-privileged students
- Sponsorships
- Financial aid

Government & Regulators

- Bsi respects the authority of Government and regulators.
- The Group is committed to complying with legislative requirements and expects all employees to do likewise.

Code of Ethics

The Group is committed to fair dealing, honesty and integrity in the conduct of its business. This commitment is based on the fundamental belief that

business should be conducted honestly, fairly and legally. This commitment is encapsulated in a Code of Ethics and the Group expects all directors, managers and employees to abide with the spirit of the Code by adhering to a high standard of ethical behaviour. New employees are made aware of the Code of Ethics during the induction process and the Code is available on the Group's portal.

The Code of Ethics which was reviewed during the year under review, includes the following:

- compliance with laws and regulations
- conflicts of interest including gifts and hospitality
- anti-competitive behaviour
- employment equity
- safety, health and environment
- social responsibility
- privacy and confidentiality

All stakeholders can report ethical and other violations to the Chairman and CEO, Mr William Battershill or the Chairman of the Audit Committee, Mr Nigel Payne, via the Fraud tip-off system contained on the Group's website www.bsisteel.com and the Group's internal portal. No reports were received during the year under review. The Group has no tolerance for fraud and corruption and will protect any employee reporting any such incidents from victimisation.

The Social and Ethics Committee reviews the Group's ethical performance and reports to the Board. The Board is ultimately responsible for the Group's ethical performance. There were no material ethics violations during the year under review.

The Group is non-political.

Legal Compliance

The Group is committed to comply with all relevant laws and regulations. A Legal Compliance policy which has been approved by the Board is in place. The Company Secretary together with management complete compliance checklists annually and reports are made to the Board in this regard. The company reports to the JSE annually that it complies with the JSE Listings Requirements. The Group complies with all material laws and regulations.

Going Concern

The Board has every reason to believe that the Group has adequate resources in place to continue in operation for the foreseeable future, and accordingly the financial statements were prepared on the going concern basis. The external auditors concur with this assessment.

The financial trading year for 2016 closed off with staff numbers reducing by 131 people across the Group as compared to the previous period. The restructuring exercise, as started in late 2014, continued into the early part of the last financial year. It is expected that our Group staff numbers will stabilize at around the 650 mark for the upcoming year ahead. Our reliance on flexible outsourced labour has been kept to a minimum in line with current labour legislation.

BSi Steel Group Head Count:					
Region	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
BSi Steel Group - Total (excl. Outsourced)	**605**	733	940	947	709
South Africa	**427**	479	645	652	437
Zambia	**97**	108	129	135	131
Katanga (DRC)	**79**	85	90	77	76
Mozambique	**0**	58	56	60	50
Mauritius	**2**	3	3	4	3
Ghana	**0**	0	17	19	12
Temporary Outsourced Staff - South Africa	**2**	9	12	39	70

BSi Steel Company Culture

For the last trading year we had a formal road trip campaign launched in person by the Chairman and CEO, William Battershill, to clarify the company mission and behaviours, so that these in turn drove the strategic plan, it's implementation and the performance focus of the business units.

The Behaviour Code of the company was reinforced with all staff during the CEO road trip campaign:

1. We are all here to serve the customer. Our actions and systems must align towards giving the customer a fast, exceptional and effortless experience;
2. Strive for Simplicity;
3. We promote early, candid discussions in an environment of trust;
4. Proactive Planning;
5. We employ best in class people with a can-do attitude;
6. A strong culture of accountability;
7. Unity is strength; and
8. Work hard, play hard, have fun. We value a balanced life.

The annual company engagement survey was rolled out in June/July 2015. This was a critical company engagement survey, in order to get feedback from our staff in terms of how to continue on our path as an employer of choice, having concluded the biggest aspects of our restructure.

The results of the July 2015 Company Engagement Survey, as compared to the results of the same survey in July 2013, were as follows:

Talent Management

For the year ended 31 March 2016 we recruited 81 new staff members into our South African operations.

New appointments in South Africa for F2016 based on Employment Equity Criteria:

	Number of Staff Recruited	Percentage of Total Recruitement
Total Staff Recruited in SA	81	100%
Total Males	50	61.73%
White Males	15	18.52%
Black Males	35	43.21%
Total Females	31	38.27%
White Females	10	12.34%
Black Females	21	25.93%

Our graduate development program continues to provide huge value to the organization as well as the graduates. Young talent, with a focus on black female talent, is brought into the business to gain valuable work experience and at the same time for the Company to have the ideal opportunity to select those talented graduates with the most potential to fill any possible vacancies which may arise over the course of the year.

The last trading year saw 5.6% of our SA based staff falling into the graduate development programme. We currently source our graduates for the program from the University of Johannesburg, University of the Witwatersrand, North West University and the University of Kwa-Zulu Natal (PMB).

Our voluntary staff turnover in South Africa for the last year was measured at 11.24%, which has increased slightly from the previous year, where it was pegged at 10.40%. There has been organizational change with restructuring in the last year. With such change comes staff turnover, as change can be unsettling to employees. There continues to be an emphasis on staff performance which can also result in staff turnover as staff can sometimes resign during our intensive performance management process.

Performance Driven Culture

BSi Steel is a high energy, high performance company. Everything we do must be measured to determine degree of success and alignment to overall company goals. Where results are not achieved as expected, we take swift action to correct performance and enable future delivery so that the end objective is reached.

In spite of the restructuring, all staff still had a face-to-face annual "career guide" performance review of all their key performance areas. In the past year we worked hard on revitalizing this performance measurement system, to ensure it aligns to our goal of a smart, simple and accurate mechanism to review staff and manager performance.

In addition to the above review of key performance areas there is also an annual "personal review". The personal review is a one-on-one intimate conversation between manager and individual staff member to unpack the personal aspects of the job, the state of the employee/employer relationship and most importantly, focus on career development.

Performance Management is one of the most important leadership functions in BSi Steel. In order to help our line managers to proactively manage performance, the HR team runs through a Performance Matrix Assessment every year with all line managers. This matrix looks at the level of performance of the entire team as well as the suitability of all staff members to their current positions with a view to improving performance and retaining talent.

Transformation & Broad Based Black Economic Empowerment

A stable, demographically representative economic market in South Africa is fundamental to the sustainability of the business and our future growth within the SA market. BSi Steel has embraced transformation within the organization and we are proud to have been independently rated as a Level 7 Contributor for our last trading year.

Our major Enterprise Development projects are:

Thandani Catering (BSi Steel offers financial support and business assistance to a Catering Company)

PMB Business Support Centre (BSi Steel offers financial support, board representation, administration assistance and marketing assistance to this NGO for black SMME entrepreneur development)

BSi Steel is a community focused business and we have always contributed extensively to non-profit organizations across our operating regions. The full list of Corporate Social Investment beneficiaries can be found in the Social and Ethics Committee Report.

Skills Development and Training

In order to remain competitive and stay abreast with current technology and be seen as an employer of choice, BSi Steel has recognised that it is of the utmost importance to strategically align skills development and training for all our staff.

Much of our training budget is spent on the training of interns, bursaries for formal qualifications, health and safety training, leadership development, ERP system training and on staff in the lower echelons of the business who need adult education and skills training (AET) in order to improve their quality of life.

The year ahead

The year ahead will be focused on training and development of all staff now that our restructuring exercise is largely complete. This is to ensure that our staff have the required product knowledge, sales skills and systems experience to service our customers according to the standards set in our behavior code.

Health and Safety compliance and creating and reinforcing behavioural safety awareness will be a priority area to ensure comprehensive training, staff participation and detailed safety record keeping. There will also be a renewed focus on remuneration schemes and educating all levels of staff in this regard for clear line of sight between performance / effort and reward.

An online feedback exercise will be undertaken to align the vision, mission and behavior codes, core to the business requirements for the year ahead. There will also be renewed activity in terms of the company transformation strategy, feeding into an improved BBBEE scorecard by the end of the next financial year.

As always, the focus is to remain an employer of choice in the steel industry, despite the challenges faced in the industry at this time, driving the 'strategic people leadership aspects', of the company in the year to come.

The Social and Ethics Committee is a formal sub-committee of the Board which was established in April 2012 as required by Section 72 (4) of the Companies Act, 2008 and regulation 43 (2).

The Committee assists the Board in discharging its duties relating to its legal obligations and/or prevailing codes of good practice pertaining to social and economic development, good corporate citizenship, the environment, OHS, public health and safety, labour and employment.

Composition

The Committee is chaired by Dr. Richard Lewis, an Independent Non-Executive Director, who is a human resources specialist and environmentalist.

The current members are:

- Dr. Richard Lewis – Independent Non-Executive Director – Chairman
- Mr. Jerry Govender – Processing Executive
- Mr. Sam McIlwaine – Group Warehouse and Logistics Executive
- Ms. Chantal Lombaard – Group HR Executive
- Mr. Steve Hackett – Committee Secretary – Company Secretary

The committee met three times during the year under review.

Responsibilities

The responsibilities of the Committee are, inter alia –

a. To monitor the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
   i. Social and economic development,
   ii. Good corporate citizenship,
   iii. The environment, health and public safety,
   iv. Consumer relationships, and
   v. Labour and employment
b. To draw matters within its mandate to the attention of the Board as occasion requires and;
c. To report, through one of its members, to shareholders at the company's annual general meeting on the matters within its mandate.

In meeting its responsibilities, the Committee has –

- monitored the company's activities having regard for the relevant legislation, legal and best practices under its terms of reference.
- Reported to the Board and drawn matters of concern to the attention of the Board. This year special emphasis to the Board centred around increased efforts pertaining to EE, BBBEE, and Health and Safety.
- There was formal interaction with the Risk Committee iro EE and BBBEE.

Progress

The Company continues to focus on compliance with the above-mentioned legislation. Over the past year, it has monitored progress and implementation of, inter alia:

- An Energy Management Policy and Plan
- Water Management and Quality practices
- Monitoring savings on energy and water
- Careful monitoring of injuries and ailments in the work place
- The monitoring of employment practices in the non-south African operations
- Health and Safety issues and reporting both in South Africa and the non-south African operations
- Human Resources and industrial relations issues
- A strong focus on Employment Equity and BBBEE
- Ongoing review of the measurement graphs iro BBBEE, EE, Company Climate Surveys, Staff Turnover, Absenteeism, Injuries and Training which allows the Board to easily assess the status and progress of these aspects.
- Monitoring of the Company's Ethics Performance
- Reviewed the Company's Code of Ethics

Occupational Health and Safety

The occupational health and safety of our staff is of the utmost importance and health and safety procedures are in place across all operations.

Key features of the health and safety measures in place include:

- Full time management of the health, safety and environmental department by a competent individual with the purpose of continual improvement, risk management and legal compliance has been implemented.
- The development of ISO 14001 environmental system as well as OHSAS 18001 Health and safety management system has been drafted with the goal to implement in the coming fiscal year.
- Training is being supplied by competent and registered training providers, not only to keep training up to date but also to develop the employees in more detail to their task and the associated risks.
- The Kliprivier clinic provides medical care free of charge as needed as well as providing medical surveillance in order to prevent and inform.
- Well maintained and managed emergency personnel, with practical drills to keep them up to date should we experience an emergency situation.
- Induction of all employees on health, safety and environmental issues was implemented.

We comply with the relevant health and safety legislation in South Africa.

Environment

We continue to operate with energy management systems in place to monitor overall energy consumption.

During the year under review, a comprehensive energy audit on the Kliprivier premises was completed under the direction of the CSIR and the National Cleaner Production Centre. The focus of this work was on the electrical motor systems and the compressed air system as these two areas represent the bulk of energy consumption. The resulting reports indicated energy savings to be enjoyed via a number of interventions.

The change of server architecture implemented by the IT department has resulted is a reduction of power used by the data centre in excess of 70%.

We have recently completed a pre-engineering exercise to consider the

installation of solar photovoltaic panels to supplement our current energy systems requirements. This is currently under consideration.

There are waste segregation systems in place and all scrap metal is separated and sold to a recycling service provider.

Community Social Investment

BSi Steel is a community focused business and we have always contributed extensively to non-profit organizations across our operating regions.

The Corporate Social Investment beneficiaries we helped during the last fiscal year include:

- Rena Le Lona
- Pietermaritzburg Community Chest
- LUSA Community Chest
- Wide Horizon Hospice
- CANSA
- Jicama
- Feed the Babies
- White Cross Home for Disabled Children
- Project Rhino
- Mandela Day Vegetable Garden for Jantien Church – Bride of Christ
- Mandela Day support for Atlehang Pre-School in Sicelo
- Mandela Day support for Aryan Benevolent Homes
- Mandela Day Support for Pietermaritzburg Children's Home

The Social and Ethics Committee has an independent role, operating as an overseer and maker of recommendations to the board for its consideration and approval. All recommendations are communicated to the Board at the earliest meeting following the Social and Ethics Committee meeting.

As the Chairman of this Committee, I thank the members of the committee, who are genuinely engaged with the matters falling under our Terms of Reference and proactively seek improvement in the matters falling under this Committee's ambit.

R G Lewis
Independant non-executive director
Chairman: Social and Ethics Committee

South Africa has been facing serious challenges on many fronts, all of which have impacted on the business sector. BSi Steel responded very effectively to this new context and REMCO has in its turn applied a great deal of thinking in the past year on its Remuneration Philosophy and Policy to ensure that the Company has a Remuneration strategy that supports the overall Company strategy. This is to ensure, within the new strategy, that it makes sensible and effective decisions around remuneration, retention and reward. I am of the firm conviction that REMCO has made great improvements in this regard.

The Remuneration Committee, which is a Board Committee with approved Terms of Reference, has made every effort to ensure that BSI remains on track to secure and retain the right people to ensure its sustainable growth strategy is successful. The Committee has continued to ensure that the Company's staff are fairly rewarded for their individual contributions to the Company's overall performance.

Remuneration Policy and Philosophy

The remuneration philosophy of BSi Steel is to attract, develop and retain high performing individuals while also reinforcing, encouraging and promoting superior performance. Remuneration policies are aligned with the strategic direction and operational objectives of the business and align them with shareholders' interests.

During the past year we continued to align base pay to the market median per position in the company on an annual basis prior to fixing the new base pay rate per individual. Going forward we have established a higher base pay with bonus's linked to both personal and Company performance in an effort to create optimal teamwork. We have discovered that this also removes the pressures that are created for staff when circumstances are tough. At a time when the Company really needs them to work harder, they end up earning less. A higher base pay is assisting in remedying this possibility and as such we are now linking remuneration to personal and Company performance to arrive at a win-win outcome. This policy has been approved.

Directors and senior executives, (excluding the Executive Chairman and the Group COO), are on permanent contracts and these executives have a 9 month restraint of trade clause in their contracts restraining them from being directly or indirectly involved in any enterprise that competes in the markets traded or targeted by the group within the Republic of South Africa. All contracts have a 1 month notice period.

Remuneration Committee

The Remuneration Committee is chaired by Richard Lewis, an independent non-executive director, who is a strategy and human resources specialist.

The current members are:

- Richard Lewis – Independent Non-Executive Director – Chairman
- Nigel Payne – Independent Non-Executive Director
- William Battershill – Group Executive Chairman
- Chantal Lombaard – Group HR Executive
- Steve Hackett – Committee Secretary – Company Secretary

In attendance by invitation:

- Craig Parry – CEO
- Kevin Paxton – COO
- Rentia Vermaak – Group CFO

King III recommends that the Remuneration committee should comprise of a majority of non-executive directors. The Board is satisfied that the Remuneration committee meets the requirements of the Company. In order to ensure good governance, the Chairman of the committee together with the other non-executive directors reviews and approves the remuneration of the executive directors.

The committee met twice during the year under review.

