

Argent Industrial Limited  
(Registration number 1993/002054/06)  
(Incorporated in the Republic of South Africa)  
Share Code: ART  
ISIN: ZAE000019188  
("Argent" or "the company" or "group")

#### TRADING STATEMENT AND UPDATE

In terms of paragraph 3.4 (b) of the Listings Requirements of the JSE Limited, companies are required to publish a trading statement as soon as they are satisfied that there is a reasonable degree of certainty that the financial results for the next reporting period will differ by more than 20% from those of the previous corresponding period.

Headline earnings per share for the 6 months ended 30 September 2017 are expected to be between 21.4% and 41.4% lower at 24.87 and 33.36 cents per share than the 42.48 cents per share reported for the previous corresponding period.

Loss per share for the 6 months ended 30 September 2017 are expected to be between 790% and 810% lower at a loss of 290.44 cents per share and a loss of 298.86 cents per share than the 42.09 cents earnings per share reported for the previous corresponding period.

The group has closed Sentech Industries ("Sentech") and is in the process of downsizing Jetmaster, Toolroom Services ("Toolroom"), Gammid Cape and Gammid Johannesburg. This has enabled us to sell the Jetmaster and Xpanda Security ("Xpanda") Johannesburg buildings. In addition, the group will be disposing of its Johannesburg based tube mill operation and will be selling its Klerksdorp building. To date 144 staff have been retrenched, with a further reduction of another 100 people. This restructuring was required to ensure the group remains resilient in the expected turbulent times that South Africa will be facing in the short to medium term. The group will, on the positive, be expanding its foot print in the United Kingdom and repurchasing its own shares.

Normal trading income has been affected by R3.1 million in retrenchment costs relating to 144 staff incorporating the closure of Sentech and retrenchments at Toolroom, Atomic Office Equipment and Paint & Ladders Klerksdorp. In addition, the group has lost in the order of R2.6 million in both labour "go-slow" and strikes at Toolroom.

The group has impaired four of its Johannesburg based industrial properties by an amount of R44.7 million. An offer on one of the properties has been accepted for an amount of R33.5 million, another has been listed for auction in November with a reserve price of R21 million, and a third property is under due diligence for an amount of R 7.5 million.

The selling of the first two properties will enable Jetmaster to occupy part of the current Gammid Johannesburg premises, thereby

reducing the size of Gammid Johannesburg and improving both companies cost base. In addition, Xpanda Johannesburg will occupy part of the Toolroom building which will reduce the size of Toolroom and grow the Xpanda Johannesburg operation.

The above consolidation as well as the closure of Sentech and downsizing of Gammid Cape, has resulted in an impairment of plant and equipment of R74.7 million. The group has in addition had its steel trading and processing equipment valued, which resulted in an impairment of R41.9 million. The impairment will reduce the group yearly depreciation expense by R8.2 million.

Furthermore, given the current South African economic climate, the group impaired goodwill by an amount of R130.4 million. The remaining goodwill in Argent comprises R35 million for Xpanda and R45 million for OSA Door Parts and Cannock Gates combined (both United Kingdom based).

The cash position of the group has improved dramatically in the last six months and will be further enhanced with the restructuring and downsizing mentioned above.

The excess funds held in South Africa will be utilised by the group to repurchase its shares in terms of the authorisation given by the shareholders at the annual general meeting held on 30 August 2017. The authority to repurchase is limited to 20% in aggregate, of the companies issued share capital at the time the authority was granted. Shares already repurchased and cancelled under this authority amounts to 324 876 shares.

The group will be utilising its off-shore balance sheet and financial resources to acquire an additional operation in the United Kingdom. Shareholders will be updated in due course.

The above information has not been reviewed or reported on by the company's external auditors. It is anticipated that the results for the six months ended 30 September 2017 are to be published on SENS on or about 14 November 2017.

Umhlanga  
1 November 2017

Sponsor: PSG Capital Proprietary Limited