INTERIM RESULTS AND DIVIDEND DECLARATION 2019

for the six months ended 30 June 2019

AFROX
A Member of The Linde Group

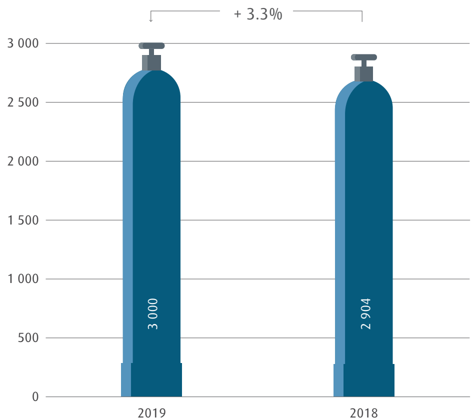
Contents

Commentary	1
Condensed consolidated interim financial statements	8
Condensed consolidated interim statement of profit or loss	8
Condensed consolidated interim statement of comprehensive income	9
Condensed consolidated interim statement of financial position	10
Condensed consolidated interim statement of cash flows	11
Condensed consolidated interim statement of changes in equity	12
Condensed consolidated segmental report	13
Restatement of segmental report	14
Statistics and ratios	14
Notes to the condensed consolidated interim financial statements	15
Corporate information	21

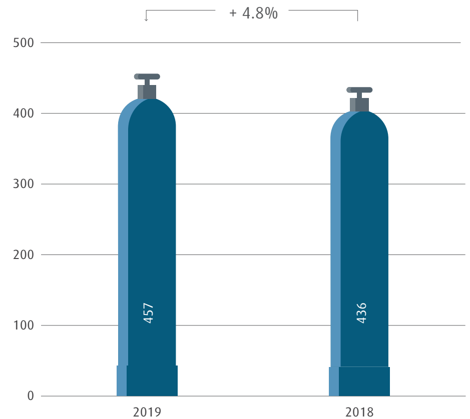
Commentary

PERFORMANCE AT A GLANCE

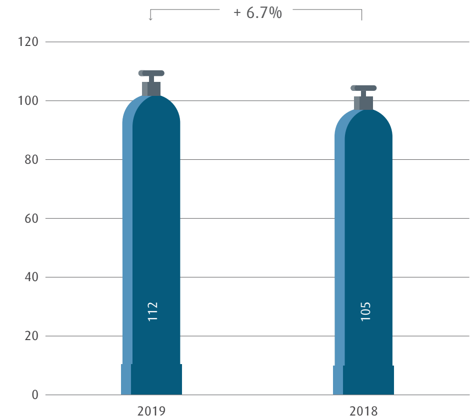
Revenue (R'm)



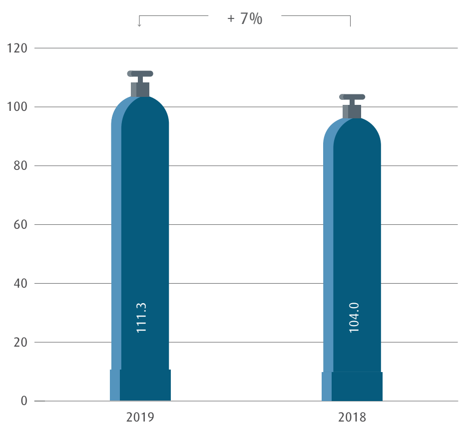
EBIT (R'm)



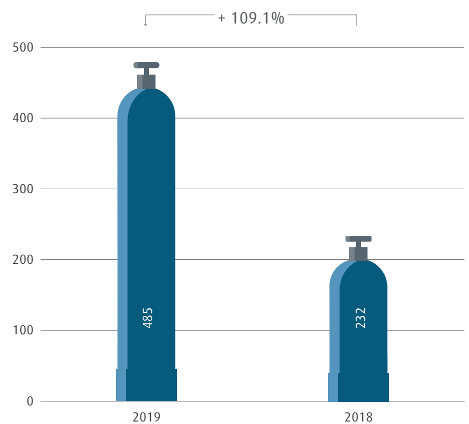
EPS (cents)



HEPS (cents)



Operating cash flow (R'm)



PERFORMANCE HIGHLIGHTS

Revenue increased by 3.3% to R3 000 million (2018: R2 904 million) from a combination of improved volumes in the Atmospheric Gases segment, mainly as a result of the increased Healthcare business, growth in cylinder volumes within our Liquefied Petroleum Gas (LPG) segment and the successful recovery of cost inflation across all three segments.

The continued contraction in South Africa's manufacturing sector led to a reduction in volumes in welding consumables within the Hard Goods segment. Revenue adjusted for change in LPG market price increased by 3.2% and earnings before interest and taxes (EBIT) at R457 million (2018: R436 million), increased by 4.8%. This increase in EBIT was mainly as a result of additional Healthcare business with South African public hospitals and further cost savings from restructuring activities.