The Remuneration Committee has an independent role, operating as an overseer and maker of recommendations to the board for its consideration and approval. The committee does not assume the functions of management which remains the responsibility of the executive directors, officers and other members of management. All recommendations are communicated to the Board at the earliest meeting following the Remuneration Committee meeting.

The Remuneration Committee has, inter alia, the following responsibilities:

1. Implement a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance.
2. Oversee the setting and administering of remuneration at all levels of the company.
3. Ensure that the company's directors and senior executives are fairly rewarded for their individual contributions to the Company's overall performance, and that the disclosure of directors' remuneration is accurate, complete and transparent.
4. Assist the directors to formulate and agree an acceptable and fair annual salary increase percentage for all permanent staff and also review performance incentive schemes and other benefits from time to time.
5. Regularly review incentive schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules.
6. Ensure that there is due compliance with the King Code of Corporate Practice and Conduct as pertaining to remuneration and reward, and for reporting thereon to the Board.

During the course of the year, the Committee addressed, inter alia, the following:

- A thorough revision of the Remuneration Policy to ensure it supports the Company strategy
- Linking remuneration to personal and Company performance to arrive at a win-win outcome.
- The review of the Sales Staff remuneration policy
- The determination of the annual staff salary and wage increases
- The consideration of executive increases

- The consideration of the non-executive fees increase
- The application of the BSi Share Appreciation Rights Scheme
- Review of the Committee's performance over the year

Non-executive directors' remuneration

Non-executive directors' remuneration for year ending March 2016 was as follows:

	Meet p.a	N. Payne	B. Khosa	R. Lewis
Lead independent board member	4	103 000		
Main Board - Member	4		76 300	76 300
REMCO - Chair	2			32 800
REMCO - Member	2	20 500		
Audit - Chair	4	72 200		
Audit - Member	4		36 900	18 500
Risk & Comp - Chair	4	43 800		
Social & Ethics - Chair	3			32 800
		239 500	113 200	160 400
New Rates F2017 Total		263 400	124 500	176 400

Remuneration Disclosure of Prescribed Officers

The Companies Act 2008 requires that the remuneration of the prescribed officers of the company be disclosed and is as follows:

	Basic remuneration R	Performance bonus R	Retirement, medical and other benefits R	Total R
Executive no 1	1 420 056	-	279 944	1 700 000
Executive no 2	547 580	-	148 253	695 833
Executive no 3	1 014 305	-	185 695	1 200 000
Executive no 4	964 387	137 500	210 109	1 311 996
Executive no 5	1 664 096	-	331 904	1 996 000
Executive no 6	1 686 313	-	313 687	2 000 000
Executive no 7*	538 167	-	76 249	614 416
Executive no 8*	522 060	-	85 616	607 676

* To 31 July 2015

Senior Management Incentive and Retention

Share Appreciation Rights (SAR) Scheme

Shareholder approval was obtained on 27 March 2009 for the SAR Scheme for senior managers and key staff as a retention and incentive scheme and to create better alignment with the shareholders. Employees receive annual grants of share appreciation rights, which are conditional rights to receive shares equal to the value of the difference between the exercise price and the grant price. Vesting of the SAR is subject to performance conditions.

As at 31 March 2015 a total of 26 900 000 SAR were granted. During the year under review, a further 8 650 000 SAR were granted, 10 350 000 SAR forfeited and a further 2 350 000 lapsed, leaving a total of 22 850 000 SAR granted to date. In terms of the SAR scheme rules, a maximum of 73 000 000 shares

may be allotted. As at 31 March 2016, assuming that every two SAR awards result in the allotment of one share, a total of 11 425 000 shares are reserved, leaving a balance of 61 575 000 shares available to be allotted. In terms of IFRS 2 Share-based payments, this scheme is treated as an equity-settled share based payment, which requires management to assess annually the date of vesting in order to determine the period charge of the scheme to BSi. A valuation of the cost of this scheme was performed by the directors at 31 March 2016.
A provision of R 418 668 (total provision R 2 203 294) in respect of this scheme has been raised during the year under review.

As at 31 March 2016, the directors and prescribed officers have been awarded the following Share Appreciation Rights:

	Date of grant	No. of SAR	Grant Price	Vesting date
C. Parry	30 November 2014	4 000 000	42.0	30 June 2017
K. Paxton	30 November 2014	2 000 000	42.0	30 June 2017
E. Vermaak	30 November 2014	500 000	42.0	30 June 2017
	14 August 2015	500 000	49.5	30 June 2017
Prescribed Officer A	30 November 2014	2 000 000	42.0	30 June 2017
Prescribed Officer B	30 November 2014	2 000 000	42.0	30 June 2017
Prescribed Officer C	30 November 2014	500 000	42.0	30 June 2017
Prescribed Officer D	30 November 2014	250 000	42.0	30 June 2017
	14 August 2015	250 000	49.5	30 June 2017
Prescribed Officer E	16 March 2015	200 000	55.0	30 June 2017
	14 August 2015	500 000	49.5	30 June 2017
Prescribed Officer F	2 December 2009	750 000	63.5	31 March 2013

R G Lewis
Independant non-executive director
Chairman of Remuneration
Committee

AUDITED 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 audited annual financial statements and related financial information included in this report. It is their responsibility to ensure that the audited 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 and in a manner required by the Companies Act of South Africa. The external auditor is engaged to express an independent opinion on the audited annual financial statements.

The audited annual financial statements are prepared in accordance with International Financial Reporting Standards and in a manner required by the Companies Act of South Africa 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 audited 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 31 March 2017 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.

W L Battershill
Chairman and CEO

E Vermaak
Financial Director

C Parry
Director / Deputy CEO

Pietermaritzburg
22 June 2016

Company Secretary's Certificate

I certify, to the best of my knowledge and belief, that the company has, in respect of the period under review, lodged with the Registrar of Companies all returns that are required by a Public Company, and that all returns are true, correct and up to date.

S J Hackett
Company Secretary

22 June 2016

The Audit Committee is pleased to present its report for the financial year ended 31 March 2016.

In terms of the Companies Act 2008, the Audit Committee has certain statutory responsibilities. This report details compliance with these as well as those duties delegated by the board.

Composition and Meetings

The Audit Committee comprises:
Mr N G Payne (Chairman) B.Com (Hons), CA (SA), MBL

Mr B M Khoza B.Com, PGDA, CA (SA)

Mr R G Lewis B.A., LLB, MBA, D. JURIS

In terms of S 94 of the Companies Act, the members of the committee were elected by shareholders at the Annual General Meeting. All committee members have wide-ranging experience in audit, accounting, corporate governance, and commerce, are non-executive directors and act independently. The Board is satisfied that the Committee members have sufficient academic qualifications and experience as required by section 94(5) of the Companies Act read together with Regulation 42.

The committee met four times during the year under review, and a summary of attendance is set out on page 13 of this report. The CEO, COO, Financial Director, External Auditor, and Internal Auditor attend audit committee meetings by invitation. The Designated Advisor attends the year-end audit committee held in June each year.

The board has assessed and is satisfied with the performance of the Audit Committee.

Terms of Reference

The Audit Committee has approved terms of reference which promote effective corporate governance and which were reviewed and updated during the year and cover the following areas:

- Composition
- Statutory responsibilities as contained in section 97 of the Companies Act 2008
- Integrated reporting
- Internal audit
- External audit
- Combined assurance
- Finance Function and Financial Director
- Financial Risk Management
- Ethics and Whistleblowing
- Going concern
- Corporate governance

Duties

For the year ended 31 March 2016 the Audit Committee carried out the following:

Statutory requirements

External auditor

- Recommended the appointment of Deloitte and Touche and designated auditor Mrs Camilla Howard-Browne as external auditor for the year ending 31 March 2017
- Ensured that the appointment of Deloitte and Touche and Mrs Camilla Howard-Browne complied with the provisions of the Companies Act
- Is satisfied that the external auditor Deloitte and Touche and the designated auditor Mrs Camilla Howard-Browne are independent
- Agreed the fees to be paid to the external auditor and the external auditor's terms of engagement
- Maintained a policy to approve the nature and extent of any non-audit services that the external auditor provides to the company or related company

Financial statements and accounting practices

- Reviewed the Annual Financial Statements for the year ended 31 March 2016, is satisfied that these comply with International Financial Reporting Standards, that accounting policies are appropriate and other than a change to the way fixed property is valued, have been consistently applied, and recommended these to the board for approval. The board has subsequently approved the Annual Financial Statements which will be available for discussion at the company's Annual General Meeting.
- Noted that no complaints or concerns were received regarding the accounting practices, internal audit, content or auditing of the Annual Financial Statements, internal financial controls of the company or any other matter.
- Made submissions to the Board regarding the company's accounting policies, financial control, records and reporting.
- Concurred that the adoption of the going-concern premise in preparing the Annual Financial Statements was appropriate

Internal financial controls

- Reviewed internal audit's assessment of internal controls and confirmed that nothing has come to their attention to indicate any material failure of the internal control systems. This assurance assists the Board in fulfilling its disclosure requirements to report to shareholders on the effectiveness on internal controls and risk management.

Other

- Reviewed the committee's report to shareholders describing how the committee carried out its duties which is included in the Annual Financial Statements.

Duties assigned by the board

External Audit

- Is satisfied that at the external auditors and designated auditor are accredited with the JSE
- Considered the external audit scope and plan
- Reviewed the quality and effectiveness of the external audit
- Considered the report of the external auditor to the committee and made relevant recommendations to the Board in this regard

Internal Audit

- Approved the annual risk-based internal audit plan
- Reviewed the internal audit reports and management's response to matters raised
- Is satisfied that the internal auditor is independent.

Internal controls and risk management

- Reviewed financial risk management and controls
- Reviewed financial reporting risks
- Reviewed fraud risk relating to financial reporting
- Is satisfied with the effectiveness of the company's internal control systems, including IT controls and risk management and has obtained combined assurance on these matters from the external auditors, internal audit and management.
- Reviewed the Anonymous Fraud reporting system and recommended it to the board for approval
- Reviewed the reports from Anonymous Fraud Reporting System and noted on matters of concern
- Reviewed tax risk
- Reviewed legal compliance

Integrated report

- Reviewed the Annual Integrated report and recommended it to the Board for approval
- Ensured that statements made in the Annual Integrated report relating to sustainability do not conflict with the financial information

Other

- Considered whether the external auditor should perform assurance procedures on the interim results and decided this would not add any value
- Reviewed the interim financial results and announcement of trading statements and other price-sensitive information
- Reviewed and is satisfied with the combined assurance model adopted by the company
- Is satisfied that the company is a going concern
- Reviewed and is satisfied with the expertise of the finance function and the Financial Director, Mrs E Vermaak
- Reviewed the Code of Ethics and management's monitoring of ethics compliance
- Reviewed the company's corporate governance compliance

The committee is satisfied that it has met all its statutory responsibilities and has discharged its function in terms of its terms of reference.

N G Payne
Chairman Audit committee

To the shareholders of BSi Steel Limited

We have audited the consolidated and separate financial statements of BSi Steel Limited set out on pages 32 to 76, which comprise the statements of financial position as at 31 March 2016, and the statements of profit and loss and the statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of BSi Steel Limited as at 31 March 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2016, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on Other Legal and Regulatory Requirements

In terms of the Independent Regulatory Board for Auditors (IRBA) Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of BSi Steel Limited for 9 years.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per: C Howard-Browne
Partner

23 June 2016

National Executive
LL Bam (Chief Executive Officer) TMM Jordan (Deputy Chief Executive Officer) MJ Jarvis (Chief Operating Officer) GM Pinnock (Audit) N Sing (Risk Advisory) NB Kader (Tax) TP Pillay (Consulting) S Gwala (BPaaS) K Black (Clients & Industries) JK Mazzocco (Talent & Transformation) MJ Comber (Reputation & Risk) TJ Brown (Chairman of the board)

Regional Leader
R Redfearn

The directors have pleasure in submitting their report on the audited annual financial statements of BSi Steel Limited and the group for the year ended 31 March 2016.

Nature of business

BSi Steel Limited is incorporated in South Africa with interests in the sale, processing, warehouse and distribution of steel and allied products industry. The activities of the group are undertaken through the company and its principal subsidiaries, associates and joint arrangements. The group operates in South Africa and the rest of Africa. In addition, interests are held in the financing and insurance industry through the Tower Trade Group which operates in Europe.

Review of financial results and activities

The consolidated audited annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year except regarding the change in accounting policy for the valuation of land and buildings.

The group recorded a net profit after tax for the year ended 31 March 2016 of R 33,285m (2015: R2,250m).

Share capital

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

Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass on the payment of dividends.

Final dividend for 2015 of 2 cents per share was declared in South African currency on Thursday, 11 June 2015 and paid on Monday, 06 July 2015. This dividend equated to a total of R 14 397 100.

The local dividends tax rate is 15%. The company has no STC credit available.

Directorate

The directors in office at the date of this report are as follows:

Directors	Nationality	Designation	Changes
WL Battershill	South African	Chairman	
GDG MacKenzie	South African	Executive	Resigned 30 June 2015
JS Govender	South African	Executive	Resigned 17 July 2015
RG Lewis	South African	Non-executive Independent	
BM Khoza (alternate NM Anderson)	South African	Non-executive Independent	
NG Payne	South African	Non-executive Independent	
C Parry	British	Chief Executive Officer	
JR Waller	British	Non-executive	Resigned 08 June 2015
E Vermaak	South African	Executive	
KL Paxton	South African	Chief Operations Officer	

With effect 16 May 2016 WL Battershill stepped down as CEO, he will continue in his capacity as Executive Chairman. C Parry has been appointed as the CEO with immediate effect and KL Paxton has been appointed as COO.

Directors' interests and shares

Interests in shares

Director	2016 Direct	2015 Direct	2016 Indirect	2015 Indirect
WL Battershill	307 130	307 130	320 631 008	316 175 214
GDG MacKenzie (resigned 30 June 2015)	9 037 693	9 255 937	81 331 349	81 331 349
NM Anderson	86 000	86 000	-	-
RG Lewis	270 975	270 975	-	-
BM Khoza	-	-	11 500	-
NG Payne	17 613 326	17 563 326	-	-
C Parry	-	-	19 572 703	23 968 445
JR Waller (resigned 8 June 2015)	-	313 479	-	1 899 990
	27 315 124	27 796 847	421 546 560	423 374 998

There have been no changes in beneficial interests of existing directors that occurred between the end of the reporting period and the date of this report.

Interests in subsidiaries, associates and joint arrangements

Details of material interests in subsidiary companies, associates and joint arrangements are presented in the consolidated audited annual financial statements in notes 8 and 9.

Special resolutions

Authority was given to the board to repurchase shares in the company subject to the Companies Act requirements. This authority was given in terms of a special resolution passed at the AGM held on Tuesday, 22 September 2015. During the year the Group repurchased 4,939,024 shares at an average cost of 40.5 cents each.

BSI Steel Limited has a number of subsidiary companies and the funding of the Group is done on a Group basis and the subsidiaries contribute to the Group securities. Group expenses, sundry purchases, working capital and fixed capital funding is controlled via intercompany loan accounts. The Board recorded that BSI Steel Limited and its subsidiaries are solvent and liquid, confirmed the intercompany loan balances contained in note 37 to the Annual Financial Statements and authorised the Group sundry purchases, working capital and fixed capital funding transactions between the companies until 31 March 2016.

The non executive directors' remuneration for the year ended 31 March 2016 was approved. The board of directors were authorised to provide financial assistance, and specifically for subscription of securities, to interrelated companies within the BSI Group of companies as well as to directors or prescribed officers of the company.

Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

Going Concern

The directors believe that the Group and Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and seperate audited annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group and Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group and Company. The directors are also not aware of any material non compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group and Company.

Auditors
Deloitte & Touche
Registered Auditor

Secretary
S J Hackett

Postal address
P.O. Box 101096
Scottsville
Pietermaritzburg
3209

Business address
Eden Park Drive
Murrayfield Park
Mkondeni
Pietermaritzburg
3201

Statements of Financial Position

As at 31 March 2016

		Group			Company	
Figures in Rand thousand	Note(s)	**2016 R'000**	2015 restated R'000	2014 restated R'000	**2016 R'000**	2015 restated R'000
Assets						
Non-current assets						
Property, plant and equipment	5	**331 644**	364 616	392 746	**254 043**	258 517
Goodwill	6	**14 706**	14 706	14 706	**1 500**	1 500
Intangible assets	7	**10 452**	12 866	15 316	**10 452**	12 818
Investments in subsidiaries	8	**-**	-	-	**39 468**	39 468
Investment in joint ventures	9	**13 165**	10 831	1 584	**-**	-
Loans to group companies	10	**182 165**	132 587	71 459	**-**	-
Other financial assets	11	**5 795**	6 986	-	**5 795**	6 986
Deferred tax	13	**17 172**	13 791	13 052	**-**	-
		575 099	556 383	508 863	**311 258**	319 289
Current assets						
Inventories	14	**377 998**	483 356	450 350	**312 942**	**387 518**
Loans to Group companies	10	**14 290**	127	10 498	**22 521**	**16 627**
Trade and other receivables	15	**528 618**	755 840	728 660	**400 196**	**580 250**
Other financial assets	11	**827**	7 757	-	**827**	**7 757**
Current tax receivable		**6 658**	6 936	8 592	**-**	**-**
Cash and cash equivalents	16	**53 131**	55 822	65 689	**11 056**	**1 809**
		981 522	1 309 838	1 263 789	**747 542**	**993 961**
Non-current assets held for sale	33	**28 698**	-	-	**-**	**-**
Total assets		**1 585 319**	1 866 221	1 772 652	**1 058 800**	**1 313 250**
Equity and liabilites						
Equity						
Equity attributable to equity holders of Parent						
Share capital and share premium	18	**108 568**	110 580	110 580	**124 301**	**124 301**
Reserves		**213 501**	153 171	95 826	**(3 831)**	**8 093**
Accumulated profit		**420 993**	401 798	413 638	**231 214**	**196 140**
		743 062	665 549	620 044	**351 684**	**328 534**
Non-controlling interest		**(143)**	(143)	(143)	**-**	**-**
		742 919	665 406	619 901	**351 684**	**328 534**
Liabilities						
Non-current liabilities						
Other financial liabilities	21	**38 630**	71 847	83 092	**33 005**	**55 512**
Deferred tax	13	**21 641**	16 463	11 130	**18 475**	**13 410**
Other liabilities	22	**85 821**	65 748	23 795	**-**	**-**
		146 092	154 058	118 017	**51 480**	**68 922**
Current liabilities						
Loans from Group companies	10	**-**	-	-	**17 370**	**20 587**
Other financial liabilities	21	**43 967**	41 989	39 017	**39 423**	**36 573**
Current tax payable		**3 472**	10 120	6 899	**1 261**	**2 868**
Trade and other payables	23	**428 467**	609 102	535 823	**408 793**	**499 635**
Bank overdraft	16	**214 502**	385 546	452 995	**188 789**	**356 131**
		690 408	1 046 757	1 034 734	**655 636**	**915 794**
Liabilities of disposal groups	33	**5 900**	-	-	**-**	**-**
Total liabilities		**842 400**	1 200 815	1 152 751	**707 116**	**984 716**
Total equity and liabilities		**1 585 319**	1 866 221	1 772 652	**1 058 800**	**1 313 250**

Statements of Profit and Loss

For the year ended 31 March 2016

Figures in Rand thousand	Note(s)	Group 2016 R'000	Group 2015 (restated) R'000	Company 2016 R'000	Company 2015 R'000
Continuing operations					
Revenue	25	**2 668 006**	3 047 370	**2 314 738**	**2 714 775**
Cost of sales	26	**(2 272 265)**	(2 611 468)	**(2 061 993)**	**(2 394 333)**
Gross profit		**395 741**	435 902	**252 745**	**320 442**
Other income		**16 301**	4 058	**5 304**	**2 136**
Operating expenses		**(267 144)**	(356 935)	**(157 584)**	**(244 130)**
Operating profit	27	**144 898**	83 025	**100 465**	**78 448**
Investment income	28	**34 350**	8 175	**3 211**	**4 980**
Loss from equity accounted investments	9	**(36)**	(2 669)	**-**	**-**
Impairment of iron ore	34	**(39 952)**	-	**-**	**-**
Finance costs	29	**(51 476)**	(59 951)	**(34 970)**	**(39 317)**
Profit before taxation		**87 784**	28 580	**68 706**	**44 111**
Taxation	30	**(31 572)**	(20 071)	**(19 235)**	**(13 533)**
Profit from continuing operations		**56 212**	8 509	**49 471**	**30 578**
Discontinued operations					
Loss from discontinued operations	17	**(22 927)**	(6 259)	**-**	**-**
Profit for the year attributable to BSi Steel Limited shareholders		**33 285**	2 250	**49 471**	**30 578**
Basic and diluted earnings per share (cents) - continued operations		**8.03**	1.21		
Basic and diluted loss per share (cents) - discontinued operations		**(3.27)**	(0.89)		
Dividends per share (cents)		**2.00**	2.00		

Statements of Other Comprehensive Income

For the year ended 31 March 2016

Figures in Rand thousand	Note(s)	Group 2016 R'000	Group 2015 (restated) R'000	Company 2016 R'000	Company 2015 R'000
Profit for the year		**33 285**	2 250	**49 471**	**30 578**
Items that will that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		**72 254**	51 699	**-**	**-**
Effects of cash flow hedges		**(12 342)**	6 308	**(12 342)**	**6 308**
Other comprehensive income for the year net of taxation		**59 912**	58 007	**(12 342)**	**6 308**
Total comprehensive income for the year		**93 197**	60 257	**37 129**	**36 886**
Profit attributable to:					
Owners of the parent					
From continuing operations		**56 212**	8 509	**49 471**	**30 578**
From discontinued operations		**(22 927)**	(6 259)	**-**	**-**
		33 285	2 250	**49 471**	**30 578**

Statements of Changes in Equity

For the year ended 31 March 2016

	Share capital R'000	Share premium R'000	Foreign currency translation reserve R'000
Group			
Balance at 01 April 2014	**7**	**110 573**	**93 379**
Profit for the year	-	-	-
Other comprehensive income	-	-	51 699
Total comprehensive income for the year	**-**	**-**	**51 699**
Share based payment provision	-	-	-
Dividends paid	-	-	-
Total contributions by and distributions to owners of Company recognised directly in equity	**-**	**-**	**-**
Balance at 01 April 2015	**7**	**110 573**	**145 078**
Profit for the year	-	-	-
Other comprehensive income	-	-	72 254
Total comprehensive income for the year	**-**	**-**	**72 254**
Purchase of own / treasury shares	-	(2 012)	-
Share based payment provision	-	-	-
Share based payment reversal	-	-	-
Dividends paid	-	-	-
Total contributions by and distributions to owners of Company recognised directly in equity	**-**	**(2 012)**	**-**
Balance at 31 March 2016	**7**	**108 561**	**217 332**
Company			
Balance at 01 April 2014	**7**	**124 294**	**-**
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**
Share based payment provision	-	-	-
Dividends paid	-	-	-
Total contributions by and distributions to owners of Company recognised directly in equity	**-**	**-**	**-**
Balance at 01 April 2015	**7**	**124 294**	**-**
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**
Share based payment provision	-	-	-
Share based payment reversal	-	-	-
Dividends paid	-	-	-
Total contributions by and distributions to owners of Company recognised directly in equity	**-**	**-**	**-**
Balance at 31 March 2016	**7**	**124 294**	**-**
Note(s)	18	18	20

Hedging reserve R'000	Equity compensation reserve R'000	Total reserves R'000	Accumulated profit R'000	Non-controlling interest R'000	Total shareholders equity R'000
-	**2 447**	**95 826**	**413 638**	**(143)**	**619 901**
-	-	-	2 250	-	2 250
6 308	-	58 007	-	-	58 007
6 308	**-**	**58 007**	**2 250**	**-**	**60 257**
-	(662)	(662)	-	-	(662)
-	-	-	(14 090)	-	(14 090)
-	**(662)**	**(662)**	**(14 090)**	**-**	**(14 752)**
6 308	**1 785**	**153 171**	**401 798**	**(143)**	**665 406**
-	-	-	33 285	-	33 285
(12 342)	-	59 912	-	-	59 912
(12 342)	**-**	**59 912**	**33 285**	**-**	**93 197**
-	-	-	-	-	(2 012)
-	1 025	1 025	-	-	1 025
-	(607)	(607)	-	-	(607)
-	-	-	(14 090)	-	(14 090)
-	**418**	**418**	**(14 090)**	**-**	**(15 684)**
(6 034)	**2 203**	**213 501**	**420 993**	**(143)**	**742 919**
-	**2 447**	**2 447**	**179 959**	**-**	**306 707**
-	-	-	30 578	-	30 578
6 308	-	6 308	-	**-**	6 308
6 308	**-**	**6 308**	**30 578**	**-**	**36 886**
-	(662)	(662)	-	-	(662)
-	-	-	(14 397)	-	(14 397)
-	**(662)**	**(662)**	**(14 397)**	**-**	**(15 059)**
6 308	**1 785**	**8 093**	**196 140**	**-**	**328 534**
-	-	-	49 471	-	49 471
(12 342)	-	(12 342)	-	-	(12 342)
(12 342)	**-**	**(12 342)**	**49 471**	**-**	**37 129**
-	1 025	1 025	-	-	1 025
-	(607)	(607)	-	-	(607)
-	-	-	(14 397)	-	(14 397)
-	**418**	**418**	**(14 397)**	**-**	**(13 979)**
(6 034)	**2 203**	**(3 831)**	**231 214**	**-**	**351 684**

Statements of Cash Flows

For the year ended 31 March 2016

Figures in Rand thousand	Note(s)	Group 2016 R'000	Group 2015 restated R'000	Company 2016 R'000	Company 2015 restated R'000
Cash flows from operating activities					
Cash receipts from customers		**2 909 475**	3 220 865	**2 496 814**	2 718 902
Cash paid to suppliers and employees		**(2 604 633)**	(3 046 045)	**(2 228 914)**	(2 583 309)
Cash generated from operations	31	**304 842**	174 820	**267 900**	135 593
Interest income		**34 350**	8 350	**3 211**	1 413
Finance costs		**(49 602)**	(56 412)	**(33 096)**	(35 758)
Tax (paid) / refunded	32	**(37 134)**	(15 105)	**(15 777)**	24
Net cash from operating activities		**252 456**	111 653	**222 238**	101 272
Cash flows from investing activities					
Purchase of property, plant and equipment	5	**(13 183)**	(33 016)	**(11 799)**	(24 056)
Proceeds on disposal of property, plant and equipment	5	**5 971**	37 425	**3 068**	14 058
Purchase of other intangible assets	7	**-**	(150)	**-**	(150)
Proceeds on disposal of other intangible assets	7	**22**	149	**-**	149
Loans to Group companies granted		**(63 741)**	(50 764)	**(9 111)**	(27 780)
Recognition of financial assets		**8 121**	(14 743)	**8 121**	(14 743)
Dividends received		**-**	-	**-**	28 567
Investment in joint ventures		**(2 370)**	(11 916)	**-**	-
Net cash used in investing activities		**(65 180)**	(73 015)	**(9 721)**	(23 955)
Cash flows from financing activities					
Reduction of share capital or buy back of shares	18	**(2 012)**	-	**-**	-
Other net financial liabilities repaid		**(25 339)**	(8 273)	**(19 657)**	(5 717)
Movement in other liabilities		**20 073**	41 953	**-**	-
Finance lease payments		**(1 874)**	(3 559)	**(1 874)**	(3 559)
Dividends paid		**(14 090)**	(14 090)	**(14 397)**	(14 397)
Net cash used in financing activities		**(23 242)**	**16 031**	**(35 928)**	**(23 673)**
Total cash movement for the year		**164 034**	54 669	**176 589**	53 644
Cash at the beginning of the year		**(329 724)**	(387 306)	**(354 322)**	(407 966)
Effect of exchange rate movement on cash balances		**4 319**	2 913	**-**	-
Total cash at end of the year	16	**(161 371)**	(329 724)	**(177 733)**	(354 322)

1. Presentation of audited annual financial statements

The consolidated and separate audited annual financial statements have been prepared on the going concern basis in accordance with International Financial Reporting Standards and in a manner required by the Companies Act of South Africa, and the requirements of the Companies Act 71 of 2008, on a basis consistent with the prior year, except for the adoption of the new or revised standards and interpretations with effective dates on or after 1 April 2015 and the change in the accounting policy for the valuation of land and buildings. They incorporate the principal accounting policies set out below.

1.1 Consolidation

Basis of consolidation

The consolidated audited annual financial statements incorporate the audited annual financial statements of the company and all entities, including special purpose entities, which are controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Adjustments are made when necessary to the audited annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

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

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

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 affected 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, except for non current assets (or disposal group) that are classified as held for sale in accordance with IFRS 5 Non current assets held for sale and discontinued operations, which are recognised at fair value less costs to sell.

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. All other components of non controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

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.

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 the sources of estimation uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited 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 audited annual financial statements. Significant judgements include:

Trade receivables and loans and receivables

The group assesses its trade receivables and loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of profit and 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.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock is held in order to write stock down to the lower of cost or net realisable value. Management reviews the stock ageing report regularly, with the policy that stock should always be sold. There are limited circumstances where stock is sold below cost. Stock obsolescence is reviewed on a stock item basis with any unrealisable stock being written off in the relevant period. The write down is included in the operating profit note.

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 that is available to the group for similar financial instruments.

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. These calculations require the use of estimates and assumptions.

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 future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of varying legislation in various countries. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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 and the application of existing tax laws in each jurisdiction. 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 reporting date could be impacted.

Consolidation of entities in which the group holds less than half the voting rights

The directors have concluded that the group has de facto control of Qinisa Steel Solutions (Pty) Ltd even though it has less than 50% of the voting rights. Control is also maintained over the Lloyds Trust by way of a trust agreement with ACT Offshore, acting as the trustees of the Lloyds Trust. taking instructions from BSi Steel Ltd.

Loans to group companies

Loans to group companies at group level have been assessed for impairment based on future budgeted figures and assesment of the future cash flows.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

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 or replace part of 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 dereognised.

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

Item	Average useful life
Land and buildings	50 years
Leasehold property	2 to 3 years
Plant and machinery	1 to 12 years
Furniture and fixtures	4 years
Motor vehicles	1 to 5 years
Office equipment	3 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 restated is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	2 to 10 years

1.5 Investments in subsidiaries

Company audited 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

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.6 Investments in joint ventures

Company audited annual financial statements

An investment in a joint venture is carried at cost less any accumulated impairment.

In respect of its interests in jointly controlled operations, the company recognises in its audited annual financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

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 designated
- Loans and receivables
- Financial liabilities at fair value through profit or loss designated
- 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

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.

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. Trade and other payables are classified as financial liabilities at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. Cash and cash equivalents are classified as financial instruments at fair value through profit or loss.

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

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.

Hedging activities

The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge);
- hedges of a net investment in a foreign operation (net investment hedge).

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

Amounts accumulated in equity are recycled in the statement of comprehensive income in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

However, when the forecast transaction that is hedged results in the recognition of a non financial item (for example, inventory or fixed assets) the gains and losses previously accumulated in equity are released to the income statement when the non financial item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of

comprehensive income.

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 reporting date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

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

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

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

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 to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

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.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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 or liability. This liability is not discounted.