The operating profit or EBIT of our operating segments increased by R48 million or 9.2% to R571 million (2018: R523 million). Our EBIT in Atmospheric Gases and LPG increased by 18.9% and 1.6% respectively. However, Hard Goods' EBIT declined by 5.5% for the six-month period. Margin improved overall by 103 bps from efficiencies generated in both the Atmospheric Gases and LPG segments. Hard Goods reported a reduction in margin compared to previous year levels due to lower production volumes in our local South African factories. Corporate costs increased by R27 million, impacted by R29 million in foreign currency differences compared to June 2018.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of R659 million (2018: R620 million) improved by 6.3%.

Headline earnings per share increased by 7% to 111.3 cents (2018: 104.0 cents) and basic earnings per share increased by 6.7% to 112.0 cents (2018: 105.0 cents). Adjusted for IFRS 16, headline earnings per share would have been at 112.8 cents or 8.5% up compared to 2018. Diluted earnings per share increased by 7.2% to 111.3 cents (2018: 103.8 cents).

Operating cash flow of R485 million (2018: R232 million) increased by R253 million compared to June 2018, mainly from better trade working capital management.

Capital expenditure of R180 million (2018: R140 million) increased compared to June 2018 as a result of investments into the new Healthcare business, cylinders for LPG and Industrial Gases and investments in strategic plant spares for our Air separation plants in order to strengthen the reliability of our main production assets. This, together with additional cash utilised on acquiring shares in respect of the share incentive scheme of R22 million (2018: R37 million) and certain other investments resulted in a net cash position of R1 222 million (June 2018: R1 131 million).

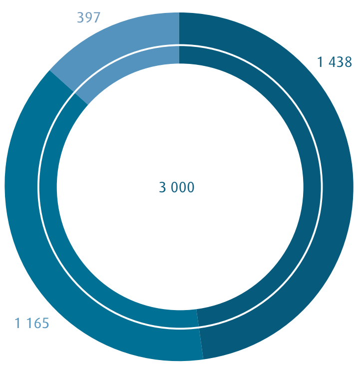
Return on capital employed (ROCE) reduced by 130 bps to 21.4% (2018: 22.7%). ROCE before adjusting for the impact of IFRS 16 remained at the 2018 level of 22.7%.

BUSINESS REVIEW

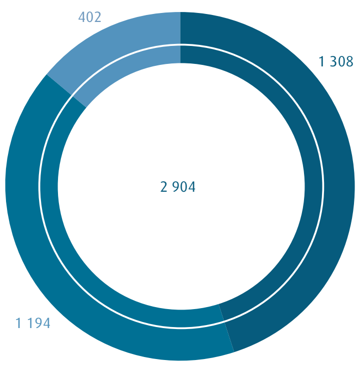
Segmental analysis (before corporate cost)

The operating segments' revenue and EBIT numbers in millions are included in the graphs below and are before corporate expenses and restructuring costs.

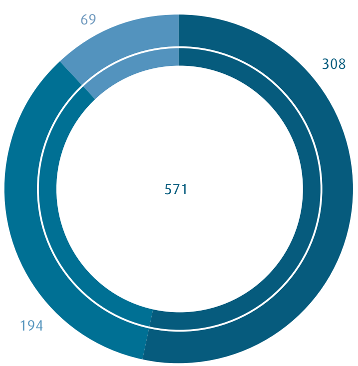
2019 Revenue (R'm)



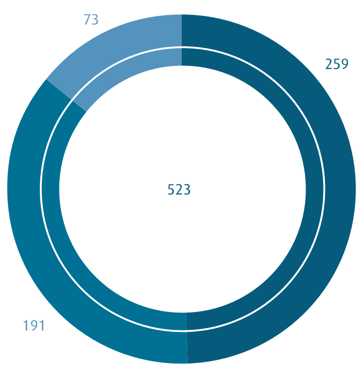
2018 Revenue (R'm)



2019 EBIT (R'm)



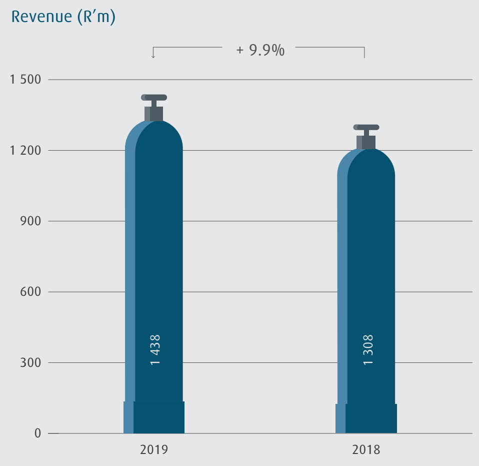
2018 EBIT (R'm)