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

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs

1.10 Inventories continued

necessary to make the sale.

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Non current assets held for sale

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

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

A non current asset is not depreciated while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

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

1.12 Impairment of 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.
- 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.

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

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

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

1.13 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.

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

1.14 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

or a liability if the goods or services were acquired in a cash settled share based payment transaction.

When the goods or services received or acquired in a share based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

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 provided that the fair value can be estimated reliably.

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

Vesting conditions which are not market related (i.e. service conditions and non market related performance conditions) 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. Market conditions, such as a target share price, are taken into account when estimating the fair value of the equity instruments granted. The number of equity instruments are not adjusted to reflect equity instruments which are not expected to vest or do not vest because the market condition is not achieved.

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

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

1.15 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.

Payments made to industry managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.16 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.

Provisions are not recognised for future operating losses.

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.

A contingent asset or contingent liability is a possible asset or possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

1.17. Revenue

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

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

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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, and value added tax.

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

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established. Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.18 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

1.19 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.
- 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.

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

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

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

1.20 Translation of foreign currencies

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.

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 audited 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.

Investments in subsidiaries

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the various month end exchange rates; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the month end dates of the cash flows.

1.21 Segment reporting

A business segment report is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those segments operating in other economic environments.

For management purposes, the group is currently organised into four main segments, namely stockists, bulk sales, exporting and other.

This is the basis on which the group reports its primary segment information. The geopraphical split is a secondary segment, with the major geographical segments being South Africa and the balance of the African continent. Segment information is presented in Note 4.

1.22 Related parties

Parties are considered related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions or is a member of key management personnel of the reporting entity or its parent. The group enters into various related party transactions in the ordinary course of business. The terms and conditions of those related party transactions are no more favourable than those granted to third parties in arm's length transactions.

1.23 Financial guarantee contracts

Financial guarantee contracts are accounted for in terms of IFRS 4: Insurance Contracts and consequently are measured initially at cost and thereafter in accordance with IAS 37: Provisions, Contingent liabilities and contingent assets.

2. Changes in accounting standards

- The audited annual financial statements have been prepared in accordance with International Financial Reporting Standards and in a manner required by the Companies Act of South Africa on a basis consistent with the prior year except for the adoption of the following new or revised standards and with effective dates on or after 1 April 2015.
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
- Annual Improvements to IFRSs 2010 2012 Cycle and 2011 – 2013 Cycle

The group is in the process of assessing the impact of the new and revised standards and, whilst they are not yet adopted and do not expect to have significant impact on the group's results, additional disclosures may be required. The following new standards and amendments have been issued, and will be adopted in accordance with the International Financial Reporting Standards. The affect of the below standards are considered to be immaterial on the financial statements except for IFRS 15 of which the impact is still being assessed.

- 1 January 2018 IFRS 9 Financial Instruments
- 1 January 2016 IFRS 14 Regulatory Deferral Accounts
- 1 January 2018 IFRS 15 Revenue from Contracts with Customers (Impact still being assessed)
- 1 January 2016 Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- 1 January 2016 Amendments to IAS 1 Disclosure Initiative
- 1 January 2016 Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- 1 January 2016 Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- 1 January 2016 Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
- 1 January 2016 Annual Improvements to IFRSs 2012 2014 Cycle
- 1 January 2019 IFRS 16 Leases

3. Risk management

Foreign exchange risk

Foreign currency exposure at statement of financial position date

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Current assets				
Trade debtors ZAR (exposure to USD)	**105 631**	**42 696**	**12 512**	**21 690**
Exchange rates used for conversion of foreign items were:				
USD	**14,88**	**12,20**	**14,88**	**12,20**

3. Risk management (continued)

Forward exchange contracts which relate to future commitments

Amount in foreign currency purchased	Forward exchange rate	Maturity date
USD 268,299	1USD = R15,96	Friday, 01 April 2016
USD 247,500	1USD = R16,28	Thursday, 28 April 2016
USD 257,473.24	1USD = R16,98	Thursday, 16 April 2016
USD 928,000	1USD = R13,70	Monday, 20 June 2016
USD 1,359,453.53	1USD = R16,88	Wednesday, 22 June 2016
USD 31,388.67	1USD = R16,90	Monday, 27 June 2016
USD 234,317.1	1USD = R16,91	Thursday, 30 June 2016
USD 1,224,549	1USD = R17,15	Wednesday, 03 August 2016
USD 184,860	1USD = R14,84	Friday, 12 August 2016
USD 864,644	1USD = R17,16	Monday, 12 September 2016
USD 647,703	1USD = R17,13	Wednesday, 12 October 2016
USD 1,683,061	1USD = R16,70	Thursday, 10 November 2016
USD 638,940	1USD = R16,21	Monday, 12 December 2016

The financial instruments are classified as level 2 in terms of the requirements of IFRS 13.

The group reviews its foreign currency exposure, including commitments on an ongoing basis. The company expects its foreign exchange contracts to hedge foreign exchange exposure.

Price Risk

The group is exposed to commodity price risk to a limited extent.

Interest rate risk

As the group has no significant interest bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Interest rate profile of the Group

Financial instruments

	2016		2015	
	%	**R'000**	%	R'000
Cash in current banking institutions	**5,50**	**53 131**	3,75	55 822
Overdraft facilities used	**10,25**	**214 502**	9,25	385 546
Bond over property - floating rate	**9,50**	**54 282**	8,75	76 752
Finance leases	**10,50**	**12 049**	10,00	28 846

Sensitivity analysis

At year-end the sensitivity on the exposure to floating interest rates on the operating profit is as follows:

	2016 R'000	2015 R'000
+10%	**(2 549)**	(4 317)
-10%	**(2 549)**	4 317

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluates 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. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, 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, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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 capital cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
Group				
At 31 March 2016				
Financial liabilities	**32 456**	**22 985**	**15 645**	**-**
Other liabilities	**-**	**-**	**85 821**	**-**
Trade and other payables	**428 467**	**-**	**-**	**-**
Bank overdraft	**214 502**	**-**	**-**	**-**
At 31 March 2015 - restated				
Financial liabilities	41 989	38 108	33 739	-
Other liabilities	-	-	65 748	-
Trade and other payables	609 102	-	-	-
Bank overdraft	385 546	-	-	-
Company				
At 31 March 2016				
Financial liabilities	**27 912**	**19 191**	**13 814**	**-**
Trade and other payables	**408 793**	**-**	**-**	**-**
Bank overdraft	**188 789**	**-**	**-**	**-**
Loans from Group companies	**17 370**	**-**	**-**	**-**
At 31 March 2015				
Financial liabilities	36 573	28 112	27 400	-
Trade and other payables	499 635	-	-	-
Bank overdraft	356 131	-	-	-
Loans from Group Companies	20 587	-	-	-

4. Segmental Reporting

Primary reporting format - primary business segments

The group complies with IFRS 8 Operating Segments. Due to recent business restructure the chief decision makers merged the Stockist and Bulk sales segments into SA Trading. The prior year figures were restated accordingly. The segments are SA Trading, Exporting and Other. Other group operations mainly comprise of the rental of property and steel processing. These divisions are the basis on which the group reports it's primary segment information.

The segment results for the year ended 31 March 2016 are as follows:

	SA Trading R'000	Exporting R'000	Other R'000	Total R'000
2016				
Total segment revenue	**1 608 050**	**1 200 709**	**120 683**	**2 929 442**
Revenue - internal	**-**	**(180 336)**	**(81 100)**	**(261 436)**
Revenue - external	**1 608 050**	**1 020 373**	**39 583**	**2 668 006**
Operating profit	**44 110**	**87 281**	**13 507**	**144 898**
2015				
Total segment revenue	2 035 036	1 257 117	21 683	3 313 836
Revenue - internal	-	(266 466)	-	(266 466)
Revenue - external	2 035 036	990 651	21 683	3 047 370
Operating profit	58 403	23 472	1 150	83 025

Inter segment transfers or transactions are entered into under normal commercial terms and conditions that would have been available to unrelated third parties.

As liabilities are raised on group level no accurate allocation to specific segments are possible and are therefore not disclosed.

The segment assets at 31 March 2016 for the year then ended are as follows:

	SA Trading R'000	Exporting R'000	Other R'000	Eliminations R'000	Total R'000
2016					
Assets	**425 411**	**662 843**	**518 308**	**(21 243)**	**1 585 319**
2015					
Assets	640 706	653 869	591 304	(19 658)	1 866 221

Segment assets consist primarily of property, plant and equipment inventories, trade and other receivables and cash and cash equivalents.

4. Segmental Reporting (continued)

Secondary reporting format - geographical segments

The Group's three biggest segments operate in two main geographical areas. The home country of the Company is the Republic of South Africa. The areas of operation are principally merchandising and trading in steel.

	RSA R'000	Rest of Africa R'000	Total R'000
2016			
Total segment revenue	**1 728 733**	**1 200 709**	**2 929 442**
Revenue - internal	**(81 100)**	**(180 336)**	**(261 436)**
Revenue - external	**1 647 633**	**1 020 373**	**2 668 006**
Operating profit	**57 617**	**87 281**	**144 898**
2015			
Total segment revenue	2 056 719	1 257 117	3 313 836
Revenue - internal	-	(266 466)	(266 466)
Revenue - external	2 056 719	990 651	3 047 370
Operating profit	59 553	23 472	83 025

Revenue is allocated based on the country in which the customer is located.

The segment assets at 31 March 2016 for the year then ended are as follows:

	RSA R'000	Rest of Africa R'000	Elimina-tions R'000	Total R'000
2016				
Assets	**943 719**	**662 843**	**(21 243)**	**1 585 319**
2015				
Assets	1 232 010	653 869	(19 658)	1 866 221

5. Property, plant and equipment - restated

	2016 Cost R'000	**2016 Accumulated depreciation R'000**	**2016 Carrying value R'000**	2015 Cost R'000	2015 Accumulated depreciation R'000	2015 Carrying value R'000
Group						
Land and Buildings	**214 313**	**(22)**	**214 291**	**237 446**	**(1 920)**	**235 526**
Leasehold property	**-**	**-**	**-**	**600**	**(450)**	**150**
Plant and machinery	**128 013**	**(34 606)**	**93 407**	**121 143**	**(26 537)**	**94 606**
Furniture and fixtures	**4 272**	**(3 692)**	**580**	**6 056**	**(4 360)**	**1 696**
Motor vehicles	**50 701**	**(29 415)**	**21 286**	**59 531**	**(29 849)**	**29 682**
Office equipment	**2 887**	**(2 275)**	**612**	**3 356**	**(2 687)**	**669**
IT equipment	**11 933**	**(10 465)**	**1 468**	**12 750**	**(10 463)**	**2 287**
Total	**412 119**	**(80 475)**	**331 644**	**440 882**	**(76 266)**	**364 616**
Company						
Land and buildings	**148 722**	**-**	**148 722**	**147 618**	**-**	**147 618**
Leasehold property	**-**	**-**	**-**	**600**	**(450)**	**150**
Plant and machinery	**115 903**	**(26 285)**	**89 618**	**108 253**	**(19 608)**	**88 645**
Furniture and fixtures	**2 952**	**(2 768)**	**184**	**3 056**	**(2 749)**	**307**
Motor vehicles	**30 720**	**(15 664)**	**15 056**	**35 237**	**(14 571)**	**20 666**
Office equipment	**820**	**(804)**	**16**	**1 714**	**(1 701)**	**13**
IT equipment	**7 753**	**(7 306)**	**447**	**9 261**	**(8 143)**	**1 118**
Total	**306 870**	**(52 827)**	**254 043**	**305 739**	**(47 222)**	**258 517**

5. Property, plant and equipment - restated (continued)

Reconciliation of property, plant and equipment - Group

	Opening balance R'000	Additions R'000	Disposals R'000	Classified as held for sale R'000	Transfers R'000	Foreign exchange movements R'000	Discontinued operations R'000	Depreciation R'000	Total R'000
2016									
Land and buildings	**235 526**	**1 352**	**(46)**	**(28 698)**	**(1 047)**	**8 258**	**-**	**(1 054)**	**214 291**
Leasehold property	**150**	**-**	**(75)**	**-**	**-**	**-**	**-**	**(75)**	**-**
Plant and machinery	**94 606**	**10 400**	**(3 380)**	**-**	**1 000**	**608**	**(211)**	**(9 616)**	**93 407**
Furniture and fixtures	**1 696**	**154**	**(858)**	**-**	**-**	**184**	**(28)**	**(568)**	**580**
Motor vehicles	**29 682**	**180**	**(2 872)**	**-**	**(45)**	**1 630**	**(154)**	**(7 135)**	**21 286**
Office equipment	**669**	**95**	**(2)**	**-**	**-**	**126**	**-**	**(276)**	**612**
IT equipment	**2 287**	**1 002**	**(166)**	**-**	**92**	**221**	**(204)**	**(1 764)**	**1 468**
	364 616	**13 183**	**(7 399)**	**(28 698)**	**-**	**11 027**	**(597)**	**(20 488)**	**331 644**

	Opening balance R'000	Additions R'000	Disposals R'000	Foreign exchange movements R'000	Discontinued operations R'000	Depreciation R'000	Total R'000
2015							
Land and buildings	227 997	4 569	(1 078)	4 715	-	(677)	235 526
Leasehold property	375	-	-	-	-	(225)	150
Plant and machinery	116 815	23 553	(34 433)	567	(309)	(11 587)	94 606
Furniture and fixtures	2 803	504	(829)	216	(55)	(943)	1 696
Motor vehicles	37 944	3 797	(4 677)	1 348	(519)	(8 211)	29 682
Office equipment	742	239	(32)	87	(3)	(364)	669
IT equipment	6 070	354	(897)	231	(700)	(2 771)	2 287
	392 746	33 016	(41 946)	7 164	(1 586)	(24 778)	364 616

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
2016					
Land and buildings	**147 618**	**1 104**	**-**	**-**	**148 722**
Leasehold property	**150**	**-**	**(75)**	**(75)**	**-**
Plant and machinery	**88 645**	**10 167**	**(809)**	**(8 385)**	**89 618**
Furniture and fixtures	**307**	**127**	**(49)**	**(201)**	**184**
Motor vehicles	**20 666**	**180**	**(2 280)**	**(3 510)**	**15 056**
Office equipment	**13**	**20**	**(2)**	**(15)**	**16**
IT equipment	**1 118**	**201**	**(11)**	**(861)**	**447**
	258 517	**11 799**	**(3 226)**	**(13 047)**	**254 043**
2015					
Land and buildings	146 866	752	-	-	147 618
Leasehold property	375	-	-	(225)	150
Plant and machinery	92 226	21 415	(14 552)	(10 444)	88 645
Furniture and fixtures	804	11	(131)	(377)	307
Motor vehicles	26 298	1 721	(3 135)	(4 218)	20 666
Office equipment	109	-	(17)	(79)	13
IT equipment	3 222	157	(153)	(2 108)	1 118
	269 900	24 056	(17 988)	(17 451)	258 517

Refer to note 39 for the change in accounting policy relating to the valuation of land and buildings.

6. Goodwill

	2016			2015		
	Cost R'000	**Accumulated impairment R'000**	**Carrying value R'000**	Cost R'000	Accumulated impairment R'000	Carrying value R'000
Group						
Goodwill	**14 706**	**-**	**14 706**	14 706	-	14 706
Company						
Goodwill	**1 500**	**-**	**1 500**	1 500	-	1 500

Reconciliation of goodwill - Group

	Opening balance R'000	**Total R'000**
2016		
Goodwill	**14 706**	14 706
2015		
Goodwill	**14 706**	14 706

The remaining goodwill was assessed by reference to the value-in-use of the cash-generating units. Discount factors ranging between 10% to 15% per annum were applied in the value-in-use model.

Allocation of goodwill to cash-generating unit

Goodwill has been allocated for impairment testing purposes to the underlying discreet business segments as they represent separately identifiable cash generating units. The following cash generating units, being the lowest level of asset for which there are separately identifiable cash flows, have carrying amounts of goodwill:

	Group	
	2016 R'000	2015 R'000
SA Trading	**6 901**	6 901
Exporting	**5 482**	5 482
Other	**2 323**	2 323
	14 706	14 706

7. Intangible assets

	2016 Cost / valuation R'000	2016 Accumulated amortisation R'000	2016 Carrying value R'000	2015 Cost / valuation R'000	2015 Accumulated amortisation R'000	2015 Carrying value R'000
Group						
Computer software	**23 812**	**(13 360)**	**10 452**	24 569	(11 703)	12 866
Company						
Computer software	**23 812**	**(13 360)**	**10 452**	24 380	(11 562)	12 818

Reconciliation of intangible assets - Group

	Opening balance R'000	Additions R'000	Disposals R'000	Foreign exchange movements R'000	Amortisation R'000	Total R'000
2016						
Computer software	**12 866**	**-**	**(22)**	**5**	**(2 397)**	**10 452**
2015						
Computer software	**15 316**	**150**	**(149)**	**5**	**(2 456)**	**12 866**

Reconciliation of intangible assets - Company

	Opening balance R'000	Amortisation R'000	Total R'000
2016			
Computer software	**12 818**	**(2 366)**	**10 452**

	Opening balance R'000	Additions R'000	Disposals R'000	Amortisation R'000	Total R'000
2015					
Computer software	**15 234**	**150**	**(149)**	**(2 417)**	**12 818**

8. Interests in subsidiaries including consolidated structured entities

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Name of company	% Voting power 2016	Voting power 2015	Holding 2016	Holding 2015	Carrying amount 2016 R'000	Carrying amount 2015 R'000
Group						
Newcolab (Pty) Ltd	**100,00**	100,00	**100,00**	100,00	**1**	1
Red Chip Investment (Pty) Ltd	**100,00**	100,00	**100,00**	100,00	**2 461**	2 461
Shearcut (Pty) Ltd	**100,00**	100,00	**100,00**	100,00	**-**	-
BSi Steel Africa Ltd *	**100,00**	100,00	**100,00**	100,00	**25 340**	25 340
West Dunes Properties 296 (Pty) Ltd	**100,00**	100,00	**100,00**	100,00	**11 666**	11 666
Qinisa Steel Solutions (Pty) Ltd	**46,00**	46,00	**46,00**	46,00	**-**	-
					39 468	39 468

* Incorporated in Mauritius and indirect holding of BSI Steel Zambia Ltd, BSI Steel Mozambique LDA, BSI Steel Ghana Ltd and Pro Steel SPRL all at 100% (2015: 100%). Interests in BSI Financial Services Sarl(100%) and Sentinel Bridge Ltd (80%) were acquired in the 2014 financial year.

BSI Steel owns 46% shareholding in Qinisa Steel Solutions (Pty) Ltd. Qinisa is treated as a subsidiary due to the fact that BSI provides funding for Qinisa's operations. Once Qinisa is in a position to finance itself and funding lines with BSi are repaid the requirement to consolidate will be revisited.

9. Joint ventures

Joint ventures

The following table lists all of the joint ventures in the Group:

Name of company	Held by	Ownership interest 2016 %	Ownership interest 2015 %	Carrying amount 2016 R'000	Carrying amount 2015 R'000
Group					
Global Trade Insurance Ltd and Tower Trade Group Ltd	The Lloyds Trust	**45,00**	45,00	**13 165**	10 831

The percentage ownership interest is equal to the percentage voting rights in all cases. The principal activity of Global Trade Insurance Ltd is that of short term insurance and Tower Trade Group Ltd is that of short term trade finance.

Material joint ventures

The following joint ventures are material to the Group:

	Country of incorporation	Method	% Ownership interest 2016	% Ownership interest 2015
Tower Trade Group Ltd	Hong Kong	Equity	**45**	45
Global Trade Insurance Ltd	Bermuda	Equity	**45**	45

9. Joint ventures (continued)

Summarised financial information of material joint ventures

	Tower Trade Group Ltd & Global Trade Insurance Ltd	
	2016 R'000	2015 R'000
Summarised unaudited income statement		
Revenue	**92 880**	129 840
Depreciation and amortisation	**(1 548)**	(649)
Interest income	**11 602**	3 748
Other income and expenses	**(99 155)**	(162 858)
Interest expense	**(18 224)**	(7 584)
Loss before tax	**(14 445)**	(37 503)
Tax expense	**(51)**	-
Loss from continuing operations	**(14 496)**	(37 503)
Total comprehensive loss	**(14 496)**	(37 503)
Summarised unaudited statement of financial position		
ASSETS		
Non current	**18 619**	11 500
Current		
Cash and cash equivalents	**12 405**	34 749
Other current assets	**234 538**	145 545
Total current assets	**246 943**	180 294
LIABILITIES		
Non Current		
Other non-current liabilities	**103 096**	-
Total non-current liabilities	**103 096**	-
Current		
Other current liabilities	**224 231**	219 897
Total current liabilities	**224 231**	219 897
Total net assets	**(61 765)**	(28 103)
Reconsiliation of net assets to equity accounted investments in joint ventures		
Interest in joint venture at percentage ownership of 45%	**13 165**	10 831
Carrying value of investment in joint venture	**13 165**	10 831
Investment at beginning of period	**10 831**	1 584
Foreign currency translation	**2 370**	(40)
Share of loss - limited to amounts invested	**(36)**	(2 669)
Loan converted to capital	**-**	11 956
Investment at end of period	**13 165**	10 831

The summarised information presented above reflects the financial statements of the joint ventures after adjusting for differences in accounting policies between the Group and the joint venture.

Commitments and Contingencies

Refer to note 35 Commitments and note 36 Contingencies for details of commitments and contingencies related to joint ventures.

10. Loans to/ (from) Group companies

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Subsidiaries				
Shearcut (Pty) Ltd	**-**	-	**(12 063)**	(10 786)
Red Chip Investments (Pty) Ltd	**-**	-	**(4 492)**	(6 816)
Newcolab (Pty) Ltd	**-**	-	**1 134**	(878)
BSi Steel Africa Ltd	**-**	-	**(815)**	(2 107)
West Dunes Properties 296 (Pty) Ltd	**-**	-	**4 861**	3 999
Qinisa Steel Solutions (Pty) Ltd	**-**	-	**16 526**	12 628
	-	-	**5 151**	(3 960)
Joint ventures				
Global Trade Insurance Ltd	**155**	127	**-**	-
Tower Trade Group Limited (Restated as per note 40)	**196 300**	132 587	**-**	-
	196 455	132 714	**-**	-

Intercompany loans are classified as loans and receivables and their carrying value approximates fair value. All intercompany loans are made in the ordinary course of business, bear interest at prime interest rate, unsecured and repayable within 30 days of statement issue.

The Tower Trade Group Limited loan bears interests at varying rates and capital repayments are to be made on a quarterly basis as agreed upon based on the cash flow of the equity.

Non-Current assets	**182 165**	132 587	**-**	-
Current assets	**14 290**	127	**22 521**	16 627
Current liabilities	**-**	-	**(17 370)**	(20 587)
	196 455	132 714	**5 151**	(3 960)

11. Other financial assets

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Fair value				
Foreign exchange contract	**-**	6 883	**-**	6 883
Loans and receivables				
Loan - QTC Developers cc	**6 622**	7 860	**6 622**	7 860
The loan is secured, bears interest at prime and is repayable over 4 years.				
Total other financial assets	**6 622**	14 743	**6 622**	14 743
Non-current assets				
Loans and receivables	**5 795**	6 986	**5 795**	6 986
Current assets				
At fair value	**-**	6 883	**-**	6 883
Loans and receivables	**827**	874	**827**	874
	827	7 757	**827**	7 757
	6 622	14 743	**6 622**	14 743

The above loans and receivables are held at amortised cost and the carrying value is deemed to be the fair value.

12. Financial assets by category

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

	Loans and receivables R'000	Fair value through profit or loss R'000	Financial derivatives R'000	Held to maturity invest-ments R'000	Available for sale R'000	Total R'000
Group						
2016						
Loans to Group companies	**196 455**	**-**	**-**	**-**	**-**	**196 455**
Other financial assets	**6 622**	**-**	**-**	**-**	**-**	**6 622**
Trade and other receivables	**503 232**	**-**	**-**	**-**	**-**	**503 232**
Cash and cash equivalents	**53 131**	**-**	**-**	**-**	**-**	**52 131**
	759 440	**-**	**-**	**-**	**-**	**759 440**
2015						
Loans to Group companies	132 714	-	-	-	-	132 714
Other financial assets	7 860	6 883	-	-	-	14 743
Trade and other receivables	732 177	-	-	-	-	732 177
Cash and cash equivalents	55 822	-	-	-	-	55 822
	928 573	6 883	-	-	-	935 456
Company						
2016						
Loans to Group companies	**22 521**	**-**	**-**	**-**	**-**	**22 521**
Other financial assets	**6 622**	**-**	**-**	**-**	**-**	**6 622**
Trade and other receivables	**386 358**	**-**	**-**	**-**	**-**	**386 358**
Cash and cash equivalents	**11 056**	**-**	**-**	**-**	**-**	**11 056**
	426 557	**-**	**-**	**-**	**-**	**426 557**
2015						
Loans to Group companies	16 627	-	-	-	-	16 627
Other financial assets	7 860	6 883	-	-	-	14 743
Trade and other receivables	565 812	-	-	-	-	565 812
Cash and cash equivalents	1 809	-	-	-	-	1 809
	592 108	6 883	-	-	-	598 991

13. Deferred tax

	Group		Company	
	2016 R'000	2015 restated R'000	**2016 R'000**	2015 R'000
Deferred tax (liability)/asset				
Accelerated capital allowances for tax purposes	**(23 583)**	(18 365)	**(21 820)**	(17 384)
Tax losses available for set off against future taxable income	**5 703**	4 781	**-**	-
Other deferred tax	**13 411**	10 912	**3 345**	3 974
Total deferred tax (liability)/ asset	**(4 469)**	(2 672)	**(18 475)**	(13 410)
Deferred tax liability	**(21 641)**	(16 463)	**(18 475)**	(13 410)
Deferred tax asset	**17 172**	13 791	**-**	-
Total net deferred tax (liability)/ asset	**(4 469)**	(2 672)	**(18 475)**	(13 410)
Reconsiliation of deferred tax (liability)/ asset				
At beginning of year	**(2 672)**	1 922	**(13 410)**	(5 972)
Increase / (Decrease) in tax loss available for set off against future taxable income	**923**	(3 553)	**-**	(1 681)
Originating temporary difference on tangible assets	**(2 577)**	(1 600)	**(3 523)**	(6 776)
Other	**2 197**	580	**798**	1 041
Prior year	**(2 340)**	(21)	**(2 340)**	(22)
	(4 469)	(2 672)	**(18 475)**	(13 410)

Recognition of deferred tax asset

The tax losses are expected to be utilised due to future profitable operations as is evidenced by the positive budgets and cash flow projections.

14. Inventories

Inventory was pledged as security for a credit facility with Arcelor Mittal on behalf of the group. At year end the facility amounted to R 450 000 000 (2015: R 450 000 000).

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Work in progress	**1 836**	8 316	**1 763**	8 316
Merchandise	**362 639**	398 426	**297 656**	302 588
Goods in transit	**13 523**	76 614	**13 523**	76 614
	377 998	483 356	**312 942**	387 518
Inventory pledged as security				
Inventory pledged as security	**125 000**	125 000	**125 000**	125 000

15. Trade and other receivables

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Trade receivables (net of provision)	**426 507**	667 976	**381 406**	563 482
Prepayments	**978**	1 079	**937**	1 041
Deposits	**2 703**	5 225	**80**	919
VAT	**24 408**	22 584	**12 901**	13 397
Staff loans	**1 691**	4 413	**204**	298
Other receivables	**-**	349	**-**	-
Sundry debtors	**72 331**	54 214	**4 668**	1 113
	528 618	755 840	**400 196**	580 250

Trade and other receivables pledged as security

Trade and other receivables with a value of R322,711,298 (2015: R446,723,019) were pledged as security for the invoice discounting facility. At year end the outstanding balance on the facility amounted to R193,017,352 (2015: R356,337,781).

Trade and other receivables past due and not impaired

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
The ageing of amounts past due and not impaired:				
1 month past due	**12 606**	24 665	**10 337**	19 317
2 and more months past due	**9 475**	42 972	**9 124**	39 444
The carrying amount of trade and other receivables are denominated in the following currencies:				
Rand	**320 876**	625 280	**368 894**	541 792
US Dollar	**105 631**	42 696	**12 512**	21 690
Reconciliation of provision for impairment of trade and other receivables				
Opening balance	**24 566**	31 879	**11 430**	11 227
Provision for impairment	**7 860**	16 452	**12 331**	15 587
Amounts written off as uncollectible	**(15 588)**	(23 765)	**(15 517)**	(15 384)
	16 838	24 566	**8 244**	11 430

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade and other receivables mentioned above. All company trade and receivables, with the exception of the Exports division, are insured by Credit Insurance Solutions. The group holds collateral securities provided by certain of its largest debtors. At year end trade and other receivables comprised of 1,397 individual debtors (2015: 1,991).

16. Cash and cash equivalents

	Group		Company	
	2016 R'000	2015 restated R'000	**2016 R'000**	2015 restated R'000
Cash and cash equivalents consist of:				
Cash on hand	**268**	360	**193**	295
Bank balances	**52 863**	55 462	**10 863**	1 514
Bank overdraft	**(214 502)**	(385 546)	**(188 789)**	(356 131)
	(161 371)	(329 724)	**(177 733)**	(354 322)
Current assets	**53 131**	55 822	**11 056**	1 809
Current liabilities	**(214 502)**	(385 546)	**(188 789)**	(356 131)
	(161 371)	(329 724)	**(177 733)**	(354 322)

BSI Steel Limited has an invoice discounting facility of R450,000,000 (2015: R500,000,000) which is secured by:

- book debts;
- limited suretyship by,

West Dunes Properties 296 (Pty) Ltd, incorporating a cession of loan funds
BSI Steel Ghana Ltd, incorporating a cession of loan funds
Red Chip Investments (Pty) Ltd, incorporating a cession of loan funds
BSI Steel Africa Ltd, incorporating a cession of loan fund

- unlimited suretyship by

BSI Steel Zambia Ltd, incorporating a cession of loan funds
Shearcut (Pty) Ltd, excluding a cession of loan funds

- cession of various Credit Insurance Solutions policies.

The invoice discounting facility is inclusive of Forward exchange contracts, Guarantees and Letter of credit products, please refer to note 36 for cross guarantees.

An overdraft facility was held with Afrasia of USD2,500,000 during 2015 and a LC facility of USD12,500,000.

17. Discontinued operations

During the year the decision was made by the Board to discontinue the operation in Mozambique due to unfavourable trading conditions, likewise in Ghana during 2015.

	Group	
	2016 R'000	2015 R'000
Profit and loss		
Revenue	**9 086**	77 485
Expenses	**(28 243)**	(70 058)
Net (loss) profit before tax	**(19 157)**	7 427
Tax	**(989)**	(4 596)
Net (loss) profit after tax	**(20 146)**	2 831
Realisation of foreign currency translation reserve	**(2 781)**	(9 090)
Net loss for the year	**(22 927)**	(6 259)

18. Share capital and share premium

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Authorised				
10 000 000 000 ordinary shares of 0.001 cents each	**100**	100	**100**	100
Analysis of number of shares issued:				
Number of shares in issue	**719 854 996**	719 854 996	**719 854 996**	719 854 996
Less: Treasury shares held	**(22 983 549)**	(18 044 525)	**-**	-
	696 871 447	701 810 471	**719 854 996**	719 854 996
Issued				
701 810 471 ordinary shares of 0.001 cents each	**7**	7	**7**	7
Share premium	**108 561**	110 573	**124 294**	124 294
	108 568	110 580	**124 301**	124 301

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.