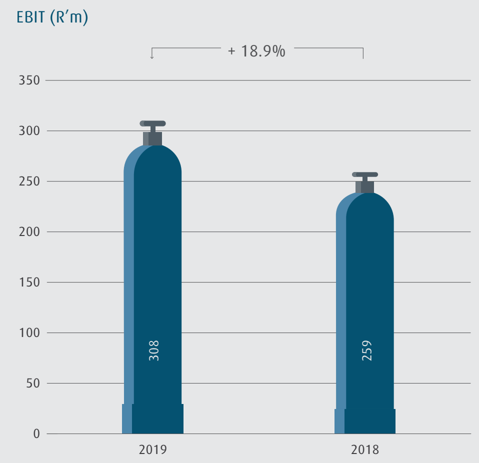


- Atmospheric Gases
- LPG
- Hard Goods

Commentary continued

Atmospheric Gases

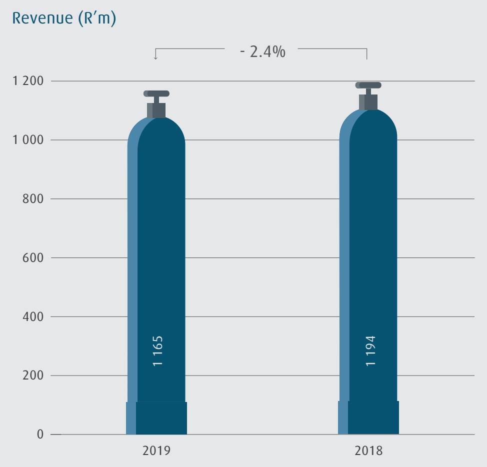


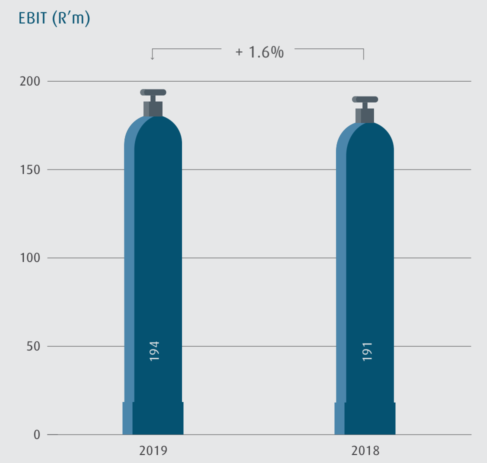


Revenue at R1 438 million (2018: R1 308 million) increased by 9.9% compared to June 2018, reflecting the positive impact from the growth in Healthcare, effective pricing in line with inflation and increased volumes in most market sectors, such as automotive and petrochemicals. The prevailing economic conditions and shortages in carbide impacting Afrox dissolved acetylene production resulted in lower volumes within our packaged cylinder gas business. Within Industrial Gases (acetylene, oxygen, nitrogen, CO_2 and argon) the demand for our bulk products was above the prior year, resulting in increased volumes at our customer installations. We achieved satisfactory growth in our Medical Gases' revenue from continued increasing demand in public and private hospitals. The new investment and roll out of an inhouse designed and toll-manufactured integrated valve for medical oxygen cylinders delivered additional gains on a rental business basis. An additional 6 500 units have been installed in the South African public healthcare sector since December 2018.

EBIT at R308 million (2018: R259 million) increased by 18.9% mainly as a result of the growth in the Healthcare business, restructuring savings and the effective recovery of inflationary cost increases.

LPG





Revenue for LPG decreased by 2.4% to R1 165 million (2018: R1 194 million) or 2.7% on a comparable basis, adjusted for the change in LPG market prices. Total volumes reported for the entire Group contracted by 3.8% to 70.500 tons (2018: 73.300 tons). Cylinder volumes increased by 2.5% from growth in strategic South African markets due to the introduction of the 5 kg cylinders for lower-income households. This cylinder delivers an affordable alternative energy solution to a large section of the population.

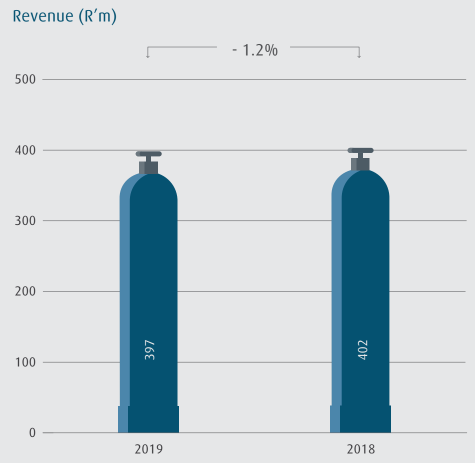
LPG bulk business volumes reduced by 8.6% due to a reduction in demand from industrial bulk customers. Our subsidiaries reported stable LPG revenue with good pricing management.