Analysis of share premium				
Share premium of shares in issue	**124 294**	124 294	**124 294**	124 294
Treasury shares held	**(15 733)**	(13 721)	**-**	-
	108 561	110 573	**124 294**	124 294

19. Share based payments

Equity settled share-based payments (share appreciation rights)

	Number	**Weighted exercise price R**	**Total value R'000**
Outstanding at the beginning of the prior year	14 449 999	0,606	8 767
Granted during the prior year	16 250 000	0,560	9 100
Reversed during the prior year	(4 999 999)	0,550	(2 750)
Forfeited during the prior year	(600 000)	0,590	(354)
Granted during the current year	13 200 000	0,490	6 428
Reversed during the current year	(4 100 000)	0,590	(2 419)
Forfeited during the current year	(11 350 000)	0,587	(6 666)
Outstanding at the end of the year	**22 850 000**	**0,530**	**12 106**

The valuations were performed by means of the following inputs:

	SAR scheme December 2009	**SAR scheme December 2014**	**SAR scheme March 2015**	**SAR scheme December 2015**
Outstanding at the end of the year	750 000	11 750 000	1 700 000	8 650 000
Weighted average share price (cents)	63,5	56,0	55,0	47,0
Expected rolling volatility (%)	50,70	50,00	50,00	50,00
Expected option lifetime (years)	5,33 - 6,33	4 - 5	4,5 - 5,5	4,5 - 5,5
Risk free rate based on zero-coupon government bond yield (average %)	8,35	6,50	7,08	7,72

19. Share based payments (continued)

Information on options granted during the year (continued)

The expected life used in the model has been adjusted, based on management's best estimate, for the affects of employee turnover and exercise behaviour.

Fair value was determined by use of the Black & Scholes model. The following inputs were used:

- Weighted average share price,
- Exercise price,
- Expected volatility,
- Option life,
- The risk free interest rate,

Options vest in the case of HEPS for the vesting period, being in excess of CPI plus 2%, for each year of the vesting period. The exercise price is determined as the volume weighted average price of the share on the exercise date and options must be exercised within 7 years of the grant date. Options are forfeited if the employee leaves the group before the options vest. Total expenses / (release) of R 418 668 (2015: R (662 192)) related to equity settled share based payments transactions were recognised in 2016 and 2015 respectively.

20. Foreign currency translation reserve

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.

	Group	
	2016 R'000	2015 R'000
Subsequent consolidation	**217 332**	145 078

21. Other financial liabilities

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
At fair value				
Foreign exchange contract	**11 511**	-	**11 511**	-
Held at amortised cost				
Bank loan	**4 755**	8 001	**4 680**	7 822
This loan is unsecured, repayable over a period of 5 years and bears interest at 10.25% per year.				
Instalment sale agreements	**12 049**	28 846	**12 049**	28 846
The above instalment sale agreements are secured over property, plant and equipment as per note 6. They are repayable over periods varying from 2 to 60 months and bear interest at varying rates linked to prime.				
Astrium loan	**-**	237	**-**	-
Mortgage bond	**54 282**	76 752	**44 188**	55 417
The above bonds are secured by land and buildings per note 5 as well as a cession of AIG SA Limited insurance policy no. 02PRO0531374. They bear interest at varying rates linked to prime, are repayable on a ten year term in total monthly instalments of R1,910,358.				
	71 086	113 836	**60 917**	92 085
Total other financial liabilities	**82 597**	113 836	**72 428**	92 085

21. Other financial liabilities (continued)

A revolving credit facility of R23,000,000 (2015: R23,000,000) is shared between BSI Steel Ltd and Shearcut (Pty) Ltd but has not been utilised at year end. The maturity of the above liabilities are disclosed per note 3.

The financial liabilities are classified as level 1 in terms of the requirements of IFRS 13.

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Non-current liabilities				
At amortised cost	**38 630**	71 847	**33 005**	55 512
Current liabilities				
Fair value	**11 511**	-	**11 511**	-
At amortised cost	**32 456**	41 989	**27 912**	36 573
	43 967	41 989	**39 423**	36 573
	82 597	113 836	**72 428**	92 085

The fair values of the financial liabilities approximate their carrying values. The directors, in terms of the company's Articles of Association, have unlimited borrowing powers.

22. Other liabilities

The liability represents trade finance as provided for by the Tower Trade Group Limited Funders and repayment is expected to occur within the next 2 to 5 years. Refer to note 40 for prior period restatement.

23. Trade and other payables

	Group		Company	
	2016 R'000	2015 restated R'000	**2016 R'000**	2015 restated R'000
Trade payables	**309 880**	372 710	**333 718**	364 619
Trade finance	**65 562**	127 037	**40 550**	46 000
VAT	**3 405**	1 725	**-**	-
Accruals and other payables	**39 372**	87 657	**33 770**	87 485
Accrued expenses	**2 463**	3 488	**45**	540
Other accrued expenses	**7 785**	16 485	**710**	991
	428 467	609 102	**408 793**	499 635

The company has a number of 30 day credit facilities with its suppliers, one of these being Arcelor Mittal. The credit facility of R450,000,000 (2015: R450,000,000) is secured as follows:

- a bond over inventory to the value of R125,000,000 (2015: R125,000,000);
- reversionary cession of debtors and
- guarantees by the following companies:
  Red Chip Investments (Proprietary) Limited
  Shearcut (Proprietary) Limited

At 31 March 2016 the BSI Steel Africa Ltd company had a credit facility of USD22,800,000 (2015: R22,800,000) provided for by Tower Trade Group Hong Kong Ltd. This facility is unsecured.

24. Financial liabilities by category

	Financial liabilities at amortised cost R'000	Fair value through profit or loss - designated R'000	Total R'000
Group			
2016			
Financial liabilities	**71 086**	**11 511**	**82 597**
Trade payables	**428 467**	**-**	**428 467**
Bank overdraft	**214 502**	**-**	**214 502**
Other liabilities	**85 821**	**-**	**85 821**
	799 876	**11 511**	**811 387**

	Financial liabilities at amortised cost R'000	Total R'000
2015		
Financial liabilities	113 836	113 836
Trade payables - restated	609 102	609 102
Bank overdraft - restated	385 546	385 546
Other liabilites - restated	65 748	65 748
	1 174 232	1 174 232

	Financial liabilities at amortised cost R'000	Fair value through profit or loss - designated R'000	Total R'000
Company			
2016			
Loans from Group companies	**17 370**	**-**	**17 370**
Other financial liabilities	**60 917**	**11 511**	**72 428**
Trade payables	**408 793**	**-**	**408 793**
Bank overdraft	**188 789**	**-**	**188 789**
	675 869	**11 511**	**687 380**

	Financial liabilities at amortised cost R'000	Total R'000
2015		
Loans from Group companies	20 587	20 587
Other financial liabilities	92 085	92 085
Trade payables - restated	499 635	499 635
Bank overdraft - restated	356 131	356 131
	968 438	968 438

25. Revenue

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Sale of goods	**2 668 006**	3 047 370	**2 314 738**	2 714 775

26. Cost of sales

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Cost of goods sold	**2 272 265**	2 611 468	**2 061 993**	2 394 333

27. Operating profit

Operating profit before interest and taxation for the year is stated after accounting for the following:

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Operating lease charges				
Premises				
• Contractual amounts	**-**	16 203	**3 265**	14 112
Equipment				
• Contractual amounts	**398**	666	**959**	666
	398	16 669	**4 224**	14 778
Loss on sale of property, plant and equipment	**1 428**	4 521	**158**	3 930
Foreign exchange loss / (gains)	**833**	12 980	**(12 860)**	(8 392)
Auditors' remuneration - fees	**2 678**	3 039	**1 427**	1 929
Depreciation	**20 488**	26 364	**13 047**	17 451
Amortisation	**2 397**	2 456	**2 366**	2 417
Employee costs	**155 989**	201 764	**116 493**	150 886

Certain costs were apportioned between Cost of sales and Operating expenses on the Statement of Profit and Loss.

28. Investment income

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Dividend revenue				
Subsidiaries - local	**-**	**-**	**-**	**3 567**
Interest revenue				
Bank	**491**	**448**	**312**	**180**
Interest charged on trade and other receivables	**603**	**112**	**598**	**112**
Other interest	**33 256**	**7 615**	**2 301**	**1 121**
	34 350	**8 175**	**3 211**	**1 413**
	34 350	**8 175**	**3 211**	**4 980**

29. Finance costs

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Finance leases	**2 494**	**4 370**	**1 884**	**3 559**
Bank and other current borrowings	**44 442**	**51 592**	**26 875**	**29 670**
Other interest paid	**4 540**	**3 989**	**6 211**	**6 088**
	51 476	**59 951**	**34 970**	**39 317**

30. Taxation

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Major components of the tax expense				
Current				
Local income tax - current period	**32 114**	15 386	**16 509**	6 095
Local income tax - recognised in current tax for prior periods	**(2 339)**	-	**(2 339)**	-
	29 775	15 386	**14 170**	6095
Deferred				
Originating and reversing temporary differences relating to tangible fixed assets	**2 577**	(241)	**2 725**	3 243
Temporary differences due to unutilised tax losses	**(923)**	2 412	**-**	1 681
Effect of exchange rate movement	**(1 489)**	-	**-**	-
Prior period	**1 632**	2 514	**2 340**	2 514
	1 797	4 685	**5 065**	7 438
	31 572	20 071	**19 235**	13 533
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
Capital gains tax	**-**	(0,24)	**-**	-
Permanent differences	**(6,02)**	36,14	**(0,01)**	(3,20)
Prior year	**-**	8,79	**-**	5,88
Other	**-**	0,28	**-**	-
Foreign tax	**13,95**	(12,74)	**-**	-
	35,93	70,23	**27,99**	30,68

31. Cash generated from operations

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Profit before taxation from continued operations	**87 784**	28 580	**68 706**	44 111
Profit before taxation from discontinued operations	**(19 157)**	7 427	**-**	-
Adjustments for:				
Depreciation and amortisation	**23 482**	28 820	**15 413**	19 868
Loss on sale of property, plant and equipment	**1 428**	4 521	**158**	3 930
Loss from equity accounted investments	**36**	2 669	**-**	-
Dividends received	**-**	-	**-**	(3 567)
Interest income	**(34 350)**	(8 350)	**(3 211)**	(1 413)
Finance costs	**51 476**	59 971	**34 970**	39 317
Hedging reserve	**(12 342)**	6 308	**(12 342)**	6 308
Share based payment provisions	**418**	(662)	**418**	(662)
Changes in working capital:				
Inventories	**127 166**	(13 835)	**74 576**	(86 039)
Trade and other receivables	**256 084**	(7 075)	**180 054**	4 127
Trade and other payables	**(177 183)**	66 446	**(90 842)**	109 613
	304 842	174 820	**267 900**	135 593

32. Tax (paid)/ refunded

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Balance at beginning of the year	**(3 184)**	1 693	**(2 868)**	3 251
Current tax for the year recognised in profit or loss	**(29 775)**	(15 386)	**(14 170)**	(6 095)
Tax for the year in relation to discontinued operations	**(989)**	(4 596)	**-**	-
Balance at end of the year	**(3 186)**	3 184	**1 261**	2 868
	(37 134)	(15 105)	**(15 777)**	24

33. Non-current assets held for sale

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Land and buildings held for sale	**28 698**	-	**-**	-
Debt over land and buildings	**(5 900)**	-	**-**	-
	22 798	-	**-**	-

The Group intends to dispose of a parcel of freehold land it no longer utilises in the next 12 months. The property located on the freehold land was previously used in the Group's operations. A search is underway for a buyer. No impairment loss was recognised on reclassification of the land as held for sale nor as at 31 March 2016 as the directors of the Company expect that the fair value less costs to sell is higher than the carrying amount.

The land and buildings compromise Erf 1796 Alton, Richard Bay in extent 28438 meters, held by deed of transfer no. T2333/2006. This property has been pledged as security over a mortgage bond from Nedbank Corporate. The bond is repayable over 10 years.

34. Impairment of iron ore

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Impairment of iron ore held in Sentinel Bridge	**39 952**	-	**-**	-

The iron ore was sold to the liquidator of the Chilean mine in order to realise the maximum value from it. An impairment was booked against the receivable in order to reflect the estimated recoverable amount. In order to maximize our recovery, we agreed to combine the sale of the iron ore with the plant and equipment and will split the proceeds 50:50 with Greensill Capital, who have a lien over the plant and equipment. The liquidator is handling the sale with our guidance and input; the option to sell the ore independent of the plant & equipment remains open.

35. Commitments

Authorised capital expenditure

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Already contracted for				
Property, plant and equipment	**13 786**	-	**-**	-

This committed expenditure relates to plant and equipment and will be financed by available bank facilities.

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Operating leases – as lessee (expense)				
Minimum lease payments due				
- within one year	**-**	1 759	**-**	-
- in second to fifth year inclusive	**-**	403	**-**	-
	-	2 162	**-**	-

Operating lease payments represent rentals payable by the group for certain of its 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.

36. Contingencies

The group has issued cross guarantees in the form of unlimited suretyships excluding loan cessions, in favour of Nedbank Corporate as per note 16.

37. Related parties

Relationships	
Holding company	BSi Steel Limited
Subsidiaries	Refer to note 8
Joint ventures	Refer to note 9
Shareholder with significant influence	Refer to shareholding analysis
Members of key management	William Battershill
	Kevin Paxton
	Craig Parry
	Emmerentia Vermaak

	Group		Company	
	2016 R'000	2015 restated R'000	**2016 R'000**	2015 R'000
Related party balances				
Loan accounts - owing (to)/ by related parties				
Newcolab (Pty) Ltd	**-**	-	**1 134**	(878)
Global Trade Insurance Ltd	**155**	127	**-**	-
Red Chip Investments (Pty) Ltd	**-**	-	**(4 492)**	(6 816)
Shearcut (Pty) Ltd	**-**	-	**(12 057)**	(10 786)
BSi Steel Africa Ltd	**-**	-	**(815)**	(2 017)
Tower Trade Group Limited	**196 300**	132 587	**-**	-
West Dunes Properties 296 (Pty) Ltd	**-**	-	**4 861**	3 999
Qinisa Steel Solutions (Pty) Ltd	**-**	-	**16 527**	12 628
Amounts included in trade receivable/ (trade payable) regarding related parties				
BSi Steel Zambia Limited	**-**	-	**10 920**	7 113
Pro Steel SPRL	**-**	-	**3 853**	-
BSi Steel Mozambique LDA	**-**	-	**-**	3 577
Qinisa Steel Solutions (Pty) Ltd	**-**	-	**6 470**	8 261
BSi Steel Katanga SPRL	**-**	-	**-**	1 012
Related party transactions				
Interest paid to/ (received from) related parties				
Shearcut (Pty) Ltd	**-**	-	**1 272**	-
Tower Trade Group Limited	**15 511**	25 126	**-**	-
Newcolab (Pty) Ltd	**-**	-	**18**	79
Qinisa Steel Solutions (Pty) Ltd	**-**	-	**(1 287)**	(399)
BSi Plate Solutions (Pty) Ltd	**-**	-	**-**	1 566
West Dunes Properties 296 (Pty) Ltd	**-**	-	**(409)**	(360)
Red Chip Investments (Pty) Ltd	**-**	-	**556**	454
Purchases from/ (sales to) related parties				
BSi Steel Ghana Limited	**-**	-	**-**	(1 132)
BSi Steel Mozambique, LDA	**-**	-	**(10 746)**	(33 416)
BSi Steel Zambia Limited	**-**	-	**(95 843)**	(118 878)
BSi Steel Katanga SPRL	**-**	-	**(54 078)**	(85 271)
BSi Plate Solutions (Pty) Ltd	**-**	-	**-**	(2 935)
Qinisa Steel Solutions (pty) Ltd	**-**	-	**(77 938)**	(24 833)
Pro Steel SPRL	**-**	-	**(19 668)**	-
Rent paid to/ (received from) related parties				
West Dunes Properties 296 (Pty) Ltd	**-**	-	**452**	1 051
Red Chip Investments (Pty) Ltd	**-**	-	**2 710**	2 721
Qinisa Steel Solutions (Pty) Ltd	**-**	-	**-**	(11)
Fees paid to/ (received from) related parties				
Richard Lewis Smith & Associates	**-**	125	**-**	125
Richard Lewis	**162**	50	**162**	50

38. Directors' and prescribed officers' emoluments

	Basic remuneration R'000	Performance bonus R'000	Retirement, medical and other benefits R'000	Total R'000
Executive				
2016				
WL Battershill	**2 452**	**-**	**247**	**2 699**
GDG MacKenzie	**163**	**-**	**33**	**196**
JS Govender	**539**	**-**	**97**	**636**
C Parry	**2 955**	**-**	**320**	**3 275**
E Vermaak	**890**	**-**	**133**	**1 023**
KL Paxton	**1 752**	**-**	**51**	**1 803**
	8 751	**-**	**881**	**9 632**

	Basic remuneration R'000	Performance bonus R'000	Retirement, medical and other benefits R'000	Total R'000
2015				
WL Battershill	2 212	212	323	2 747
GDG MacKenzie	2 073	87	389	2 549
JS Govender	1 505	165	258	1 928
C Parry	2 735	1 937	325	4 997
E Vermaak	746	133	71	950
KL Paxton	882	-	18	900
	10 153	2 534	1 384	14 071

Included in Mr Paxton's remuneration is an amount of R1,443,269 (2015: R720,000) paid to Lot 7550 Mahogany Ridge CC. Mr Paxton is an employee of Lot 7550 Mahogany Ridge CC.

Included in Mr Battershill's remuneration is an amount of R2,178,000 (2015: R1,080,000) paid to the Honey Badger Trust. Mr Battershill is a trustee and beneficiary of the Honey Badger Trust.

Securities issued

As the grant value of the share appreciation rights listed below do not exceed the share price of BSi Steel Limited, the share appreciation rights carry no value for the directors at the date of this report.

	Opening balance	Issued	Reversed	Closing balance
Number of share appreciation rights issued				
2016				
JS Govender (resigned 17 July 2015)	**1 150 000**	**-**	**(400 000)**	**750 000**
C Parry	**4 000 000**	**-**	**-**	**4 000 000**
E Vermaak	**500 000**	**500 000**	**-**	**1 000 000**
KL Paxton	**2 000 000**	**-**	**-**	**2 000 000**
2015				
JS Govender (resigned 17 July 2015)	2 359 677	-	(1 209 677)	1 150 000
C Parry	-	4 000 000	-	4 000 000
E Vermaak	725 806	500 000	(725 806)	500 000
KL Paxton	-	2 000 000	-	2 000 000

38. Directors' and prescribed officers' emoluments (continued)

	Directors' fees R'000	Committee fees R'000	Total R'000
Non-executive			
2016			
BM Khoza	**76**	**37**	**113**
RG Lewis	**76**	**84**	**160**
NG Payne	**103**	**137**	**240**
	255	**258**	**513**
2015			
IAJ Clark	38	18	56
BM Khoza	75	36	111
RG Lewis	75	81	156
NG Payne	100	112	212
	288	247	535

Prescribed officers

	Basic remuneration R'000	Performance bonus R'000	Retirement, medical and other benefits R'000	Total R'000
2016				
Prescribed officer 1	**1 420**	**-**	**280**	**1 700**
Prescribed officer 2	**548**	**-**	**148**	**696**
Prescribed officer 3	**1 014**	**-**	**186**	**1 200**
Prescribed officer 4	**965**	**138**	**210**	**1 312**
Prescribed officer 5	**1 664**	**-**	**332**	**1 996**
Prescribed officer 6	**1 686**	**-**	**314**	**2 000**
Prescribed officer 7	**538**	**-**	**76**	**614**
Prescribed officer 8	**522**	**-**	**85**	**608**
	8 357	**138**	**1 631**	**10 126**

	Basic remuneration R'000	Performance bonus R'000	Retirement, medical and other benefits R'000	Total R'000
2015				
Prescribed officer 1	535	102	157	794
Prescribed officer 2	1 192	329	179	1 699
Prescribed officer 3	797	256	178	1 231
Prescribed officer 4	1 485	125	297	1 907
Prescribed officer 5	849	520	151	1 520
Prescribed officer 6	886	74	114	1 074
Prescribed officer 7	865	228	122	1 216
	6 609	1 634	1 198	9 441

38. Directors' and prescribed officers' emoluments (continued)

Securities issued

	Opening balance	Issued	Forfeited	Reversed	Closing balance
2016					
Prescribed officer 1	**450 000**	**250 000**	**-**	**(200 000)**	**500 000**
Prescribed officer 2	**750 000**	**-**	**-**	**(250 000)**	**500 000**
Prescribed officer 3	**200 000**	**500 000**	**-**	**-**	**700 000**
Prescribed officer 4	**2 000 000**	**-**	**-**	**-**	**2 000 000**
Prescribed officer 5	**2 250 000**	**-**	**-**	**(250 000)**	**2 000 000**
Prescribed officer 6	**4 250 000**	**-**	**(4 250 000)**	**-**	**-**
Prescribed officer 7	**4 000 000**	**-**	**(4 000 000)**	**-**	**-**
2016					
Prescribed officer 1	**200 000**	**250 000**	**-**	**-**	**450 000**
Prescribed officer 2	**250 000**	**500 000**	**-**	**-**	**750 000**
Prescribed officer 3	**-**	**200 000**	**-**	**-**	**200 000**
Prescribed officer 4	**1 500 000**	**2 000 000**	**-**	**(1 500 000)**	**2 000 000**
Prescribed officer 5	**250 000**	**2 000 000**	**-**	**-**	**2 250 000**
Prescribed officer 6	**2 250 000**	**2 000 000**	**-**	**-**	**4 250 000**
Prescribed officer 7	**2 064 516**	**2 500 000**	**-**	**(564 516)**	**4 000 000**

39. Changes in accounting policy

Land and buildings were previously carried at revaluation model in accordance with IAS 16, this policy was changed in the current year to the cost model. Any revaluation balances that arose due to the revaluation policy have been reversed.

	Group		Company	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
The change in the accounting policy results in adjustments as follows:				
Statement of Financial Position				
Property, plant and equipment - restated	**-**	(14 263)	**-**	-
Deferred tax	**-**	4 992	**-**	-
Revaluation reserve	**-**	9 271	**-**	-

40. Prior period error

In the prior year a loan to Tower Trade Group Limited was offset against an amount payable to Tower Trade Group Limited in accordance with an offset agreement. The contracts were reviewed in the current year and it was concluded that the said offset agreement is not legally enforceable and as a result prior year figures were restated.

In the 2015 financial year a trade facility which was incorrectly classified as a bank overdraft was reclassified as Trade and other payables in the current year.

The effects of the reclassification are as follows:

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Statement of Financial Position (Corrected)				
Loans to group companies - Non-current	**132 714**	71 459	**-**	-
Loans to group companies - Current	**-**	10 498	**-**	-
Other liabilities - Non-current	**(65 748)**	(23 795)	**-**	-
Bank overdraft	**(385 546)**	-	**(356 131)**	-
Trade and other payables	**(609 102)**	(535 823)	**(499 635)**	-
Statement of Financial Position (Prior)				
Loans to group companies - Current	**127**	10 498	**-**	-
Other liabilities	**-**	-	**-**	-
Bank overdraft	**(431 546)**	-	**(402 131)**	
Trade and oather payables	**(496 263)**	(488 159)	**(453 635)**	-

41. Events after the reporting period

No events affecting the current financial year have occurred after year end.

42. Earnings per share

	Group	
	2016 R'000	2015 R'000
Basic		
Profit attributable to ordinary shareholders - continued operations	**56 212**	8 509
Loss attributable to ordinary shareholders - discontinued operations	**(22 927)**	(6 259)
Weighted average number of ordinary shares in issue	**700 335 530**	701 810 471
Basic and diluted earnings per share (cents) - continued operations	**8,03**	1,21
Basic and diluted loss per share (cents) - discontinued operations	**(3,27)**	(0,89)
Total basic and diluted earnings per share (cents)	**4,76**	0,32
Headline earnings attributable to ordinary shareholders:		
Profit attributable to equity holders of the Group	**33 285**	2 250
Adjusted for:		
- loss on disposal of property, plant and equipment	**1 428**	4 521
- tax impact of the above adjustment	**(400)**	(1 266)
- realisation of foreign currency translation reserve on discontinued operations	**2 781**	9 090
Headline earnings attributable to ordinary shareholders	37 094	14 595
Weighted number of shares	700 335 530	701 810 471
Basic and diluted headline earnings per share (cents)	5,30	2,08

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the group by the weighted average number of ordinary shares in issue during the year.

Headline

Headline earnings per share is calculated by excluding all the capital gains and losses from the profit attributable to ordinary shareholders and dividing the resultant headline earnings by the weighted average number of ordinary shares in issue during the year.

The share based payments provided for have a trivial dilutive effect on basic and headline earnings per share and are therefore not disclosed.

Register date: 24 March 2016
Issued Share Capital: 719,854,996 shares

Shareholder spread

	Number of shareholders	%	Number of shares	%
1 - 1 000 shares	122	11,97	63 528	0,01
1 001 - 10 000 shares	367	36,02	2 031 820	0,28
10 001 - 100 000 shares	357	35,03	15 303 625	2,13
100 001 - 10 000 000 shares	140	13,74	45 571 069	6,33
10 000 000 shares and over	33	3,24	656 884 954	91,25
Total	1 019	100	719 854 996	100

Distribution of shareholders

	Number of shareholders	%	Number of shares	%
Brokers	1	0,10	150 000	0,02
Close corporations	20	1,96	96 602 509	13,42
Individuals	900	88,32	113 259 041	15,73
Nominees and trusts	67	6,58	193 924 213	26,94
Other corporations	6	0,59	273 904	0,04
Private companies	25	2,45	315 645 329	43,85
Total	1 019	100	719 854 996	100

Public/non-public shareholders

	Number of shareholders	%	Number of shares	%
Non-Public shareholders	17	1,67	564 487 428	78,42
Directors of the company and company secretary	13	1,28	358 917 642	49,86
Strategic holdings (10% or more)	1	0,10	92 217 195	12,81
Directors subsidiaries	2	0,20	90 369 042	12,55
Subsidiary	1	0,10	22 983 549	3,19
Public shareholders	1 002	98,33	155 367 568	21,58
Total	1 019	100	719 854 996	100

Beneficial shareholders holding of 3% or more

	Number of shares	%
Battershill Investments (Pty) Ltd	264 455 794	36,74
Basfour 2052 CC	92 217 195	12,81
Jamand Trust	81 331 349	11,30
Denbigh Trust	28 037 607	3,89
Longfellow Family Trust	28 037 607	3,89
Newcolab (Pty) Ltd	22 983 549	3,19

BSi Steel Limited
(Incorporated in the Republic of South Africa)
(Registration no 2001/023164/06)
JSE code: BSS ISIN: ZAE000125134
(**"BSi"** or **"the Company"**)

The record date in terms of section 59 of the Companies Act, 71 of 2008, as amended (the **"Companies Act"**), for shareholders to receive this notice of Annual General Meeting is Friday, 5 August 2016 (the **"Notice Record Date"**).

The record date on which members must be recorded as such in the register maintained by the transfer secretaries of the Company (the **"Share Register"**) for the purpose of being entitled to attend and vote at the Annual General Meeting (the "Annual General Meeting") is Friday, 26 August 2016 (the **"Voting Record Date"**) and the last date to trade is Tuesday, 23 August 2016.

Notice is hereby given that the Annual General Meeting of members of BSI Steel Limited will be held at BSI Steel Limited KZN, 46 Eden Park Drive, Pietermaritzburg on Tuesday, 6 September 2016, at 16:00.

PURPOSE OF THE ANNUAL GENERAL MEETING

The purpose of the Annual General Meeting is to transact the business set out in the agenda below.

AGENDA

- Presentation of the audited annual financial statements of the Company, including the reports of the directors and the Audit Committee for the year ended 31 March 2016. The annual report, of which this notice forms part, contains the summarised group financial statements and the aforementioned reports. The annual financial statements, including the unmodified audit opinion, are available on BSI's website at www.bsisteel.com, or may be requested and obtained in person, at no charge, at the registered office of BSI during office hours.
- To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

Ordinary Business:

ORDINARY RESOLUTION NO.1: RE-APPOINTMENT OF AUDITORS

"Resolved that Deloitte and Touche be and is hereby re-appointed as independent auditors of the Company (the designated auditor being Mrs C Howard-Browne) for the year ending 31 March 2017, such auditors having been nominated by the Company's Audit Committee."

The reason for ordinary resolution number 1 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the Annual General Meeting of the Company as required by the Companies Act.

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% of the voting rights plus one vote to be cast in favour of the resolution.

ORDINARY RESOLUTION NO. 2: RE-ELECTION OF DIRECTORS

In terms of clause 26.7.1 of the Company's Memorandum of Incorporation (**"MOI"**), one third of the non-executive directors of the Company must retire by rotation every year at the Company's Annual General Meeting. Accordingly, the following director retires by rotation at the Annual General Meeting, but being eligible, has offered himself for re-election.

- Mr B M Khoza

Accordingly, shareholders are requested to consider and, if deemed fit, to re-elect the director named above by way of passing the separate ordinary resolution number 2 set out below:

ORDINARY RESOLUTION NO. 2:

Re-election of Mr B M Khoza as director.

"Resolved that Mr B M Khoza, who retires by rotation in terms of the Company's MOI and, being eligible and offering himself for re-election, be and is hereby re-elected as a director of the Company."

The election will be conducted by a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy as required under section of 68(2) of the Companies Act.

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% of the voting rights plus one vote to be cast on the resolution.

A brief CV of the director concerned is available on page 5 of this annual report.

ORDINARY RESOLUTION NO.3: RE-APPOINTMENT OF AUDIT COMMITTEE OF THE COMPANY

To re-appoint individually the following independent non-executive directors to the Audit Committee of the Company:

ORDINARY RESOLUTION NO. 3(A)

"Resolved that, Mr N G Payne, being eligible, be and is hereby re-appointed as a member of the Audit Committee of the Company, as recommended by the Board of Directors of the Company, until the next Annual General Meeting of the Company."

ORDINARY RESOLUTION NO. 3(B)

"Resolved that, subject to the passing of Resolution No. 2, Mr B M Khoza, being eligible, be and is hereby re-appointed as a member of the Audit Committee of the Company, as recommended by the board of directors of the Company, until the next Annual General Meeting of the Company."

ORDINARY RESOLUTION NO. 3(C)

"Resolved that Mr R G Lewis, being eligible, be and is hereby re-appointed as a member of the Audit Committee of the Company, as recommended by the board of directors of the Company, until the next Annual General Meeting of the Company."

A brief CV of each director is available on page 5 of this annual report.

The reason for ordinary resolutions numbers 3(A) to 3(C) (inclusive) is that the Company, being a public listed company, must appoint an Audit Committee and the Companies Act requires that the members of such Audit Committee be appointed, or re-appointed, as the case may be, at each annual general meeting of a company.