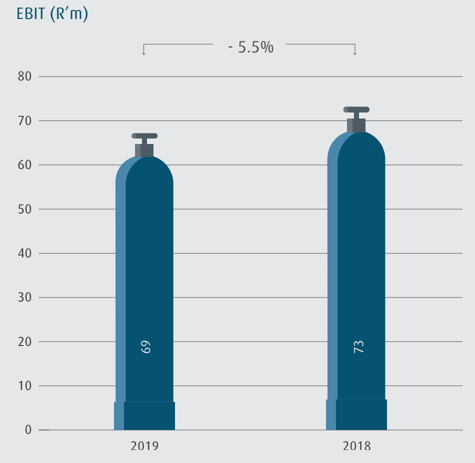
EBIT improved by 1.6% to R194 million (2018: R191 million). EBIT margin improved further by another 60 bps from 16% in 2018 to 16.6% in 2019.

The trend of increased imports for LPG continued in the first six months of 2019. This initiative remains a key strategic focus in growing the domestic market by providing access to imported product, thereby ensuring consistent supply at competitive prices.

Commentary continued

Hard Goods





Revenue in the Hard Goods operating segment decreased by 1.2% to R397 million (2018: R402 million) despite effective recovery of cost inflation in imported products via pricing. There were encouraging volume improvements in certain sectors compared to the first half of 2018, however, overall the segment was adversely impacted by the continued lower demand in the construction, manufacturing and mining sectors.

Initiatives to maintain revenue and profitability include the continued focus on cost containment, efficiencies in our factories and improved, just in time delivery and price management in line with cost inflation.

EBIT decreased by 5.5% to R69 million (2018: R73 million) as a result of lower volumes from reduced demand in the market.

BOARD OF DIRECTORS

Bernd Eulitz resigned as Chairperson with effect from 1 April 2019.

John Panikar was appointed as Chairperson and member of the Nominations, Governance and Management of Resources Committee with effect from 1 April 2019.

DIVIDEND

It is the Company's policy to declare dividends twice annually. The Board of directors has declared a cash dividend of 55 cents per share (2018: 52 cents), declared out of the after-tax income for the six months ended 30 June 2019. Based on Afrox's policy the dividend is covered two times by HEPS.

NOTICE OF INTERIM DIVIDEND DECLARATION NUMBER 185 AND SALIENT FEATURES

Notice is hereby given that a gross cash dividend of 55 cents per ordinary share, being the interim dividend for the six months ended 30 June 2019, has been declared payable to all shareholders of Afrox recorded in the register on Friday, 4 October 2019.

The salient dates for the declaration and payment of the interim dividend are as follows:

Last day to trade ordinary shares cum dividend	Tuesday, 1 October 2019
Ordinary shares trade ex the dividend	Wednesday, 2 October 2019
Record date	Friday, 4 October 2019
Payment date	Monday, 7 October 2019

Shares may not be dematerialised or rematerialised between Wednesday, 2 October 2019 and Friday, 4 October 2019, both days inclusive.

The local net dividend amount is 44 cents (2018: 41.6 cents) per share for shareholders liable to pay dividends tax and 55 cents (2018: 52 cents) per share for shareholders exempt from dividends tax.

In terms of the dividends tax, the following additional information is disclosed:

- The dividend has been declared out of income reserves.
- The local dividends tax rate is 20%, subject to double tax agreement.
- Afrox currently has 308 567 602 ordinary shares (excluding treasury shares of 34 285 308) in issue.
- Afrox's income tax reference number is 9350042710.

OUTLOOK

The low growth in the South African economy is likely to persist for the balance of 2019. However, given this environment, Afrox will continue to focus on specific growth opportunities, strict cost management and effective price cost recoveries.

By order of the Board

Cheryl Singh
Company Secretary

16 September 2019
Johannesburg

Condensed consolidated interim statement of profit or loss

for the six months ended 30 June 2019

R'million	30 June 2019 6 months Reviewed	30 June 2018 6 months Reviewed	31 December 2018 12 months Audited
Revenue	3 000	2 904	6 047
Operating expenses#	(2 314)	(2 284)	(4 963)
Impairment loss on trade and other receivables	(27)	–	(7)
Earnings before interest, taxation, depreciation and amortisation, impairments and restructuring costs (EBITDA)	659	620	1077
Depreciation and amortisation	(202)	(184)	(374)
Impairment of property, plant and equipment	–	–	(55)
Restructuring costs	–	–	(52)
Earnings before interest and taxation (EBIT)	457	436	596
Finance expense	(77)	(55)	(111)
Finance income	68	76	152
Profit before taxation	448	457	637
Taxation	(101)	(126)	(180)
Profit for the period	347	331	457
Attributable to:			
Owners of the company	345	324	447
Non-controlling interests	2	7	10
Profit for the period	347	331	457
Earnings per share – cents			
Basic earnings per ordinary share – cents	112.0	105.0	144.8
Diluted earnings per ordinary share – cents	111.3	103.8	144.0

Includes cost of sales, salary and electricity expenses

Condensed consolidated interim statement of comprehensive income

for the six months ended 30 June 2019

R'million	30 June 2019 6 months Reviewed	30 June 2018 6 months Reviewed	31 December 2018 12 months Audited
Profit for the period	347	331	457
Other comprehensive income net of taxation	(11)	1	(39)
Items that are or may be reclassified to profit or loss	(20)	24	1
Translation differences on foreign operations	(16)	18	5
Translation differences of foreign operations relating to non-controlling interests	(2)	3	(6)
Cash flow hedges – effective portion of changes in fair value	(3)	3	2
Deferred taxation relating to cash flow hedges	1	0*	0*
Items that will not be reclassified to profit or loss	9	(23)	(40)
Remeasurement of retirement benefits	12	(32)	(56)
Deferred taxation relating to remeasurement of retirement benefits	(3)	9	16
Total comprehensive income for the period	336	332	418
Total comprehensive income attributable to:			
Owners of the Company	336	322	414
Non-controlling interests	0*	10	4
	336	332	418

** Amount below R1 million.*

Condensed consolidated interim statement of financial position

as at 30 June 2019

R'million	Note	30 June 2019 Reviewed	30 June 2018 Reviewed	31 December 2018 Audited
ASSETS				
Property, plant and equipment	4	3 013	2 933	3 006
Right of use assets	2	256	–	–
Retirement benefits assets		401	473	472
Deferred tax assets		9	13	10
Lease receivables		53	65	54
Other non-current assets		37	35	49
Non-current assets		3 769	3 519	3 591
Inventories		699	733	687
Trade and other receivables		1 735	1 299	1 271
Lease receivables		12	12	18
Derivative financial instruments	5	–	27	1
Receivables from fellow subsidiaries of holding company		178	131	172
Current tax receivable		31	65	36
Cash and cash equivalents		1 312	1 131	1 174
Current assets		3 967	3 398	3 359
Total assets		7 736	6 917	6 950
EQUITY AND LIABILITIES				
Shareholders' equity		4 210	4 119	4 012
Non-controlling interests		11	41	11
Total equity		4 221	4 160	4 023
Long-term borrowings		600	1 000	1 000
Lease liability		298	–	–
Other long-term liability		30	21	45
Deferred tax liabilities		567	613	579
Non-current liabilities		1 495	1 634	1 624
Trade, other payables and provisions		1 331	1 018	1 176
Current tax payable		34	37	23
Payables to fellow subsidiaries of holding company		121	68	83
Derivative financial instruments	5	5	–	–
Short-term portion of long-term borrowings		400	–	–
Short-term portion of lease liability		39	–	–
Bank overdrafts		90	–	21
Current liabilities		2 020	1 123	1 303
Total equity and liabilities		7 736	6 917	6 950

Condensed consolidated interim statement of cash flows

for the six months ended 30 June 2019

R'million	30 June 2019 6 months Reviewed	30 June 2018 6 months Reviewed	31 December 2018 12 months Audited
EBIT	457	436	596
Adjustments for:			
Depreciation and amortisation	202	184	374
Impairment of property, plant and equipment	–	–	55
Restructuring costs	–	–	52
Movements in trade receivables and inventory impairment allowances and provisions	49	(18)	4
Movement in revaluation loss/(gain) on derivative financial instruments	5	(43)	(19)
Other non-cash movements	(22)	(36)	(57)
Operating cash flows before working capital adjustments	691	523	1 005
Working capital adjustments	(206)	(291)	(108)
Cash generated from operations	485	232	897
Interest paid	(53)	(54)	(108)
Interest received	33	39	71
Tax paid	(97)	(100)	(173)
Cash available from operating activities	368	117	687
Dividends paid to owners of the parent	(77)	(167)	(327)
Dividends paid to non-controlling interests	–	(3)	(5)
Net cash inflow/(outflow) from operating activities	291	(53)	355
Additions to property, plant and equipment	(180)	(140)	(491)
Proceeds from disposal of property, plant and equipment	3	6	19
Other investing activities	12	11	24
Net cash outflow from investing activities	(165)	(123)	(448)
Acquisition of non-controlling interest	–	–	(41)
Lease payments	(35)	–	–
Shares purchased – forfeitable share plan	(22)	(37)	(57)
Net cash outflow from financing activities	(57)	(37)	(98)
Net increase/(decrease) in cash and cash equivalents	69	(213)	(191)
Cash and cash equivalents at the beginning of the period	1 153	1 344	1 344
Cash and cash equivalents at the end of the period	1 222	1 131	1 153
Comprising:			
Cash and cash equivalents	1 312	1 131	1 174
Bank overdrafts	(90)	–	(21)
	1 222	1 131	1 153