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% of the voting rights plus one vote to be cast on the resolution.

ORDINARY RESOLUTION NO.4: GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

"Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the Company's MOI, the Companies Act and the Listings Requirements of the JSE Limited ("JSE Listings Requirements"), provided that

1. the general authority shall be valid until the Company's next Annual General Meeting provided that it shall not extend beyond fifteen months from the date of the passing of this ordinary resolution (whichever period is shorter);

2. the allotment and issue of the shares must be made to public shareholders as defined in the JSE Listings Requirements and not to related parties;

3. 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 shares or rights that are convertible into a class already in issue;

4. the number of shares issued for cash in aggregate in any one financial year shall not exceed 50% (fifty percent) of the Company's issued ordinary share capital (number of securities) of that class as at the date of this notice if Annual General Meeting. As at the date of this notice of Annual General Meeting, 50% of the Company's issued ordinary share capital (net of treasury shares) amounts to 348 435 724 ordinary shares;

5. the maximum discount at which ordinary shares may be issued in terms of this general authority is 10% (ten percent) of the weighted average traded price of those shares over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the shares. The JSE will be consulted for a ruling if the securities have not traded in such 30 business day period; and

6. after the Company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in issue prior to that issue, the Company shall publish an announcement on SENS containing full details of such issue.

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or to share incentive schemes (which schemes have been duly approved by the JSE and by the shareholders of the Company)), it is necessary for the board of the Company to obtain the prior authority of the shareholders in accordance with the JSE Listings Requirements and the MOI of the Company. Accordingly, the reason for ordinary resolution number 4 is to obtain a general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the MOI of the Company.

In terms of the JSE Listings Requirements, a 75% (seventy five percent) majority of the votes cast by shareholders present in person or represented by proxy at the Annual General Meeting, excluding the Designated Advisor and the controlling shareholders together with their associates, must be cast in favour of ordinary resolution number 4 for it to be approved.

ORDINARY RESOLUTION NO. 5: REMUNERATION POLICY:

"Resolved that shareholders hereby approve the Company's remuneration policy by way of a non-binding advisory vote as recommended in the King Code of Governance for South Africa, 2009."

The remuneration policy has been set out on page 22 of this annual report.

The minimum percentage of voting rights that is required for this resolution to be approved is 50% of the voting rights plus one vote to be cast on the resolution.

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

Special Business:

SPECIAL RESOLUTION NO. 1: GENERAL AUTHORITY TO REPURCHASE SHARES:

"Resolved in terms of the MOI of the Company (or one of its wholly-owned subsidiaries) and section 48 of the Companies Act, that the directors of the Company be and are hereby authorised, by way of a general authority, until this authority lapses at the next Annual General Meeting of the Company provided that it shall not extend beyond fifteen months from the date of passing of this special resolution (whichever period is the shorter), to acquire the Company's own shares or a wholly-owned subsidiary to acquire shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the JSE Listings Requirements and to the following terms and conditions:

1. any repurchase of shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement

between the Company and the counter party;

2. at any point in time, the Company may only appoint one agent to effect any repurchases on its behalf;

3. the number of shares which may be repurchased pursuant to this authority in any financial year may not in the aggregate exceed 20% (twenty percent) of the Company's issued share capital as at the date of passing of this general resolution or 10% (ten percent) of the Company's issued share capital in the case of an acquisition of shares in the company by a wholly-owned subsidiary of the Company;

4. repurchases of shares may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;

5. the Company or a wholly-owned subsidiary of the Company may not effect a repurchase during any prohibited period as defined in terms of the JSE Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the Listings Requirements;

6. after the Company or a wholly-owned subsidiary of the Company has acquired shares which constitute, on a cumulative basis, 3% (three percent) of the initial number of shares in issue (at the time that authority from shareholders for the repurchase is granted) of the relevant class of shares and for each 3% in aggregate of the initial number of that class acquired thereafter, the Company shall publish an announcement on SENS containing full details of such repurchase, and;

7. the board of directors have passed a resolution authorising the repurchase and that the Company has passed the solvency and liquidity test contained in Section 4 of the Companies Act, and that since the test was done, there have been no material changes to the financial position of the Company.

The effect of the general resolution and the reason there for is to extend the general authority given to the directors of the company or any subsidiary of the company in terms of the Act and the JSE Listings Requirements for the acquisition by the company or its subsidiaries of the company's shares which authority shall be used at the directors' discretion during the course of the period authorised.

In accordance with the JSE Listings Requirements, the directors record that:

The directors have no specific intention to repurchase shares, but would utilise the renewed general authority to repurchase shares to serve our shareholders' interests, as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action.

The directors, after considering the effect of the maximum number of shares which may be repurchased pursuant to the general authority, are of the opinion that for a period of 12 months after the date of the general repurchase:

- the Company and the Group will be able to pay their debts in the ordinary course of business;
- the consolidated assets of the Company and of the Group will be in excess of the liabilities of the Company and the Group; the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements;
- the share capital and reserves of the Company and of the Group are adequate for ordinary purposes; and
- the working capital of the Company and the Group will be adequate for ordinary business.

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% plus one vote to be cast on the resolution.

Disclosures required in terms of paragraph 11.26 of the JSE Listings Requirements:

The following additional information, some of which may appear elsewhere in this annual report is provided in terms of the JSE Listing Requirements for purposes of the special resolution:

Directors of the company – pages 4 and 5

Major shareholders – page 77

Directors' interest in the company's shares – page 31

Company's share capital – page 63

Directors' responsibility statement

The directors, whose names are given on page 4 and 5 of this annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the special resolution no. 1, 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 aforementioned special resolution contains all the information required by the JSE.

Material change

Other than the facts and developments reported on in this annual report, there have been no material changes in the financial or trading position of the company or its subsidiaries since the company's financial year end and the signature date of this annual report.

Litigation statement

Other than as disclosed or accounted for in this annual report, the directors are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened of which the company is aware which may have or have had in the recent past, being at least the previous 12 months from date of this annual report, a material effect on the financial position of the company and its subsidiaries.

SPECIAL RESOLUTION NO. 2: APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION:

Resolved that in terms of s 66(9) of the Companies Act, the Company be authorised to pay remuneration to its non-executive directors for their services as directors as listed below.

	Fees year ended 31 March 2016	Fees year ending 31 March 2017
Board member	76 300	83 900
Lead independent board member	103 000	113 300
Audit committee chairman	72 200	79 400
Audit committee member	36 900	40 600
Risk committee chairman	43 800	48 200
Remuneration committee chairman	32 800	36 100
Remuneration committee member	20 500	22 600
Social and Ethics committee chairman	32 800	36 100

The reason for special resolution 2 is to obtain shareholder approval by special resolution for non-executive directors' remuneration for services as directors in compliance with the Companies Act.

It is noted that the remuneration payable to non-executive directors is in their capacities as such and does not include salaries and other benefits payable to directors in other capacities.

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% of the voting rights to be cast on the resolution.

SPECIAL RESOLUTION NO. 3: FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANIES:

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

The reason for special resolution no 3 is to the authorise the board of directors in terms of s45 of the Companies Act, to allow the company to give financial assistance to related or inter-related companies within the BSI group of companies.

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% of the voting rights to be cast on the resolution.

SPECIAL RESOLUTION NO. 4: FINANCIAL ASSISTANCE FOR SUBSCRIPTION OF SHARES TO RELATED OR INTER-RELATED COMPANIES:

"Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the board of the Company may deem fit to any company or corporation that is related or inter-related to the Company ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or any company or corporation that is related or inter-related to the Company, on the terms and conditions and for amounts that the board of the Company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the Company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company."

The reason for and effect of special resolution number 4 is to grant the directors the authority, until the next annual general meeting of the Company, to provide financial assistance to any company or corporation which is related or inter-related to the Company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation.

This means that the Company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries. A typical example of where the company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the Company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial

circumstances of the Company, that immediately after providing any financial assistance as contemplated in special resolution numbers 3 and 4 above:

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

Voting and Proxies

A shareholder of the Company entitled to attend, speak, and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend, speak and, on a poll, vote in his stead. The proxy need not be a shareholder of the Company. A form of proxy is attached for the convenience of any certificated shareholder and own name registered dematerialised shareholder who cannot attend the Annual General Meeting, but who wishes to be represented.

Additional forms of proxy may also be obtained on request from the Company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the transfer secretaries at the address set out on the inside of the back cover, to be received by no later than 16:00 on Friday, 2 September 2016. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the Annual General Meeting should the member subsequently decide to do so.

On a show of hands, every shareholder of the Company present in person or by proxy shall have 1 (one) vote only, irrespective of the number of shares he holds or represents, provided that a proxy shall, irrespective of the number of members he represents have only 1 (one) vote. On a poll, every shareholder of the Company who is present in person or represented by proxy, shall have one vote for every share held in the company by such shareholder.

Shareholders who have dematerialised their ordinary shares through a CSDP or broker, other than own name registered dematerialised shareholders, and who wish to attend the Annual General Meeting must request their CSDP or broker to issue them with a Letter of Representation. Alternatively dematerialised shareholders other than own name registered dematerialised shareholders, who wish to be represented, must provide their CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and by time-frame stipulated.

Any shareholder of the 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, requires that persons wishing to participate in the Annual General Meeting (including the aforementioned representative) provide satisfactory identification before they may so participate.

Voting will be performed by way of a poll so that each shareholder present or represented by way of proxy will be entitled to vote the number of shares held or represented by them.

Equity shares held by a share trust or scheme will not have their votes at the Annual General Meeting taken into account for the purposes of resolutions proposed in terms of the Listings Requirements of the JSE.

Unlisted shares (if applicable) and shares held as treasury shares may not vote.

BSi Steel Limited
(Incorporated in the Republic of South Africa)
(Registration no 2001/023164/06)
JSE code: BSS ISIN: ZAE000125134
("BSi" or "the Company")

For use by the holders of the Company's certificated ordinary shares **("certificated shareholder")** and/or dematerialised ordinary shareholders whose shares are held through a CSDP or broker and who have selected own name registration **("own name dematerialised shareholders")** at the Annual General Meeting of the Company to be held at BSi Steel Limited KZN, 46 Eden Park Drive, Pietermaritzburg on Tuesday, 6 September 2016, at 16:00 and at any adjournment thereof.

Not for the use by holders of the Company's dematerialised ordinary shares who are not own name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the Annual General Meeting and request that they be issued with the necessary Letter of Representation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote thereat in accordance with their instructions.

I/We (Please print full names)_____

of (address)_____

being the holder(s) of _____ordinary shares in the company, hereby appoint

_____or failing him / her

_____or failing him / her

the chairperson of the Annual General Meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting which will be held for the purpose of considering and deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for/and or against the special and ordinary resolution and/or abstain from voting in respect of the ordinary share register in my/our name/s, in accordance with the following instruction:

(*Please indicate with an "X" the appropriate space below how you wish your votes to be cast unless otherwise instructed my/our proxy may vote as he/she thinks fit.

		In favour	Against	Abstain
ORDINARY BUSINESS				
1.	To re-appoint Deloitte and Touche as independent auditors of the company (the designated Auditor being Mrs C Howard-Browne)			
2.	To re-elect B M Khoza as a director			
3(a)	To re-appoint Mr N G Payne as a member of the Audit Committee			
3(b)	To re-appoint Mr B M Khoza as a member of the Audid Committee			
3(c)	To re-appoint Dr R G Lewis as a member of the Audit Committee			
4.	General authority to issue shares for cash			
5.	Remuneration policy			
SPECIAL BUSINESS				
1.	General authority to repurchase shares			
2.	Approval of non-executive directors' remuneration			
3.	Financial assistance to related companies			
4.	Financial assistance for subscription of securities			

Signed this_____day of _____2016

Signature_____

Assisted by (if applicable)_____

Please read the notes on the reverse.

1. This form of proxy is to be completed only by those members who are:

   a) holding shares in certificated form; or

   b) recorded in the sub register in electronic form in their "own name".

2. A shareholder may insert the name or names of two alternative proxies of his/her choice in the space provided, with or without deleting "the chairman of the Annual General Meeting". The person whose name appears first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. Any such proxy, who need not be a shareholder of the Company, is entitled to attend, speak and vote on behalf of the shareholder.

3. A proxy is entitled to one vote on a show of hands and, on a poll, one vote for each share held. A shareholder's instructions to the proxy must be indicated in the appropriate spaces.

4. If a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against any resolution or to abstain from voting or gives contradictory instructions, or should any further resolution/s or any amendment/s which may be properly put before the Annual General Meeting be proposed, the proxy shall be entitled to vote as he thinks fit.

   Forms of proxy must be lodged at, posted to or faxed to the transfer secretaries, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (P O Box 61051, Marshalltown, 2107) to reach the Company by no later than 16:00 on Friday, 2 September 2016.

5. Documentary evidence establishing the authority of the person signing the proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairperson of the Annual General Meeting.

6. The completion and lodging of this form of proxy does not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person to the exclusion of any proxy appointed in terms of this proxy form.

7. Any alteration or correction made to this form of proxy must be initialed by the signatory/ies.

8. The chairman of the Annual General Meeting may accept or reject any form of proxy, which is completed and/or received other than in accordance with these notes, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a member wishes to vote.

9. Shareholders who have dematerialised their shares must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the necessary Letter of Representation to attend the Annual General Meeting or provide their CSDP or broker with their voting instructions should they not wish to attend the Annual General Meeting in person but wish to be represented there at. This must be done in terms of the agreement entered into between the members and their CSDP or broker.

10. Please note that in terms of section 58(3):

- the appointment of a proxy is revocable unless the proxy appointment expressly states otherwise. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy; and delivering a copy of the revocation instrument to the proxy, and to the Company. The revocation will take effect on the later of (i) the date stated in the revocation instrument; or (ii) the date on which the revocation instrument was delivered to the proxy and the Company.

- a proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this proxy form;

- a proxy must be delivered to the Company, or to the transfer secretary of the Company , namely Computershare Investor Services (Pty) Limited, before your proxy exercises any of your rights as a shareholder at the Annual General Meeting.

Corporate information

BSi Steel Limited
Registration number: 2001/023164/06

Company secretary and registered office

S Hackett
BCom

46 Eden Park Drive
Murrayfield Park, Mkondeni
Pietermaritzburg 3201

PO Box 101096, Scottsville 3209

Tel: +27 33 846 2222
Fax: +27 33 846 2233

Designated advisor

Sasfin Capital
A division of Sasfin Bank Limited
Registration number: 1951/002280/06

29 Scott Street, Waverley 2090

PO Box 95104, Grant Park 2051

Tel: +27 11 809 7500
Fax: +27 11 887 2489

Auditors and reporting accountants

Deloitte & Touche
Practice number: 901482

7 Bush Shrike Close
Victoria Country Club Estate
Pietermaritzburg 3201

PO Box 13984, Cascades 3202

Tel: +27 33 347 0362
Fax: +27 33 347 0685

Transfer secretaries

Computershare Investor Services
Proprietary Limited
Registration number: 2004/003647/07

Ground Floor
70 Marshall Street
Johannesburg 2001

PO Box 61051, Marshalltown 2107

Tel: +27 11 370 5000
Fax: +27 11 688 5210

Attorneys

Venns Attorneys Inc.
Registration number: 1994/003593/21

281 Pietermaritz Street
Pietermaritzburg 3201

PO Box 600, Pietermaritzburg 3200

Tel: +27 33 355 3100
Fax: +27 33 394 1947

Commercial banker

Nedbank Limited
Registration number: 1951/000009/06

90 Braam Fischer Road
Durban 4001

PO Box 10267, Marine Parade 4000

Tel: +27 31 364 1111
Fax: +27 31 364 2479

BSi STEEL

www.bsisteel.com

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