Condensed consolidated interim statement of changes in equity

for the six months ended 30 June 2019

R'million	Share capital and share premium (Attributable to owners of the Company)	FCTR* and hedging reserves (Attributable to owners of the Company)	Retained earnings (Attributable to owners of the Company)	Non-controlling interests	Total equity
Balance at 1 January 2018	552	(87)	3 544	34	4 043
Total comprehensive income	–	21	301	10	332
Profit for the period	–	–	324	7	331
Other comprehensive income, net of taxation	–	21	(23)	3	1
Transactions with owners					
Shares purchased#	–	–	(37)	–	(37)
Share-based payments, net of taxation	–	–	(8)	–	(8)
Dividends	–	–	(167)	(3)	(170)
Balance at 30 June 2018	552	(66)	3 633	41	4 160
Balance at 1 January 2018	552	(87)	3 544	34	4 043
Total comprehensive income	–	7	407	4	418
Profit for the period	–	–	447	10	457
Other comprehensive income, net of taxation	–	7	(40)	(6)	(39)
Transactions with owners					
Shares purchased#	–	–	(57)	–	(57)
Transfer of NCI on acquisition of minority interest	–	(8)	(11)	(22)	(41)
Share-based payments, net of taxation	–	–	(8)	–	(8)
Dividends	–	–	(327)	(5)	(332)
Balance at 31 December 2018	552	(88)	3 548	11	4 023
Balance at 31 December 2018, as previously reported**	552	(88)	3 548	11	4 023
Adjustment on initial application of IFRS 16 (net of taxation)	–	–	(32)	–	(32)
Adjusted balance at 1 January 2019	552	(88)	3 516	11	3 991
Total comprehensive income	–	(18)	354	0	336
Profit for the period	–	–	345	2	347
Other comprehensive income, net of taxation	–	(18)	9	(2)	(11)
Transactions with owners					
Shares purchased#	–	–	(22)	–	(22)
Share-based payments, net of taxation	–	–	(7)	–	(7)
Dividends	–	–	(77)	–	(77)
Balance at 30 June 2019	552	(106)	3 764	11	4 221

* *Foreign currency translation reserve.*
** *The Group has initially adopted IFRS 16 at 1 January 2019. Under the transition method chosen, comparative information is not restated.*
\# *Shares purchased in respect of the employee share incentive scheme.*

Condensed consolidated segmental report

for the six months ended 30 June 2019

Business segments are identified on the basis of internal reports that are regularly reviewed by the Group's and Company's chief operating decision-making body, the executive directors, in order to allocate resources to the segments and assess its performance. The performance of the segments is managed and evaluated using revenue, operating expenses and earnings before interest, corporate expenses (includes, inter alia, salaries for support personnel, foreign exchange gains or losses, profit or loss on disposal of assets), restructuring costs and tax. Assets and liabilities are centrally managed at a corporate level and therefore not used in the decision to allocate resources to operating segments. Business segments have been determined based on: Atmospheric Gases, LPG and Hard Goods.

R'million	30 June 2019 6 months Reviewed	30 June 2018 6 months Reviewed	31 December 2018 12 months Audited
Revenue*#	3 000	2 904	6 047
Atmospheric Gases	1 438	1 308	2 674
LPG	1 165	1 194	2 552
Hard Goods	397	402	821
Operating expenses including depreciation and amortisation, impairment and excluding corporate expenses	(2 429)	(2 381)	(5 130)
Atmospheric Gases	(1 130)	(1 049)	(2 216)
LPG	(971)	(1 003)	(2 222)
Hard Goods	(328)	(329)	(692)
EBIT, before corporate expenses and restructuring costs	571	523	917
Atmospheric Gases	308	259	458
LPG	194	191	330
Hard Goods	69	73	129
Corporate expenses	(114)	(87)	(269)
Restructuring costs	–	–	(52)
EBIT	457	436	596
Geographical representation			
Revenue	3 000	2 904	6 047
South Africa	2 618	2 539	5 276
Southern African Development Community (SADC) countries excluding South Africa**	382	365	771
Non-current assets	3 769	3 519	3 591
South Africa	3 485	3 255	3 321
SADC countries excluding South Africa**	284	264	270

\# *30 June 2018 amount restated per "restatement of segmental report" on the following page.*

* *Revenue from external customers.*

** *The revenue and non-current assets foreign country geographical split has been aggregated as SADC. The individual amounts are considered to be immaterial.*

Restatement of segmental report

for the six months ended 30 June 2019

The revenue of the Emerging Africa segment reported on in the prior year has now been allocated to segments based on product revenue categories, and not on the geographical profile, and is no longer a separate segment. The group has restated its segment report in line with the above.

	30 June 2018		
R'million	As previously reported	Restated	Allocation
Revenue			
Atmospheric gases	1 162	1 308	146
LPG	1 047	1 194	147
Hard goods	330	402	72
Emerging Africa	365	–	(365)
	2 904	2 904	–

Statistics and ratios

for the six months ended 30 June 2019

	30 June 2019 6 months Reviewed	30 June 2018 6 months Reviewed	31 December 2018 12 months Audited
Average number of shares in issue during the period ('000)	308 568	308 568	308 568
Shares in issue ('000)	308 568	308 568	308 568
Dividends per share (cents)	55.0	52.0	77.0
Final			25.0
Interim	55.0	52.0	52.0
Ratios			
ROCE	21.4	22.7	15.7
Effective taxation rate (%)	22.5	27.6	28.2
Gearing (%)	2.7	(3.3)	(4.0)
Dividend cover on headline earnings (times)	2.0	2.0	2.0

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2019

African Oxygen Limited ("Afrox" or the "Company") is a South African registered company. The condensed consolidated interim financial statements of the company comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for interim financial reporting, and the requirements of the Companies Act of South Africa, 71 of 2008, as amended (Companies Act) applicable to condensed financial statements. The JSE Listings Requirements require interim financial statements to be prepared in accordance with and containing the information required by IAS 34 *Interim Financial Reporting*, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of these condensed consolidated interim financial statements, are in terms of International Financial Reporting Standards (IFRS) and, except as described in note 2, are consistent with those applied in the annual financial statements for the year ended 31 December 2018.

The condensed consolidated interim financial statements are prepared on the historical cost basis except for the following items which are measured using an alternative basis at each reporting date:

- Derivative financial instruments measured at fair value through other comprehensive income
- Retirement benefit assets measured at the fair value of the planned assets less the present value of the defined benefit obligation
- Share-based payment awards are measured at fair value. The fair value of the equity instruments granted is estimated using the Monte Carlo option pricing model.

The directors take full responsibility for the preparation of the these condensed consolidated interim financial statements. The condensed consolidated interim financial statements were compiled under the supervision of Matthias Vogt, Group Financial Director, and were approved on 13 September 2019.

2. NEW ACCOUNTING STANDARDS AND RELATED CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has adopted a number of new and amended standards for the current reporting period, and the Group had to change its accounting policy as a result of adopting IFRS 16 *Leases*. The impact of the adoption of the leasing standard and the new accounting policy is disclosed below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

The Group adopted IFRS 16 *Leases* retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period as permitted under the specific transition provision in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

The Group has recognised lease liabilities in relation to leases which had previously been classified as operating leases in terms of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental rate of borrowing as of 1 January 2019. The incremental rate of borrowing varied depending on the duration of the lease.

(i) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial applications.
- Using hindsight in determining the lease terms whether the contract contains options to extend or terminate the lease.

The Group has elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the, Group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

(ii) Measurement of lease liabilities

The table below shows the reconciliation between operating lease commitments (disclosed under IAS 17) at 31 December 2018 and lease liabilities recognised on 1 January 2019.

R'million	
Operating lease commitments disclosed as at 31 December 2018	560
Discounted using the incremental borrowing rate as at the date of initial application	449
Less: short-term leases not recognised as a liability	(14)
Less: low-value leases not recognised as a liability	(9)
Less: non-lease component previously disclosed under operating lease commitments (such as maintenance and service costs)	(72)
Lease liability recognised as at 1 January 2019	**354**
Of which are:	
Non-current lease liabilities	319
Current lease liabilities	35
	354

(iii) Measurement of right-of-use assets

The associated right-of-use assets for the identified leases were measured on a retrospective basis as if the new rules had always been applied. The gross carrying amount of the right-of-use assets was determined using the present value of all remaining lease payments at the commencement date of the lease, but discounted at the incremental borrowing rate of 1 January 2019. The accumulated depreciation was measured from the commencement date of the lease until 1 January 2019.

R'million	30 June 2019	1 January 2019
Land and buildings	160	171
Motor vehicles	86	97
Forklifts	10	12
Total right-of-use assets	**256**	**280**

(iv) **Adjustments recognised in the statement of financial position on 1 January 2019**

The change in the accounting policy affected the following items in the statement of financial position on 1 January 2019:

R'million	
– Increase in right-of-use assets	280
– Increase in lease liabilities	(354)
– Decrease in straight-lining accrual	30
– Increase in deferred tax assets	12
Net impact on retained earnings at 1 January 2019	(32)

3. IMPACT OF NEW, AMENDED OR REVISED STANDARDS ISSUED BUT NOT YET EFFECTIVE

New accounting standards, amendments to accounting standards and interpretation issued which are relevant to the Group, but not yet effective on 30 June 2019, have not been adopted. The Group continuously evaluates the impact of these standards and amendments.

R'million	30 June 2019 6 months Reviewed	30 June 2018 6 months Reviewed	31 December 2018 12 months Audited
4. PROPERTY, PLANT AND EQUIPMENT			
Opening carrying value	3 006	2 964	2 964
Additions	180	140	491
Disposals	(0)*	(1)	(7)
Impairment losses	–	–	(55)
Depreciation	(174)	(181)	(367)
Translation differences	1	11	(20)
Closing carrying value	3 013	2 933	3 006

* *less than R1 million*

5. FAIR VALUE CLASSIFICATION AND MEASUREMENT

Accounting classification and fair value

The classification of each class of financial asset and liability, and their fair values are:

R'million	Fair value
30 June 2019	
Financial liability measured at fair value	
Derivative financial instruments	5
31 December 2018	
Financial asset measured at fair value	
Derivative financial instruments	1
30 June 2018	
Financial asset measured at fair value	
Derivative financial instruments	27

The derivatives are a level 2 measurement and the fair value of the derivative financial instruments is based on broker quotes. Similar contracts are traded in an active market and the quote reflects the actual transactions in similar instruments. The carrying value of all other financial instruments closely approximates their fair value due to the short-term nature or market-related terms.

6. EARNINGS AND HEADLINE EARNINGS PER SHARE

Group earnings and diluted earnings per share are calculated on earnings of R345 million (2018: R324 million) and a weighted average number of ordinary shares of 308 567 602 (2018: 308 567 602) in issue during the period. HEPS is calculated on headline earnings of R343 million (2018: R321 million). A weighted average number of ordinary shares of 308 567 602 (2018: 308 567 602) in issue during the period was used to calculate HEPS.

Diluted earnings and diluted headline earnings per share are based on 310 573 309 (2018:312 155 764) shares as 2 005 707 (2018:3 588 162) shares had a dilutive impact.

Reconciliation between earnings and headline earnings

R'million	30 June 2019 6 months Reviewed	30 June 2018 6 months Reviewed	31 December 2018 12 months Audited
Profit for the period attributable to the owners of the company	345	324	447
Adjusted for the effects of:			
Profit on disposal of property, plant and equipment	(3)	(5)	(12)
Impairment losses	–	–	55
Taxation on profit on disposal of property, plant and equipment	1	2	(12)
Headline earnings	343	321	478
Basic earnings per share – cents	112.0	105.0	144.8
Diluted earnings per share – cents	111.3	103.8	144.0
HEPS – cents	111.3	104.0	154.9
Diluted headline earnings per share – cents	110.6	102.8	154.1

7. RELATED PARTY TRANSACTIONS
During the period under review, Afrox, in the ordinary course of business, entered into various sale, purchase and service transactions with associate, receivables from fellow subsidiaries of the holding company, receivables from Group companies, payables to fellow subsidiaries of the holding company and payables to Group companies.

8. UPDATE ON KEY LITIGATION MATTERS

As at the date of this report, there are no outstanding litigation matters of a material nature against the Group.

9. SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance of significance arising between 30 June 2019 and the date of this report.

10. INDEPENDENT REVIEW BY THE AUDITORS

The condensed consolidated interim financial statements for the six months ended 30 June 2019 have been reviewed by the company's auditor, PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's review report together with the accompanying financial information from Afrox's registered office.

Corporate information

African Oxygen Limited
(Incorporated in the Republic of South Africa)
Registration number: 1927/000089/06
ISIN: ZAE000067120
JSE code: AFX
NSX code: AOX

Transfer secretaries: Computershare Investor Services Proprietary Limited

Sponsor in South Africa: One Capital

Sponsor in Namibia: Namibia Equity Brokers Proprietary Limited

Directors: S Venter (Managing Director), M Vogt* (Group Financial Director), JM Panikar** (Chairman), M von Plotho*, CF Wells***, NVL Qangule, GJ Strauss, VN Fakude
German **American * British*

Company Secretary: C Singh

Auditors: PricewaterhouseCoopers Inc.

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GREYMATTER & FINCH # 13032

AFROX
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